BASE PROSPECTUS DATED 27 APRIL 2012

Nordea Bank AB (publ)

(Incorporated with limited liability in the Kingdom of Sweden)

€40,000,000,000
Euro Medium Term Note Programme

Nordea Bank AB (publ) ("**Nordea Bank**" or the "**Issuer**") has established a €40,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). This base prospectus supersedes any previous Base Prospectus, Information Memorandum and Supplemental Information Memorandum in relation to the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue.

The Issuer may from time to time issue Euro Medium Term Notes (the "**Notes**") on a subordinated or unsubordinated basis, which expression shall include Bearer Notes and Registered Notes (each as defined below), denominated in any currency as may be agreed with the relevant Dealer(s) (as defined below). Notes issued pursuant to the Programme may include Notes issued by the Issuer designated as "**VP Notes**", "**VPS Notes**" or "**Swedish Notes**" in the applicable Final Terms. The maximum amount of all Notes from time to time outstanding will not exceed €40,000,000,000 (or its equivalent in other currencies at the time of agreement to issue, subject as further set out herein). For the purposes of calculating amounts outstanding under the Programme, all calculations will be made in euro.

Notes may be issued under the Programme which have a denomination of less than €100,000 or its equivalent in other currencies.

The Notes will be issued on a continuing basis to one or more of the Dealers specified herein and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**").

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**") and constitutes a base prospectus for the purposes of the Prospectus Directive. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European law pursuant to the Prospectus Directive. Application will be made to the Irish Stock Exchange for Notes issued under the Programme during the period of twelve months after the date hereof to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**"). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments ("**MiFID**"). Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of MiFID and/or which are to be offered to the public in any Member State of the European Economic Area.

The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. Notice of the aggregate principal amount of, interest (if any) payable in respect of, the issue price of, and any other terms and conditions not contained herein which are applicable to, each Tranche (as defined below) of Notes will be set forth in a final terms (the "**Final Terms**") which, with respect to Notes to be admitted to listing on the Official List and to trading on the Main Securities Market, will be delivered to the Irish Stock Exchange on or before the date of issue of such Tranche.

There are certain risks related to any issue of Notes under the Programme which investors should ensure they fully understand (see "*Risk Factors*" below). This Base Prospectus does not describe all of the risks of an investment in the Notes.

Arranger
BofA Merrill Lynch

Dealers

Barclays
BofA Merrill Lynch
Credit Suisse
Goldman Sachs International
J.P. Morgan
UBS Investment Bank

BNP PARIBAS
Citigroup
Deutsche Bank
HSBC
Nordea
UniCredit Bank

The date of this Base Prospectus is 27 April 2012

This Base Prospectus, including the Annexes hereto, which form part of this Base Prospectus, should be read and construed together with any amendments or supplements hereto and with any other information incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Final Terms (as defined herein).

Copies of each Final Terms will be available from the specified offices of each of the Paying Agents and (in the case of Notes which may be in registered form) from the specified office of the Registrar and each of the Transfer Agents (see "*Terms and Conditions of the Notes*" herein).

The Issuer may agree with any Dealer(s) that Notes may be issued in a form not contemplated by the "*Terms and Conditions of the Notes*" herein, in which case a supplementary prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus (including for this purpose, each relevant Final Terms) contains all information which is (in the context of the Programme and the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme and the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

Nordea Bank accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the managers and the persons named in or identifiable following the applicable Final Terms as the financial intermediaries, as the case may be.

Any person (an "**Investor**") intending to acquire or acquiring any Notes from any person (an "**Offeror**") will do so, and offers and sales of the Notes to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with Investors (other than the Dealers) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information and the Issuer has no responsibility to an Investor in respect of such information. **Such information would be provided by the Offeror at the time of any such sub-offer.**

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor the Arranger have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers or the Arranger as to the accuracy or completeness of the financial information contained in this Base Prospectus, or any other financial statements or any further information supplied in connection with the Notes. The Dealers and the Arranger accept no liability in relation to the financial information contained in this Base Prospectus or any other financial statements or their distribution or with regard to any other information supplied in connection with the Notes. The statements made in this paragraph are without prejudice to the responsibility of Nordea Bank in its capacity as Issuer under the Programme.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change,

or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes see "*Subscription and Sale*".

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE NOTES 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, THE NOTES MAY NOT BE OFFERED, SOLD OR, IN THE CASE OF BEARER NOTES, 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")). SEE "*SUBSCRIPTION AND SALE*".

THIS BASE PROSPECTUS HAS BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE NOTES IN RELIANCE UPON REGULATION S OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS AND IN RELIANCE UPON RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") FOR THE PRIVATE PLACEMENT TO QUALIFIED INSTITUTIONAL BUYERS WITHIN THE MEANING OF RULE 144A. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. SEE "*NOTICE TO PURCHASERS AND HOLDERS OF RESTRICTED NOTES AND TRANSFER RESTRICTIONS*".

RATINGS

As of the date of this Base Prospectus, the long term (senior) debt ratings of the Issuer are:

Rating Agency	Rating
Moody's Investors Service Limited	Aa2[(1)]
Standard & Poor's Credit Market Services Europe Limited	AA-
Fitch Ratings Limited	AA-
DBRS Ratings Limited	AA

(1) On review for possible downgrade, as of 16 February 2012.

Moody's Investors Service Limited, Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and DBRS Ratings Limited are all established in the European Union (the "**EU**") and registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**").

Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Notes already issued. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued

by a credit rating agency established in the EU and registered under the CRA Regulation will be disclosed in the Final Terms.

The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website, www.esma.europa.eu, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EU and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EU before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, (2) the rating is provided by a credit rating agency not established in the EU but is endorsed by a credit rating agency established in the EU and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EU, but which is certified under the CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the "**European Economic Area**" which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering/placement contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a

prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, **provided that** any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or any persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) or (person(s) acting on behalf of any Stabilisation Manager(s) in accordance with all applicable laws and rules.

In this Base Prospectus, references to "**U.S.$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**Euro**", "**euro**", "**EUR**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro as amended, references to "**sterling**" are to Pounds Sterling, references to "**Yen**" are to Japanese Yen, references to "**SEK**" are to Swedish Krona, references to "**NOK**" are to Norwegian Krona and references to "**DKK**" are to Danish Krone.

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

INFORMATION INCORPORATED BY REFERENCE

The following information, which has previously been published or is published simultaneously with this Base Prospectus and has been submitted to and filed with the Central Bank, shall be deemed to be incorporated in, and to form part of this document:

(1) the terms and conditions set out on pages 42 to 82 of the base prospectus dated 20 April 2011 relating to the Programme under the heading "*Terms and Conditions of the Notes*";

(2) the terms and conditions set out on pages 41 to 81 of the base prospectus dated 30 April 2010 relating to the Programme under the heading "*Terms and Conditions of the Notes*";

(3) the terms and conditions set out on pages 41 to 81 of the base prospectus dated 29 May 2009 relating to the Programme under the heading "*Terms and Conditions of the Notes*"; and

(4) the terms and conditions set out on pages 34 to 66 of the base prospectus dated 19 June 2008 relating to the Programme under the heading "*Terms and Conditions of the Notes*".

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which or portions of which are deemed to be incorporated herein by reference. Written or telephone requests for such documents should be directed to the Issuer at its principal office set out at the end of this Base Prospectus. In addition, such documents will be available from the principal office of Citibank, N.A., London Branch.

Copies of the annual and interim reports of the Issuer can be downloaded at www.nordea.com.

Any websites referred to herein do not form part of this Base Prospectus.

The Issuer will, in the event of a significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Notes.

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SUMMARY OF THE BASE PROSPECTUS

This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of the summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

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

Issuer:	Nordea Bank AB (publ) The Nordea Group is the largest financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income, with additional operations in Russia, Poland, Lithuania, Latvia, Estonia and Luxembourg, as well as branches in a number of other international locations. Further information on the Nordea Group and Nordea Bank is set out on pages 92 to 107 of this Base Prospectus.
Arranger:	Merrill Lynch International
Dealers:	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 Ltd. Merrill Lynch International Nordea Bank AB (publ) Nordea Bank Danmark A/S Nordea Bank Finland Plc Nordea Bank Norge ASA UBS Limited UniCredit Bank AG and any other Dealer appointed by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent:	Citibank, N.A., London Branch or such other entity as may replace Citibank, N.A., London Branch as Fiscal Agent.
Principal Registrar:	Citibank, N.A., New York or such other entity as may replace Citibank, N.A., New York as Principal Registrar.
VP Issuing Agent:	Nordea Bank Danmark A/S or such other entity as may replace Nordea Bank Danmark A/S as VP Issuing Agent.
VPS Paying Agent:	Nordea Bank Norge ASA or such other entity as may replace Nordea Bank Norge ASA as VPS Paying Agent.
Swedish Issuing Agent:	Nordea Bank AB (publ) or such other entity as may replace Nordea Bank AB (publ) as Swedish Issuing Agent.
Irish Listing Agent:	Arthur Cox Listing Services Limited or such other entity as may replace Arthur Cox Listing Services Limited as Irish Listing Agent.

Amount:	Up to €40,000,000,000 (or its equivalent in other currencies at the time of agreement to issue, subject to increase as provided in the Dealer Agreement) outstanding at any one time.
Description:	Euro Medium Term Note Programme
Distribution:	Notes may be distributed by way of private or public placement, in each case on a syndicated or a non-syndicated basis.
Currencies:	U.S. dollars, euro, sterling and Yen 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. Notes may, subject to such compliance, be issued as dual currency Notes.
Status:	Notes may be issued on a subordinated or an unsubordinated basis. A reference in this document to Subordinated Notes shall be a reference to Dated Subordinated Notes, Undated Subordinated Notes or Capital Contribution Securities, as applicable, unless expressly stated otherwise or the context otherwise requires.
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. Undated Subordinated Notes and Capital Contribution Securities have no scheduled maturity.
Issue Price:	Notes may be issued at par, at a discount to, or premium over, par or on a partly-paid basis as specified in the relevant Final Terms. The price and amount of Notes to be issued will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
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**"), Notes in respect of which will be identical in all respects.
Form of Notes:	Notes may be issued in bearer or in registered form, as specified in the relevant Final Terms. 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. Notes issued in NGN form (as described under "*Form of the Notes*") are intended to be issued and held in a form and manner which will allow the Notes to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or any or at all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Notes may be specified in the applicable Final Terms as "**VP Notes**". VP Notes will be issued in uncertificated and dematerialised book entry form, with the legal title thereto being evidenced by book entries in the register for such VP Notes kept by VP Securities A/S on behalf of the Issuer (the "**Danish Note Register**"). Title to VP Notes will not be evidenced by any physical note or document of title. For the avoidance of doubt, the TEFRA C and TEFRA D Rules will not be applicable to VP Notes. Definitive Notes will not be issued in respect of any VP Notes. Nordea Bank Danmark A/S will act as the VP Issuing Agent in respect of VP Notes. Notes may be specified in the applicable Final Terms as "**VPS Notes**". VPS Notes will be issued by the Issuer pursuant to a Registrar Agreement with Nordea Bank Norge ASA as VPS Paying Agent and will be registered in uncertificated and dematerialised book entry form with the Norwegian Central Securities

	Depositary (Verdipapirsentralen ASA and referred to herein as the "**VPS**").
	Notes may be specified in the applicable Final Terms as "**Swedish Notes**". Swedish Notes will be issued in uncertificated and dematerialised book entry form, with the legal title thereto being evidenced by book entries in the register for such Swedish Notes kept by Euroclear Sweden on behalf of the Issuer. Title to Swedish Notes will not be evidenced by any physical note or document of title. For the avoidance of doubt, the TEFRA C and TEFRA D Rules will not be applicable to Swedish Notes. Definitive Notes will not be issued in respect of any Swedish Notes. Nordea Bank AB (publ) will act as the Swedish Issuing Agent in respect of Swedish Notes.
Interest:	Notes may be interest bearing or non-interest bearing. Interest in respect of Undated Subordinated Notes may be deferred as provided in the Conditions applicable to such Notes. Interest in respect of Capital Contribution Securities may not exceed the Available Distribution Funds of the Issuer and may be suspended as provided in the Conditions. See Condition 4 (*Interest*). Notes may be issued as fixed rate, floating rate, dual currency, indexed, commodity linked, zero coupon or partly paid, as provided in the relevant Final Terms.
Redemption:	Notes may be redeemable at par or at such other redemption amount (linked to an index or otherwise) as may be specified in the relevant Final Terms.
	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, and in relation to Undated Subordinated Notes or Capital Contribution Securities only, as a result of an Accounting Event or a Tax Event. Early redemption will otherwise be permitted only to the extent specified in the relevant Final Terms. Notes denominated in Sterling may not be redeemed prior to one year and one day from the date of issue.
	No early redemption of Dated Subordinated Notes and no redemption of Undated Subordinated Notes or Capital Contribution Securities may take place without the prior written consent of the Swedish Financial Supervisory Authority (*Sw: Finansinspektionen*) ("**SFSA**").
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.
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 (*Taxation*).
Cross Default:	None.
Negative Pledge:	None.
Listing:	Each Series may be admitted to listing on the Official List of the Irish Stock Exchange and to trading on its Main Securities Market and/or admitted to listing 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.
Conditions:	The Conditions applicable to each Series will be as agreed between the Issuer and the relevant Dealer at or prior to the time of issuance of such Series, and will be specified in the relevant Final Terms. The Conditions applicable to each Series will be those set out below, as supplemented, modified or replaced by the relevant Final Terms.
Enforcement of Notes in Global	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 27 April 2012 (as amended and/or restated and/or replaced from time to time), a

Form:	copy of which will be available for inspection at the specified office of the Fiscal Agent and by their arrangements with Euroclear and/or Clearstream, Luxembourg or any other applicable clearing system.
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 Euroclear Sweden are governed by Swedish law. VP Notes, VPS Notes and Swedish Notes must comply with the relevant regulations of the relevant clearing system. Holders of such Notes are entitled to the rights and subject to the obligations and liabilities arising under such regulations and legislation of such jurisdictions.
Selling Restrictions:	With the exception of the approval by the Central Bank of this Base Prospectus as a base prospectus issued in compliance with the Prospectus Directive, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. 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 this Base Prospectus or any offering material in relation to the Notes. This Base Prospectus contains a summary of certain selling restrictions in the United States, the European Economic Area, the United Kingdom, the Kingdom of Denmark ("**Denmark**"), the Republic of Finland ("**Finland**"), The Netherlands, the Kingdom of Norway ("**Norway**"), the Kingdom of Sweden ("**Sweden**") and Japan. These are set out in more detail on pages 113 to 116 of this Base Prospectus.
Substitution and Variation:	The Issuer may substitute or vary the terms of the Dated Subordinated Notes, Undated Subordinated Notes or Capital Contribution Securities as provided in Condition 17 (*Substitution and Variation*). In the case of Subordinated Notes, such Notes may not be substituted without the prior approval of the SFSA.
Clearing Systems:	Euroclear and Clearstream, Luxembourg, DTC, VP, VPS, Euroclear Sweden and/or such other clearing system(s) as may be agreed from time to time.
Risk Factors:	There are risks related to any issue of Notes under the Programme, which prospective investors should carefully consider and make sure they understand prior to making any investment decision with respect to the Notes, including: • risks relating to current macroeconomic conditions; • risks relating to the Nordea Group's credit portfolio; • risks relating to market exposure; • risks relating to liquidity and capital requirements; • other risks relating to the Nordea Group's business; • risks relating to the legal and regulatory environments in which the Nordea Group operates; and • risks relating to the Notes. These risks are set out in more detail on pages 5 to 21 of this Base Prospectus.

RISK FACTORS

An investment in the Notes involves a degree of risk. Prospective investors should carefully consider the risks set forth below and the other information contained in this Base Prospectus prior to making any investment decision with respect to the Notes. The risks described below could have a material adverse effect on the Nordea Group's business, results of operations or financial condition or the value of the Notes. Additional risks and uncertainties, including those of which the Nordea Group's management is not currently aware or deem immaterial, may also potentially have an adverse effect on the Nordea Group's business, results of operations, financial condition or future prospects or may result in other events that could cause investors to lose all or part of their investment.

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

The Issuer believes that the factors described below present the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuer to pay interest or principal on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes is exhaustive.

Risks Relating to Current Macroeconomic Conditions

Disruptions and volatility in the global financial markets may adversely impact the Nordea Group.

From August 2007 through the early part of 2009, the global financial system experienced unprecedented credit and liquidity conditions and disruptions leading to a reduction in liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency in money and capital markets interest rates. Following a period of stabilisation in 2010 and the first half of 2011, the recovery was adversely affected by turmoil and disruptions in the capital markets that were triggered by high sovereign budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain. Despite rescue packages provided to certain of these countries during the past two years, uncertainty over the outcome of these measures and worries about sovereign finances have continued to persist, which, together with concerns about the overall stability and sustainability of the euro area, has resulted in further volatility in the global credit and liquidity markets. Reflecting these concerns, Standard & Poor's, Moody's and Fitch downgraded the credit ratings of several EU countries in the beginning of 2012. Market concerns over the direct and indirect exposure of European banks and insurers to these countries as well as to each other has also resulted in a widening of credit spreads, increased costs of funding and negative credit ratings outlook for some European financial institutions. Risks related to the European economic crisis have also had, and are likely to 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. Further, any of the foregoing factors could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

Negative economic developments and conditions in the markets in which the Nordea Group operates can adversely affect the Nordea Group's business and results of operations.

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) and, to a lesser degree, in Poland, Russia and the Baltic countries. The economic situation in all four Nordic markets as well as Poland, Russia and the Baltic countries was in various ways adversely affected by weakened economic conditions and the turmoil in the global financial markets, in 2008 and 2009, which was reflected in declining economic growth, increasing rates of unemployment as well as decreasing asset values in these countries. Even though the economic conditions in these countries have, in general, developed favourably, the recovery has continued to be fragile in selected countries, and Denmark, in particular, has been affected more deeply by the financial turmoil and economic slowdown than the other Nordic economies. Adverse economic developments of the kind described above have affected and may continue to affect the Nordea Group's business in a number of ways, including, among others, the income, wealth, liquidity, business and/or financial condition of the Nordea Group's customers, which, in turn, could further reduce the Nordea Group's credit quality and demand for the Nordea Group's financial products and services. As a result, any or all of the conditions described above could continue to have a material adverse effect on the Nordea Group's

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.

Risks Relating to the Nordea Group's Credit Portfolio

Deterioration in counterparties' credit quality may affect the Nordea Group's financial performance.

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Nordea Group's businesses. The Nordea Group makes provisions for loan losses in accordance with IFRS; however, the provisions made are based on available information, estimates and assumptions and are subject to uncertainty, and there can be no assurances that the provisions will be sufficient to cover the amount of loan losses as they occur. 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 in the Nordea Group's individual provisions and potentially in collective provisions for impaired loans, which in turn would adversely affect the Nordea Group's financial performance. In particular, the Nordea Group's exposure to corporate customers is subject to adverse changes in credit quality should the economic environment in the Nordea Group's markets deteriorate. For example, following the negative economic development in Russia and the Baltic countries in 2008 and 2009, credit risk associated with certain borrowers and counterparties in these markets increased. The prolonged difficult economic environment also negatively affected certain customer groups in Denmark in 2011. Further, actual loan losses vary over the business cycle. 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. The Nordea Group is also indirectly exposed to foreign exchange risk in Poland, Russia and the Baltic countries, where loans to customers typically are denominated in the euro or U.S. dollars, though customers typically derive their main income in local currencies.

The Nordea Group is exposed to counterparty credit risk.

The Nordea Group routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, funds and other institutional and corporate clients. Many of these transactions expose the Nordea Group to the risk that the Nordea Group's counterparty in a foreign exchange, interest rate, commodity, equity or credit derivative contract defaults on its obligations prior to maturity when the Nordea Group has an outstanding claim against that counterparty. Due to volatility in foreign exchange and fixed income markets during the past three years, this risk has remained at an elevated level compared to the period preceding the global financial and economic crisis. This credit risk may also be exacerbated when the collateral held by the Nordea Group cannot be realised or is liquidated at prices not sufficient to recover the full amount of the counterparty exposure. Any of the foregoing could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

As a consequence of its transactions in financial instruments, including foreign exchange rate and derivative contracts, the Nordea Group is also exposed to settlement risk and transfer risk. Settlement risk is the risk of losing the principal on a financial contract due to default by the counterparty or after when the Nordea Group has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or security has been finally confirmed, and transfer risk is the risk attributable to the transfer of money from a country other than the country where a borrower is domiciled, which is affected by the changes in the economic conditions and political situation in the countries concerned.

Risks Relating to Market Exposure

The Nordea Group is exposed to market price risk.

The Nordea Group's customer-driven trading operations (where positions, within certain defined limits, are taken) and its Treasury operations (where the Nordea Group holds investment and liquidity portfolios for its own account) are the key contributors to market price risk in the Nordea Group. The fair value of financial instruments held by the Nordea Group, including bonds (government, corporate and mortgage), equity investments, cash in various currencies, investments in private equity, hedge and credit funds, commodities and derivatives (including credit derivatives), are sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. To the extent volatile market conditions

persist or recur, the fair value of the Nordea Group's bond, derivative and structured credit portfolios, as well as other classes, could fall more than estimated, and therefore cause the Nordea Group to record write-downs. Future valuations of the assets for which the Nordea Group has already recorded or estimated write-downs, which will reflect the then-prevailing market conditions, may result in significant changes in the fair values of these assets. Further, the value of certain financial instruments are recorded at fair value, which is determined by using financial models incorporating assumptions, judgments and estimations that are inherently uncertain and which may change over time or may ultimately be inaccurate. Any of these factors could require the Nordea Group to recognise further write-downs or realise impairment charges, which may have a material adverse effect on the Nordea Group's business, financial condition and results of operations. In addition, because the Nordea Group's trading and investment income depends to a great extent on the performance of financial markets, volatile market conditions could result in a significant decline in the Nordea Group's trading and investment income, or result in a trading loss, which in turn could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

The Nordea Group is exposed to structural market risk.

Structural interest rate risk

Like all banks, the Nordea Group earns interest from loans and other assets, and pays interest to its depositors and other creditors. The net effect of changes to the Nordea Group's net interest income depends on the relative levels of assets and liabilities that are affected by the changes in interest rates. The Nordea Group is exposed to structural interest income risk ("**SIIR**") when there is a mismatch between the interest rate re-pricing periods, volumes or reference rates of its assets, liabilities and derivatives. This mismatch in any given period in the event of changes in interest rates could have a material adverse effect on the Nordea Group's financial condition and results of operations.

Structural foreign exchange risk

The Nordea Group is 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. The Nordea Group's functional currency for its Danish banking business is the Danish krone, which is pegged to the euro. Because the Nordea Group shows translation differences between the local currency denominated equity positions of its fully consolidated subsidiaries, the euro effects arising from currency translation may reduce equity. In addition, because some of the Nordea Group's consolidated risk-weighted assets ("**RWA**"), against which the Nordea Group is required to hold a minimum level of capital, are denominated in local currencies, any significant depreciation of the euro against these local currencies would adversely impact the Nordea Group's capital adequacy ratios. While the Nordea Group, generally, follows a policy of hedging its foreign exchange risk by seeking to match the currency of its assets with the currency of the liabilities that fund them, there can be no assurances that the Nordea Group will be able to successfully hedge some or all of this currency risk exposure.

Risks Relating to Liquidity and Capital Requirements

Liquidity risk is inherent in the Nordea Group's operations.

Liquidity risk is the risk that the Nordea Group will be unable to meet its obligations as they fall due or meet its liquidity commitments only at an increased cost. 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. The volume of these funding sources, in particular long-term funding, may be constrained during periods of liquidity stress. 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, which may result in a material adverse effect on the Nordea Group's business and results of operations.

The Nordea Group's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate.

Under the European Capital Requirements Directive (comprising Directive 2006/48/EC and Directive 2006/49/EC (the "**CRD**"), the Nordea Group is required to maintain certain capital adequacy ratios. In addition, the Basel Committee on Banking Supervision has proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks, the principal

elements of which are set out in its papers released on 16 December 2010 (together with the January 2011 release (as defined herein), "**Basel III**"). As of the date of this Base Prospectus, the CRD is in the process of being reformed to reflect the Basel III framework, including higher capital requirements.

Debt and equity investors, analysts and other market professionals may, nevertheless, require higher capital buffers than those required under current or proposed future regulations due to, among other things, the continued general uncertainty involving the financial services industry and the uncertain global economic conditions. Any such market perception, or any concern regarding compliance with future capital adequacy requirements, could increase the Nordea Group's borrowing costs, limit its access to capital markets or result in a downgrade in its credit ratings, which could have a material adverse effect on its results of operations, financial condition and liquidity. In addition, lower internal credit rating of customers, substantial market volatility, widening credit spreads, changes in the general capital adequacy regulatory framework or regulatory treatment of certain positions, changes in foreign exchange rates, decreases in collateral ratios as a consequence of the deterioration of the market value of underlying assets, or further deterioration of the economic environment, among other things, could result in an increase in the Nordea Group's RWA, which potentially may reduce the Nordea Group's capital adequacy ratios. If the Nordea Group were to experience a reduction in its capital adequacy ratios, and could not raise further capital, it would have to reduce its lending or investments in other operations. See also "*—Risks Relating to the Legal and Regulatory Environments in which the Nordea Group Operates—The Nordea Group may incur substantial costs in monitoring and complying with new capital adequacy requirements*" and "*—Risks Relating to the Notes—The Notes are subject to certain uncertainties relating to regulatory changes*" below.

The Nordea Group's funding costs and its access to the debt capital markets depend significantly on its credit ratings.

There can be no assurances that Nordea or its principal subsidiaries will be able to maintain their current ratings or that the Nordea Group can retain current ratings on its debt instruments. A reduction in the current long-term ratings of Nordea or one of its principal subsidiaries may increase its funding costs, limit access to the capital markets and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. Therefore, a reduction in credit ratings could adversely affect the Nordea Group's access to liquidity and its competitive position, and therefore, have a material adverse effect on its business, financial condition and results of operations.

Other Risks Relating to the Nordea Group's Business

Operational risks, including risks in connection with investment advice, may affect the Nordea Group's business.

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. The Nordea Group's operations are carried out through a number of entities. Operational losses, including monetary damages, reputational damage, costs, and direct and indirect financial losses and/or write-downs, may result from inadequacies or failures in internal processes, systems (for example, IT systems), licences from external suppliers, fraud or other criminal actions, employee errors, outsourcing, failure to properly document transactions or agreements with customers, vendors, sub-contractors, co-operation partners and other third parties, or to obtain or maintain proper authorisation, or from customer complaints, failure to comply with regulatory requirements, including but not limited to anti-money laundering, data protection and antitrust regulations, conduct of business rules, equipment failures, failure to protect its assets, including intellectual property rights and collateral, failure of physical and security protection, natural disasters or the failure of external systems, including those of the Nordea Group's suppliers or counterparties and failure to fulfil its obligations, contractual or otherwise. 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. See also "*Description of the Nordea Group—Information Technology*".

As a part of its banking and asset management activities, the Nordea Group provides its customers with investment advice, access to internally as well as externally managed funds and serves as custodian of third-party funds. In the event of losses incurred by its customers due to investment advice from the Nordea Group, or the misconduct or fraudulent actions of external fund managers, the Nordea Group's customers may seek compensation from the Nordea Group. Such compensation might

be sought even if the Nordea Group has no direct exposure to such risks, or has not recommended such counterparties to its customers. Any claims in this respect could have a material adverse effect on the Nordea Group's reputation, business, financial condition and results of operations. See "*Description of the Nordea Group—Legal and Administrative Proceedings*".

The Nordea Group is subject to a variety of risks as a result of its operations, in particular Poland, Russia and the Baltic countries.

The Nordea Group's operations in Poland, Russia and the Baltic countries present various risks that do not apply, or apply to a lesser degree, to its businesses in the Nordic markets. Some of these markets are typically more volatile and less developed economically and politically than markets in Western Europe and North America. The Nordea Group faces significant economic and political risk, including economic volatility, recession, inflationary pressure, exchange rate fluctuation risk and interruption of business, as well as civil unrest, moratorium, imposition of exchange controls, sanctions relating to specific countries, expropriation, nationalisation, renegotiation or nullification of existing contracts, sovereign default and changes in law or tax policy. For example, as a result of the economic recession experienced by countries in the Baltic Region in 2008 and 2009, questions were raised about their ability to react to the weakened conditions in the local economies and the ability of such countries and their residents to continue to perform on their respective obligations. Risks such as these could impact the ability or obligations of the Nordea Group's borrowers to repay their loans, impact the ability of the Nordea Group to utilise collateral held as security, impact interest rates and foreign exchange rates, and could adversely impact levels of economic activity, which would have a material adverse effect on the Nordea Group's business, financial condition and results of operations in these countries.

Profitability in the Nordea Group's life and pension business depends on regulations and guidelines in the countries in which it operates.

In addition to insurance risk and investment risks related to its life insurance business common to all life insurance and pension providers, the Nordea Group's ability to generate profit from its insurance subsidiaries generally depends on the level of fees and other income generated by the insurance and pension business. The level of fees and other income which the Nordea Group may earn from its life insurance subsidiaries differs from country to country, depending on regulations and guidelines promulgated by the relevant financial services authorities on shareholder fees, IFRS bridging, profit sharing and solvency requirements.

The Nordea Group could fail to attract or retain senior management or other key employees.

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. Competition from within the financial services industry, including from other financial institutions, as well as from businesses outside the financial services industry for key employees is intense. 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.

The Nordea Group faces competition in all markets.

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. If the Nordea Group is unable to provide competitive product and service offerings, it may fail to attract new customers and/or retain existing customers, experience decreases in its interest, fee and commission income, and/or lose market share, the occurrence of any of which could have a material adverse effect on its business, financial condition and results of operations.

Risks Relating to the Legal and Regulatory Environments in which the Nordea Group Operates

The Nordea Group is subject to substantial regulation and oversight by a number of different regulators.

The SFSA is the main regulator of the Nordea Group's operations, although the Nordea Group's operations in Denmark, Finland, Norway, Poland, Russia, Estonia, Latvia, Lithuania, Germany, Isle of Man, Luxembourg, Singapore and the United States are subject to direct scrutiny

from the local regulators in these jurisdictions. The Nordea Group is also subject to the oversight of regulators in each country where it has a branch or representative office, including China. The Nordea Group is subject to 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.

Areas where changes or developments in regulation and/or oversight could have an adverse impact include, but are not limited to (i) changes in monetary, interest rate and other policies, (ii) general changes in government and regulatory policies or regimes which may significantly influence investor decisions or may increase the costs of doing business in the Nordic markets, Poland, Russia and the Baltic countries, and such other markets where the Nordea Group carries out its business, (iii) changes in capital adequacy framework, imposition of onerous compliance obligations, restrictions on business growth or pricing and requirements to operate in a way that prioritises other objectives over shareholder value creation, (iv) changes in competition and pricing environments, (v) differentiation amongst financial institutions by governments with respect to the extension of guarantees to bank customer deposits and the terms attaching to such guarantees, (vi) expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership, (vii) further developments in the financial reporting environment, and (viii) other unfavourable political, military or diplomatic developments, in particular in Poland, Russia and the Baltic countries, producing social instability or legal uncertainty, which in turn may affect demand for the Nordea Group's products and services.

As a result of the recent global financial and economic crisis, a number of regulatory initiatives have been taken to amend or implement rules and regulations, which are likely to have an impact on the business of the Nordea Group. Such initiatives include, but are not limited to, requirements for liquidity, capital adequacy and handling of counterparty risks, and regulatory tools provided to authorities to allow them to intervene in scenarios of distress. These or any other requirements, restrictions, limitations on the operations of financial institutions and costs involved could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

The Nordea Group may incur substantial costs in monitoring and complying with new capital adequacy requirements.

The Basel Committee expects its member jurisdictions to begin the implementation of Basel III, including the new regulatory capital framework, from 1 January 2013, with full implementation by 1 January 2019. As of the date of this Base Prospectus, the CRD is in the process of being reformed to reflect the Basel III framework, including the higher capital adequacy requirements set forth in the framework. The Basel Committee on Banking Supervision has also proposed that global systemically important banks ("**G-SIBs**"), such as Nordea, which was included in the initial list of G-SIBs published by the Financial Stability Board ("**FSB**") in November 2011, should have an additional loss absorbency capacity above the minimum common equity ratio of 7.0 per cent. required by Basel III. Further, the Swedish Ministry of Finance, the SFSA and the Central Bank of Sweden (*Riksbanken*) announced in November 2011 that higher capital adequacy standards than those set forth in the Basel III framework would be required from domestic systemically important banks ("**D-SIBs**"), which group includes the Nordea Group. There is no certainty as to the final framework for, or the timing of, the capital adequacy standards that will be ultimately developed and implemented, and the Nordea Group may incur substantial costs in monitoring and complying with the new capital adequacy requirements. The new capital adequacy requirements 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.

Legal and regulatory claims arise in the conduct of the Nordea Group's business.

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 regulation in each such jurisdiction. Regulation and regulatory requirements are continuously amended and new requirements are imposed on the Nordea Group, including, but not limited to, regulations on conduct of business, anti-money laundering, payments, consumer credits, capital requirements, reporting and corporate governance. 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 licences or authorisations, or loss of reputation, 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 Nordea Group is exposed to risk of changes in tax legislation as well as to increases in tax rates.

The Nordea Group's activities are subject to tax at various rates around the world computed in accordance with local legislation and practice. The Nordea Group's business, including intra-group transactions, is conducted in accordance with the Nordea Group's interpretation of applicable laws, tax treaties, regulations and requirements of the tax authorities in the relevant countries. Nordea has obtained advice from independent tax advisors in this respect. However, there can be no assurances that its interpretation of applicable laws, tax treaties, regulations, or administrative practice is correct, or that such rules are not changed, possibly with retroactive effect. Legislative changes or decisions by tax authorities may impair the present or previous tax position of the Nordea Group.

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors.

Each potential investor of the Notes must determine the suitability of that investment in light of such investor's own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement to this Base Prospectus;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;

(d) understand thoroughly the terms of the relevant Notes and the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the investor's overall portfolio. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, and/or DTC, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary, or as the case may be a common safe-keeper for Euroclear and Clearstream, Luxembourg or with or on behalf of DTC. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg and/or DTC will maintain records of the beneficial interests in

the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream, Luxembourg and/or DTC.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary, or as the case may be a common safe-keeper for Euroclear and Clearstream, Luxembourg or to DTC or a nominee thereof for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear, Clearstream, Luxembourg and/or DTC to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg and/or DTC to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

Investors will have to rely on the VP's, VPS's or Euroclear Sweden's procedures (as the case may be) for transfer, payment and communication with the Issuer.

Investors in VP Notes, VPS Notes or Swedish Notes will have to rely on the relevant clearing system's or the relevant Issuing Agent's, as the case may be, procedures for transfer, payment and communication with the Issuer.

VP Notes, VPS Notes or Swedish Notes issued under the Programme will not be evidenced by any physical note or document of title other than statements of account made by the VP, the VPS or Euroclear Sweden, as the case may be. Ownership of VP Notes, VPS Notes or Swedish Notes will be recorded and transfer effected only through the book entry system and register maintained by the VP, the VPS or Euroclear Sweden, as the case may be.

The Notes may not be freely transferred.

Nordea Bank has not registered, and will not register, the Notes under the Securities Act or any other securities laws. Accordingly, the Notes are subject to certain restrictions on resale and other transfer thereof as set forth in the section entitled "*Subscription and Sale*." As a result of these restrictions, Nordea Bank cannot be certain of the existence of a secondary market for the Notes or the liquidity of such a market if one develops. Consequently, a Holder of Notes and an owner of beneficial interests in those Notes must be able to bear the economic risk of their investment in the Notes for the terms of the Notes.

There is no active trading market for the Notes.

The Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for Notes issued under the Programme to be admitted to listing on the Official List of the Irish Stock Exchange and to trading on its Main Securities Market, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

Noteholders are subject to market volatility.

Holders of Notes should be aware that, in view of the prevailing and widely reported global credit market conditions (which, to a certain extent, continue at the date hereof), the secondary market for the Notes and instruments of this kind may be illiquid. The Issuer cannot predict when these circumstances will change.

Ratings may not always mirror the risk related to individual Notes.

The Issuer's security ratings do not always mirror the risk related to individual Notes under the Programme. Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Notes already issued. One or more independent credit rating agencies may also assign credit ratings to the Notes, which may not necessarily be the same ratings as the Issuer rating described in this Base Prospectus or any rating(s) assigned to Notes already issued. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A security rating is not a recommendation to buy, sell or hold securities or to keep the investment and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. In addition, real or anticipated changes in the Issuer's credit ratings generally will affect the market value of the Notes.

Fixed Rate Notes are subject to Interest Rate Risks.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Noteholders are subject to credit risk on the Issuer.

Holders of the Notes issued under the Programme take a credit risk on the Issuer. A holder's ability to receive payment under the Notes is dependent on the Issuer's ability to fulfil its payment obligations, which in turn is dependent upon the development of the Issuer's business.

The Notes may be redeemed prior to maturity.

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Sweden or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with Condition 6(b). Furthermore, the Issuer may be entitled to redeem Capital Contribution Securities or Undated Subordinated Notes (subject to approval by the SFSA) if the accounting or tax treatment for the Issuer in respect of Capital Contribution Securities or Undated Subordinated Notes is negatively altered after the issue date (as set forth in Condition 6(c)) or if a Capital Event (as defined in Condition 6(d)) occurs.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above and may in fact decrease below the price at which they can be redeemed. This also may be true prior to any redemption period.

Some Notes are subordinated to most of the Issuer's liabilities.

If in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are subordinated obligations of the Issuer and the Issuer is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of subordinated debt) in full before it can make any payments on the relevant Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the relevant Notes.

Among Subordinated Notes, any Dated Subordinated Notes rank prior to Undated Subordinated Notes and Capital Contribution Securities, and any Undated Subordinated Notes rank prior to Capital Contribution Securities. The ranking of different classes of Notes is more fully described in Condition 3 of the Notes.

The principal rule under Swedish law provides that subordinated debt (debt which by its terms is, or is expressed to be, subordinated to all unsubordinated creditors) ranks equally with all other subordinated debt of a debtor. There are no statutes or precedents under Swedish law concerning priority among subordinated obligations.

The Capital Contribution Securities are deeply subordinated obligations.

The Capital Contribution Securities are unsecured, deeply subordinated obligations of the Issuer and are currently the most junior debt instruments of the Issuer, ranking behind claims of depositors of the Issuer, other unsubordinated creditors of the Issuer and subordinated creditors of the Issuer in respect of Subordinated Indebtedness other than Capital Contribution Securities, *pari passu* with other capital contribution securities (*primärkapitaltillskott*) and currently in priority only to all classes of share capital of the Issuer. Consequently, if the Issuer's financial condition were to deteriorate, holders of such Notes could suffer direct and materially adverse consequences, including suspension of interest, payments on a non-cumulative basis and conversion of such interest or principal into conditional capital contributions (*villkorat kapitaltillskott*). If the Issuer were to liquidate (whether voluntarily or involuntarily), holders of such Notes could lose their entire investment.

Under Swedish law, there are no established rules on certain matters relating to the ranking of claims by the security holders or providers of conditional capital contributions (*villkorat kapitaltillskott*) in a bankruptcy (konkurs) or liquidation (*likvidation*). Providers of conditional capital contributions are neither creditors nor shareholders of the Issuer. They are conditional capital contributors who may be repaid if there are distributable funds (*fritt eget kapital*) available for such purposes in connection with the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer. In any such bankruptcy (*konkurs*) or liquidation (*likvidation*), the rights of the providers of conditional capital contributions will be as set out in any article of the Articles of Association adopted from time to time by the shareholders of the Issuer (as described in Condition 3(2)(d)). Such article (if adopted and retained in such form until any bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer) would, in the event of bankruptcy (*konkurs*) or liquidation (*likvidation*), mean that providers of conditional capital contributions would be paid amounts represented by their conditional capital contributions ahead of ordinary shareholders.

Interest payments for Undated Subordinated Notes may be deferred.

On any optional interest payment date relating to a Tranche of Undated Subordinated Notes (being an interest payment date in respect of which no dividend has been declared, paid or set apart for payment on or with respect to any class of share capital of the Issuer at the most recent annual general meeting of the Issuer immediately prior to such interest payment date, or any interest payment date following the publication of the most recent audited annual accounts of the Issuer which annual accounts disclose an operating loss for the Issuer before extraordinary items, appropriations and tax), the Issuer may pay (if it so elects) the interest in respect of that Tranche of Notes accrued to that date, but the Issuer shall not have any obligation to make such payment and any such failure to pay shall not constitute a default by the Issuer. Any such unpaid interest constitutes "Arrears of Interest" payable in accordance with the Conditions of the Notes.

Utilisation and conversion: Write-down of principal (and Accrued Interest) of the Undated Subordinated Notes.

To the extent that may be required to avoid the Issuer being obliged to enter into liquidation (*likvidation*) ("**Liquidation Avoidance Conversion**"), the shareholders of the Issuer may decide that the principal amount of the Undated Subordinated Notes (together with Accrued Interest) will be utilised by writing down the principal amount (together with Accrued Interest) by the amount required to avoid liquidation (*likvidation*) and to restore capital to a level which is equal to the registered share capital of the Issuer and converting such amount into a conditional capital contribution (*villkorat kapitaltillskott*). The rights of the holders of the Undated Subordinated Notes in respect of the principal amount and interest so utilised will thereupon be converted into rights of providers of capital contributions as set out in Condition 3(2)(c) of the Notes.

Capital Contribution Securities have restrictions on interest payments.

Payments of interest by the Issuer on capital contribution securities (*primärkapitaltillskott*) in any fiscal year (the "**relevant year**") are limited to the amount of, and may not exceed, the Issuer's accumulated available distribution funds (*utdelningsbara medel*) as of the end of the preceding fiscal year adjusted for any loss incurred thereafter. Where accumulated Available Distribution Funds as

defined in Condition 3(3) are less than the interest amount due in the relevant year, the Issuer will pay interest only to the extent that the amount of such payment (when aggregated with the amount of interest payable in the relevant year on other capital contribution securities (*primärkapitaltillskott*) of the Issuer ranking *pari passu* with the Capital Contribution Securities) does not exceed the amount of Available Distribution Funds and the right of holders of the Capital Contribution Securities to receive any interest not so paid will be lost.

In addition, the Issuer may be required to suspend any interest payment if requested by the SFSA according to the financial and solvency situation of the Issuer.

Interest payments in respect of Capital Contribution Securities may be suspended.

The Issuer may elect to cancel any interest payment other than a Mandatory Interest Payment (as defined in Condition 4(10)) which is otherwise scheduled to be paid on an Interest Payment Date by giving notice of such election to the Fiscal Agent and to Holders of the Capital Contribution Securities not more than 14 Business Days nor less than five Business Days prior to the relevant Interest Payment Date. Any Interest Payment not made as a result of such election will be lost and will not cumulate.

Conversion into conditional capital contributions; Write-down of principal in respect of Capital Contribution Securities.

To the extent that a Liquidation Avoidance Conversion or a Regulatory Breach Avoidance Conversion may be required, the shareholders of the Issuer, by resolution passed at an annual general meeting or an extraordinary general meeting, may decide that the principal amount of the Capital Contribution Securities (together with Accrued Interest) will be utilised for the purposes of the Issuer avoiding being obliged to enter into liquidation (*likvidation*) or to avoid or remedy any breach of Applicable Banking Regulations by writing down the principal amount (together with Accrued Interest) by the amount required and in the case of a Liquidation Avoidance Conversion only, to restore capital to a level which is equal to the registered share capital of the Issuer, and converting such amount (the "**Converted Amount**") into a conditional capital contribution (*villkorat kapitaltillskott*). Utilisation of the Converted Amount for the purpose of the Issuer avoiding being obliged to enter into liquidation (*likvidation*) will be made prior to the utilisation for the same purpose of undated subordinated debt issued by the Issuer (other than capital contribution securities (*primärkapitaltillskott*)) and shall be made following the utilisation for the same purpose of the principal amount (together with Accrued Interest) of capital contribution securities (*primärkapitaltillskott*) ranking junior to the Capital Contribution Securities (if any). In the case of any Liquidation Avoidance Conversion, utilisation of the Converted Amount will be made *pro rata* to the principal amount (together with Accrued Interest) of capital contribution securities (*primärkapitaltillskott*) ranking *pari passu* with the Capital Contribution Securities and outstanding at the time of such utilisation. In the case of any Regulatory Breach Avoidance Conversion, utilisation of the Capital Contribution Securities shall be made *pro rata* to the principal amount (and Accrued Interest) of all capital contribution securities (*primärkapitaltillskott*) permitting a Regulatory Breach Avoidance Conversion. Interest will not accrue on the Converted Amount and reconversion and reinstatement as debt of any portion of the Converted Amount may only be made out of Available Distribution Funds.

Perpetual nature of the Undated Subordinated Notes and the Capital Contribution Securities.

The Undated Subordinated Notes and the Capital Contribution Securities have no fixed final redemption date and holders have no rights to call for the redemption of such Notes. Although the Issuer may redeem such Notes in certain circumstances there are limitations on its ability to do so. Therefore, holders of such Notes should be aware that they may be required to bear the financial risks of an investment in the Undated Subordinated Notes and the Capital Contribution Securities for an indefinite period of time.

No Voting Rights for Capital Contribution Securities.

The Capital Contribution Securities are non-voting. Consequently, holders of such Notes cannot influence, *inter alia*, any decisions by the Issuer's shareholders to write down the principal amount (together with Accrued Interest) of the Capital Contribution Securities by the amount required to avoid liquidation or any other decisions by the Issuer's shareholders concerning the capital structure of the Issuer.

Risks relating to Index Linked Notes and Dual Currency Notes.

If, in the case of any particular Tranche of Notes, the relevant Final Terms specify that the interest or redemption amount of the Notes are linked to an index, formula or other variable (each, a "**Relevant Factor**") or may be paid in one or more currencies which may be different from the currency in which the Notes are denominated, potential investors should be aware that:

(a) the market price of such Notes may be volatile;

(b) they may receive no interest;

(c) payment of principal or interest may occur at a different time or in a different currency than expected;

(d) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;

(e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(f) if a Relevant Factor is applied to the Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and

(g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Further, Holders of Index Linked Notes and prospective purchaser of such Notes should ensure that they understand the nature of such Notes and the extent of their exposure to risk and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition. A small movement in the Relevant Factor may result in a significant change in the value of such Notes. Holders of such Notes, and prospective purchasers of such Notes, should form their own views of the merits of an investment on which the return is to be determined by reference to a Relevant Factor based upon such investigations and not in reliance on any information given in the relevant Final Terms. Given the highly specialised nature of Index Linked Notes, Nordea Bank considers that they are only suitable for highly sophisticated investors who are able to determine for themselves the risk of an investment on which the return is determined in this way. Consequently, an investor who does not fall within the description above should not consider purchasing such Notes without taking detailed advice from a specialised professional adviser.

Risks relating to Partly Paid Notes.

Nordea Bank may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Risks relating to variable rate Notes with a multiplier or other leverage factor.

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Risks relating to inverse floating rate Notes.

Inverse floating rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse floating rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Risks relating to fixed/floating rate Notes.

Fixed/floating rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may

be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the fixed/floating rate Notes may be less favourable than then prevailing spreads on comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The Notes may be issued at a substantial discount or premium.

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Noteholders' rights and obligations may be amended at meetings of Noteholders.

The terms and conditions of the Notes and the Fiscal Agency Agreement contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit certain defined majorities to make decisions that modify the terms and conditions applicable to a Series of Notes and may affect the Noteholders' rights and obligations under the Notes, and that bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. At the meeting of Noteholders, the Noteholders also have authority to elect and give instructions to a representative to act on their behalf.

The terms and conditions of the Notes may be changed.

The terms and conditions applicable to each Series will be as agreed between the Issuer and the relevant Dealer at or prior to the time of issuance of such Series, and will be specified in the relevant Final Terms. The terms and conditions applicable to each Series will therefore be those set out below, subject to being supplemented, modified or replaced by the relevant Final Terms in relation to each Series.

The Fiscal Agency Agreement contains provisions, which are binding on the Issuer and the Holders of Notes, for convening meetings of the Holders of Notes of any Series to consider matters affecting their interests, including the modification or waiver of the terms and conditions applicable to any Series of Notes, although, any modification or waiver of the terms and conditions that affects Subordinated Notes cannot be made without the prior approval of the SFSA.

The Issuer has the right to correct manifest errors in the terms and conditions without the Noteholders' consent.

The amount of Notes to be issued under the Programme may be changed.

The Amount to be issued under the Programme is subject to increase or decrease as provided in the Dealership Agreement.

The Notes are subject to certain uncertainties relating to regulatory changes.

Capital Adequacy Regulatory Framework.

In 2007, the Act on Capital Adequacy and Large Exposures (*Sw: lag (2006:1371) om kapitaltäckning och stora exponeringar*) (the "**Act on Capital Adequacy**") was adopted to implement the CRD and the requirements under the second Basel banking supervision accord ("**Basel II**") issued by the Basel Committee on Banking Supervision (which, as at the date of this Base Prospectus, are in the process of being reformed). Basel III, the principal elements of which are set out in papers released by the Basel Committee on Banking Supervision on 16 December 2010, includes a number of fundamental reforms to the regulatory capital framework for internationally active banks. In addition, on 13 January 2011 the Basel Committee on Banking Supervision separately published the minimum requirements for regulatory capital to ensure loss absorbency at the point of non-viability (the "**January 2011 release**").

The January 2011 release states that the terms and conditions of all non-common Tier 1 and Tier 2 instruments issued by a bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of a specified trigger event. The trigger event will be the earlier of (a) a decision that a write-off,

without which the financial institution would become non-viable, is necessary and (b) a decision to make a public sector injection of capital or equivalent support, without which the financial institution would become non-viable, as determined by the relevant authority ((a) and (b) together, a "**Non-Viability Event**"). However, the January 2011 release also states that it is not necessary to include these provisions in the contractual terms of the instruments if (a) the governing jurisdiction of the bank has in place laws that (i) require such instruments to be written off upon the occurrence a Non-Viability Event or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss ((i) and (ii) together, "**loss absorption requirements**"), (b) a peer group review confirms that the jurisdiction conforms with the loss absorption requirements (a "**peer group review**") and (c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to such loss.

The January 2011 release states that instruments issued after 1 January 2013 must meet these requirements in order to be recognised as Tier 1 or Tier 2 instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013.

There can be no assurances that the Act on Capital Adequacy or new legislation will be amended or introduced to reflect the January 2011 release or that any amendment or supplementary legislation or any new legislation will be confirmed in due course by a peer group review to conform with the loss absorption requirements such that Subordinated Notes would be subject to being written down or fully loss absorbing in accordance with the loss absorption requirements. In such circumstances, however, the terms and conditions of the Subordinated Notes would need to provide for such non-viability loss absorption provisions in order to qualify as regulatory capital under Basel III.

If the SFSA or any other authority having oversight of the Issuer at the relevant time (the "**Relevant Authority**") (a) discloses that a peer group review has confirmed that the capital rules, howsoever described, applicable to the Issuer conform with the loss absorption requirements, and (b) discloses that they do not require a change to the terms and conditions of any non-common Tier 1 and Tier 2 instruments to include a provision that requires either that they be written off or converted into equity upon the occurrence of a Non-Viability Event, to the extent not already envisaged within the terms of any series of Subordinated Notes (which they may require even if Swedish legislation is deemed by a peer group review to conform with the loss absorption requirements), then the Issuer will notify holders of any affected Subordinated Notes in accordance with applicable disclosure rules that, going forward, such instruments are confirmed as subject to write-off or loss in line with the loss absorption requirements. This may have an adverse effect on the position of holders of Subordinated Notes.

Furthermore, there can be no assurances that, prior to the implementation in 2013 of the reforms described above, the Basel Committee on Banking Supervision will not amend them. Further, the authorities in Sweden may implement the package of reforms, including the terms that capital securities are required to have, in a manner that is different from that which is currently envisaged, or may impose more onerous requirements on Swedish authorised institutions.

Until fully implemented, the Issuer cannot predict the precise effects of the changes that result from the implementation of Basel III on both its own financial performance or the impact on the pricing of its Notes issued under the Program. Prospective investors in the Notes should consult their own advisers as to the consequences of the implementation of Basel III.

EU Savings Directive.

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a

person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive. Investors who are in any doubt as to their position should consult their professional advisers.

The Issuer could, in certain circumstances, substitute or vary the terms of Subordinated Notes.

In certain circumstances, such as if a Capital Event (as defined in Condition 6(d)) has occurred and is continuing, the Issuer may, without the consent of the Holders, but subject to the approval of the SFSA, substitute the Subordinated Notes or vary the Conditions of the Subordinated Notes in order to ensure such substituted or varied Subordinated Notes continue to qualify as Tier 1 or Tier 2 capital, as applicable, in accordance with the Conditions. The terms and conditions of such substituted or varied Subordinated Notes may have terms and conditions that (a) include a write-down feature, as described under "*—The terms of Subordinated Notes may contain non-viability loss absorption provisions*" below, and (b) contain one or more provisions that are substantially different from the terms and conditions of the original Notes, **provided that** the Subordinated Notes remain Qualifying Securities in accordance with the Conditions. While the Issuer cannot make changes to the terms of the Subordinated Notes that, in its reasonable opinion, are materially less favourable to a Holder of such Subordinated Note, there can be no assurances as to whether any of these changes will negatively affect any particular Holder. In addition, the tax and stamp duty consequences of holding such varied Notes could be different for some categories of Holders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

The terms of Subordinated Notes may contain non-viability loss absorption provisions.

To the extent that any series of Subordinated Notes contain provisions relating to loss absorption upon the occurrence of a Non-Viability Event of the Issuer, as determined by the Relevant Authority, the Issuer may be required, subject to the terms of the relevant series of Subordinated Notes, irrevocably (without the need for the consent of the holders of the Subordinated Notes) to effect a full write-off of the outstanding principal and accrued and unpaid interest in respect of such Subordinated Notes. Any written-off amount shall be irrevocably lost and holders of such Subordinated Notes will cease to have any claims for any principal amount and accrued but unpaid interest which has been subject to write-off.

The occurrence of a Non-Viability Event may be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. The occurrence of a Non-Viability Event is dependent on a determination by the Relevant Authority (a) that a write-off, without which the Issuer would become non-viable, is necessary, or (b) to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable. As a result, the Relevant Authority may require or may cause a write-off in circumstances that are beyond the control of the Issuer and the Nordea Group and with which neither the Issuer nor the Nordea Group agree. Because of the inherent uncertainty regarding the determination of whether a Non-Viability Event exists, it will be difficult to predict when, if at all, a write-off will occur. Accordingly, trading behaviour in respect of Subordinated Notes which have the non-viability loss absorption feature may not necessarily follow trading behaviour associated with other types of securities. Any indication that the Issuer is trending towards a Non-Viability Event could have an adverse effect on the market price of the relevant Subordinated Notes.

Potential investors should consider the risk that a holder of Subordinated Notes, which have the non-viability loss absorption feature, may lose all of its investment in such Subordinated Notes,

including the principal amount plus any accrued but unpaid interest, in the event that a Non-Viability Event occurs.

There can be no assurances that any contractual provisions with non-viability loss absorption features, to the extent applicable, will be sufficient to satisfy the Basel III compliance requirements that the Relevant Authority may implement in the future. The Relevant Authority may also deviate from the Basel III proposals by implementing reforms which differ from those envisaged by the Basel Committee.

Investors may lose their entire investment in the Notes or part of it.

If, in the case of any particular Tranche of Notes, the relevant Final Terms specify that the Notes are index or credit linked, there is a risk that any investor may lose the value of their entire investment or part of it.

Changes in laws and regulations may affect the terms and conditions of the Notes.

The terms and conditions of the Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by English law, except that (i) those provisions relating to Subordinated Notes which will be governed by, and construed in accordance with Swedish law; (ii) the registration of VP Notes in the VP which will be governed by, and construed in accordance with, Danish law; (iii) the registration of VPS Notes in the VPS which will be governed by, and construed in accordance with, Norwegian law; and (iv) the registration of Swedish Notes in Euroclear Sweden which will be governed by, and construed in accordance with, Swedish law.

The Rome II Regulation (864/2007), which sets out a series of rules to be applied by the courts of EU member states (other than Denmark) for the purposes of determining the governing law of non-contractual obligations between parties in most civil and commercial matters does not apply in Denmark and therefore may not apply to Danish investors.

There can be no assurances as to the impact of any possible judicial decision or change to the laws of England, Sweden, Denmark or Norway or administrative practice after the date of this Base Prospectus.

The Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples.

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination (as defined in the relevant Final Terms) plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination, would need to purchase a principal amount of the Notes such that its holding amounts to a Specified Denomination.

Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance provisions of the HIRE Act.

With respect to (i) Notes issued after 31 December 2012 and (ii) any Notes treated as equity for U.S. federal income tax purposes, whenever issued, the Issuer may, under certain circumstances, be required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder ("**FATCA**"), or pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction, to withhold U.S. tax at a rate of 30 per cent. on all or a portion of payments of principal and interest which are treated as "pass-thru payments" made on or after 1 January 2017 to an investor that has not provided information requested to establish it is exempt from reporting under the rules or any other financial institution through which payment on the Notes is made that is a non-U.S. financial institution that is not in compliance with FATCA. If applicable, FATCA may be addressed in the relevant Final Terms with respect to Notes issued after 31 December 2012 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes). The application of FATCA to interest, principal or other amounts paid on or with respect to the Notes is not currently clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a Holder's failure to comply with FATCA, none of the Issuer, any paying agent or any other person would pursuant to the terms and conditions of the Notes be required to pay additional amounts as a

result of the deduction or withholding of such tax. If the Issuer issues further Notes on or after 1 January 2013 pursuant to a reopening of a Series of Notes that was created on or before 31 December 2012, payments on such further Notes may be subject to withholding under FATCA and, should the Notes under the Series that was outstanding on 31 December 2012 and the further Notes be indistinguishable for non-U.S. tax purposes, such payments on the previously outstanding Notes may become subject to withholding under FATCA.

FORM OF THE NOTES

Notes may be issued as Bearer Notes (as defined below), Registered Notes (as defined below), VP Notes, VPS Notes or Swedish Notes, as specified in the relevant Final Terms. 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.

Form of Bearer Notes

Notes of each Tranche of each Series to be issued in bearer form ("**Bearer Notes**" comprising a "**Bearer Series**") will initially be represented by a temporary global note in bearer form (each a "**Temporary Global Note**"), without interest coupons ("**Coupons**") or talons for further Coupons ("**Talons**"). Each Temporary Global Note which is not intended to be issued in a new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited with a common depositary on behalf of Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank SA/NV ("**Euroclear**") or any other relevant clearing system(s) on the relevant Issue Date. Each Temporary Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited with a common safe-keeper for Euroclear and/or Clearstream, Luxembourg on the relevant Issue Date.

The NGN form has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

Interests in a Temporary Global Note will be exchangeable for interests in a permanent global note in bearer form (each, a "**Permanent Global Note**"), without Coupons or Talons, on or after the date 40 days after the later of the relevant Issue Date and the completion of distribution of all Notes of a Tranche of a Bearer Series (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership. Each Permanent Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited with a common depositary on behalf of Clearstream, Luxembourg and Euroclear or any other relevant clearing system(s) on the relevant Exchange Date. Each Permanent Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited with a common safe-keeper for Euroclear and/or Clearstream, Luxembourg on the relevant Exchange Date.

The Permanent Global Note will be exchangeable in whole (but not in part) for definitive Bearer Notes in the limited circumstances more fully described herein.

In the case of Bearer Notes (or any Tranche thereof) having a maturity of more than 1 year from the Issue Date, the Permanent Global Note, the definitive Bearer Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

The sections referred to in such legend provide that a United States person who holds a Bearer Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or exercise or redemption of such Bearer Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or exercise or redemption will be treated as ordinary income.

Form of Registered Notes

Notes of each Tranche of each Series to be issued in registered form ("**Registered Notes**" comprising a "**Registered Series**") and which are sold outside the United States to non-U.S. persons within the meaning of Regulation S under the Securities Act will, unless otherwise specified in the relevant Final Terms, initially be represented by an interest in a DTC Unrestricted Global Note, without Coupons or Talons, which will be deposited with a custodian for, and registered in the name of a nominee of, The Depositary Trust Company ("**DTC**") on its Issue Date for the accounts of Clearstream, Luxembourg and Euroclear. Until the expiration of 40 days after the later of the relevant Issue Date and the completion of the distribution of all Notes of a Tranche of a Registered Series,

beneficial interests in a DTC Unrestricted Global Note of such Tranche may be held only through Clearstream, Luxembourg or Euroclear.

Notes of any Registered Series sold to qualified institutional buyers in reliance upon Rule 144A as referred to in, and subject to the transfer restrictions described in, "*Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions*", will unless otherwise specified in the applicable Final Terms, initially be represented by a DTC Restricted Global Note and, together with any DTC Unrestricted Global Notes, (the "**DTC Global Notes**"), without Coupons or Talons, which will be deposited with a custodian for, and registered in the name of a nominee of, DTC on its Issue Date.

Notes represented by the DTC Global Notes will trade in DTC's same day fund settlement system and secondary market trading activity in such Notes will therefore settle in immediately available funds. Beneficial interests in a DTC Unrestricted Global Note and a DTC Restricted Global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct or indirect participants, including Clearstream, Luxembourg and Euroclear. See "*Clearing and Settlement*".

Form of VP Notes

Each Tranche of VP Notes will be issued in uncertificated and dematerialised book entry form in accordance with the Danish Securities Trading Act (Consolidated Act No. 883 of 9 August 2011, as amended) (in Danish: *Værdipapirhandelsloven*) (the "**Danish Securities Act**") and the Danish Government Regulation No. 4 of 4 January 2008, as amended. No global or definitive Notes will be issued in respect thereof. The holder of a VP Note will be the person evidenced as such by the register for such Note maintained by VP Securities A/S. Where a nominee in accordance with the Danish Securities Act is so evidenced it shall be treated as the holder of the relevant VP Note.

Pursuant to the issuance of VP Notes, the Issuer will certify that Nordea Bank Danmark A/S is, on the date of issue of a Tranche of VP Notes, entered in the VP as the account holding institute (*kontoførende institute*) for the duly registered owners of the Notes of such Tranche. Title thereto will pass on due registration in the Danish Note Register to be maintained by the VP Issuing Agent. Title to VP Notes will pass by transfer between accountholders of the VP, perfected in accordance with the legislation (including the Danish Securities Act), rules and regulations applicable to and/or issued by the VP that are in force and effect from time to time. If the Notes of such Tranche cease to be registered in the VP, Nordea Bank Danmark A/S as account holding institute for the duly registered owners shall supply the VP Issuing Agent with all necessary information with regard to such duly registered owners and the VP Issuing Agent shall enter such information into the Danish Note Register. The relationship between Nordea Bank Danmark A/S as the account holding institute and the VP will be governed by the provisions of Danish Government Regulation No. 4 of 4 January 2008, as amended, on the registration (book entry) etc. of electronic securities in a centralised securities depository. A VP Note may only be controlled by an account holding institute acting in such capacity on behalf of holders for the time being registered with such account holding institute.

Issues of VP Notes will be issued with the benefit of the Fiscal Agency Agreement. On the issue of VP Notes, the Issuer will send a copy of the applicable Final Terms to the Paying Agent, with a copy sent to the VP Issuing Agent. On delivery of the applicable Final Terms by the VP Issuing Agent to the VP and notification to the VP of the subscribers and their VP account details by the relevant Dealer, the VP Issuing Agent acting on behalf of the Issuer will credit each subscribing account holder with the VP with a nominal amount of VP Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of the VP Notes in the VP will take place in accordance with market practice at the time of the transaction. Transfers of interests in the relevant VP Notes will take place in accordance with the rules and procedures for the time being of the VP.

The person evidenced (including any nominee) as a holder of the VP Notes shall be treated as the holder of such VP Notes for the purposes of payment of principal or interest on such VP Notes. The expressions "**Noteholders**" and "**holder of Notes**" and related expressions shall, in each case, be construed accordingly.

Form of VPS Notes

Each Tranche of VPS Notes will be issued in uncertificated and dematerialised book entry form cleared through the VPS. Legal title to the VPS Notes will be evidenced by book entries in the records

of the VPS. Issues of VPS Notes will be issued with the benefit of the Fiscal Agency Agreement. On the issue of VPS Notes, the Issuer will send a copy of the applicable Final Terms to the Paying Agent, with copies sent to the VPS Paying Agent and the Fiscal Agent. On delivery of the applicable Final Terms by the VPS Paying Agent to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the VPS Paying Agent acting on behalf of the Issuer will credit each subscribing account holder with the VPS with a nominal amount of VPS Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of the VPS Notes in the VPS will take place in accordance with market practice at the time of the transaction. Transfers of interests in the relevant VPS Notes will take place in accordance with the rules and procedures for the time being of the VPS.

Title to the VPS Notes will pass by registration in the registers between the direct or indirect accountholders at the VPS in accordance with the rules and procedures of the VPS. The holder of a VPS Note will be the person evidenced as such by a book entry in the records of the VPS. The person evidenced (including any nominee) as a holder of the VPS Notes shall be treated as the holder of such VPS Notes for the purposes of payment of principal or interest on such VPS Notes. The expressions "**Noteholders**" and "**holder of Notes**" and related expressions shall, in each case, be construed accordingly.

Form of Swedish Notes

Each Tranche of Swedish Notes will be issued in uncertificated and dematerialised book entry form in accordance with the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*) as amended (the "**SFIA Act**"). No global or definitive Notes will be issued in respect thereof. The holder of a Swedish Note will be the person evidenced as such by the register for such Note maintained by Euroclear Sweden on behalf of the Issuer. Where a nominee (*Sw. förvaltare*) in accordance with the SFIA Act is so evidenced it shall be treated by the Issuer as the holder of the relevant Swedish Note.

Title to Swedish Notes will pass by transfer between accountholders of Euroclear Sweden, perfected in accordance with the legislation (including the SFIA Act), rules and regulations applicable to and/or issued by Euroclear Sweden that are in force and effect from time to time. Issues of Swedish Notes will be issued with the benefit of the Fiscal Agency Agreement. On the issue of Swedish Notes, the Issuer will send a copy of the applicable Final Terms to the Paying Agent, with copies sent to the Swedish Issuing Agent and the Fiscal Agent.

Settlement of sale and purchase transactions in respect of the Swedish Notes in Euroclear Sweden will take place in accordance with market practice at the time of the transaction. Transfers of interests in the relevant Swedish Notes will take place in accordance with the rules and procedures for the time being of Euroclear Sweden.

The person evidenced (including any nominee) as a holder of the Swedish Notes shall be treated as the holder of such Swedish Notes for the purposes of payment of principal or interest on such Swedish Notes. The expressions "**Noteholders**" and "**holder of Notes**" and related expressions shall, in each case, be construed accordingly.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Each Temporary Global Note, Permanent Global Note and DTC Global Note contains provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out herein. Set out in this section (together with a description of the form of the Notes) is a summary of certain of those provisions.

Form of Bearer Notes

A Tranche of Bearer Notes of any particular Series will be represented upon issue by a Temporary Global Note in bearer form without interest coupons, which will be deposited on or about the relevant closing date with a common depositary or depositaries for Euroclear and Clearstream, Luxembourg or any other relevant clearing system(s). Each Temporary Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or about the relevant closing date with a common safe-keeper for Euroclear and/or Clearstream, Luxembourg. On or after the date which is 40 days after the later of the date of issue of the relevant Series or Tranche and the completion of distribution of all Notes of the relevant Series or Tranche and provided certification as to non-US beneficial ownership has been received, interests in a Temporary Global Note may be exchanged for interests in a Permanent Global Note in bearer form without interest coupons.

Each Permanent Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms will be deposited on or about the relevant Exchange Date with a common depositary or depositaries for Euroclear and Clearstream, Luxembourg or any other relevant clearing system(s). Each Permanent Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or about the relevant Exchange Date with a common safe-keeper for Euroclear and/or Clearstream, Luxembourg.

If any interest payment on the Notes of a particular Series falls due whilst any of the Notes of that Series are represented by a Temporary Global Note, the related interest payment will be made on such Temporary Global Note only to the extent that certification as to non-US beneficial ownership has been received by Euroclear or Clearstream, Luxembourg or any other relevant clearing system(s) in accordance with the terms of such Temporary Global Note. Payments of amounts due in respect of a Permanent Global Note will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system(s) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable, in whole but not in part, for definitive Bearer Notes ("**Definitive Bearer Notes**") upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Notice) to the Fiscal Agent as described therein or (ii) only upon the occurrence of an Exchange Event. Notes for which the applicable Final Terms permit trading in the Clearing Systems in Tradable Amounts which are not a Specified Denomination will only be exchangeable for Definitive Bearer Notes upon an Exchange Event. For these purposes, "**Exchange Event**" means (a) that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Fiscal Agent is available; or (b) an Event of Default occurs under Condition 7 of the "*Terms and Conditions of the Notes*" in respect of any Note of the relevant Series, in all cases at the expense of the Issuer. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 of the "*Terms and Conditions of the Notes*" if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Fiscal Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent. Definitive Bearer Notes will, if interest bearing, have Coupons attached and, if appropriate, a Talon for further Coupons and will, if the principal thereof is repayable by instalments, have Receipts attached.

Payments in respect of Bearer Notes

Payments of principal, interest and any additional amounts pursuant to Condition 9, if any, in respect of the Bearer Notes when represented by a Temporary Global Note or a Permanent Global Note which is not intended to be issued in NGN form will be made against presentation and surrender or, as the case may be, presentation of the relevant Temporary Global Note or Permanent Global Note to or

to the order of any of the Paying Agents. A record of each payment so made will be endorsed on the relevant schedule to the Temporary Global Note or Permanent Global Note by or on behalf of the Fiscal Agent, which endorsement will be *prima facie* evidence that such payment has been made.

Notices

So long as the Bearer Notes of any Series are represented by a Temporary Global Note or Permanent Global Note, notices to holders of Bearer Notes may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or any other relevant clearing system(s) for communication by them to entitled account holders in substitution for publication as required by the Conditions, and so long as any DTC Global Note is held on behalf of DTC, Euroclear, Clearstream, Luxembourg or any other relevant clearing system(s), notices to holders of Notes represented by an interest in such DTC Global Notes may be given by delivery of the relevant notice to DTC or, as the case may be, such other relevant clearing system(s), **provided that**, in the case of Notes listed with any listing authority(ies) or any stock exchange, the requirements (if any) of such listing authority(ies) or stock exchange(s) have been complied with.

Meetings

The holder of a Temporary Global Note, Permanent Global Note or DTC Global Note as the case may be, will be treated as being two persons for the purposes of any quorum requirements of a meeting of holders of Notes.

Cancellation

Cancellation of any Note surrendered for cancellation following its redemption will be effected by reduction in the principal amount of the relevant Temporary Global Note, Permanent Global Note or DTC Global Note as the case may be.

Issuer's Option

No drawing of Notes will be required under Condition 6(e) in the event that the Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a Temporary Global Note, Permanent Global Note or DTC Global Note, as the case may be. In such event standard procedures of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), DTC or, as the case may be, such other relevant clearing system(s) shall operate to determine which interests in such Global Notes, are to be subject to such option.

Holder's Option

For so long as the Notes of any Series are represented by either a Temporary Global Note, a Permanent Global Note or DTC Global Note, as the case may be, the owner of a beneficial interest therein may exercise its option to redeem under Condition 6(f) (where such put option is specified in the relevant Final Terms as being applicable and such Notes are Unsubordinated Notes) by depositing the redemption notice with any Agent, together with an authority to DTC, Euroclear, Clearstream, Luxembourg or any other relevant clearing system(s) to effect redemption (in accordance with its operating procedures and rules) of the portion of the Temporary Global Note, Permanent Global Note or DTC Global Note, as the case may be, which represents the Notes then being redeemed.

Conditions apply

Until the whole of a Temporary Global Note, Permanent Global Note or DTC Global Note, as the case may be, has been exchanged as provided therein or cancelled in accordance with the Fiscal Agency Agreement, the holder of the Global Note shall be subject to the terms and conditions of the Notes set out herein and, subject as therein otherwise provided, shall be entitled to the same rights and benefits thereunder as if the bearer were the holder of the definitive Notes and Coupons represented by the relevant part of the relevant Global Note.

Record Date

Each payment in respect of a DTC Global Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the DTC Global Note is being held is open for business.

Business Day

Notwithstanding the definition of "Business Day" in Condition 9(6)(c)(i), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a DTC Global Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the DTC Global Note is deposited with a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "**Business Day**" means:

(a) if the currency of payment is euro any day which is a TARGET2 Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Relevant Financial Centre; or

(b) if the currency of payment is not euro a day on which dealings in foreign currencies may be carried on in the Relevant Financial Centre of the currency of payment and in each other (if any) Relevant Financial Centre.

Form of DTC Global Notes

In the case of DTC Global Notes, the Issuer will deliver a DTC Unrestricted Global Note (as defined below) and/or a DTC Restricted Global Note (as defined below), as specified in the relevant Final Terms.

Registered Notes sold in offshore transactions in reliance on Regulation S may be represented by a permanent DTC Global Note without interest coupons (a "**DTC Unrestricted Global Note**"), which will be deposited on or about the issue date (the "**Issue Date**") for the relevant Series with a custodian for DTC and registered in the name of Cede & Co. ("**Cede**") as nominee of DTC. On or prior to the 40th day after the later of the Issue Date and the completion of distribution of all Notes in registered form in relation to the relevant Series, beneficial interests in any DTC Unrestricted Global Note may be held only through Euroclear or Clearstream, Luxembourg, unless delivery is made in the form of an interest in a DTC Restricted Global Note (as defined below) in accordance with the certification requirements described below.

Registered Notes sold in reliance on Rule 144A will be represented by a permanent DTC Global Note without interest coupons (a "**DTC Restricted Global Note**") which will be deposited on or about the Issue Date for the relevant Series with a custodian for DTC and registered in the name of Cede as nominee of DTC. Each DTC Restricted Global Note (and any Registered Notes in definitive form ("**Definitive Registered Notes**")) issued in exchange constitute (for as long as they continue to bear the applicable Restrictive Legend (as defined in the Fiscal Agency Agreement)) will be subject to certain restrictions on transfer set forth therein and in the Fiscal Agency Agreement and will bear the applicable legend regarding such restrictions set forth under "**Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions**".

Exchange of Interests in DTC Global Notes

On or prior to the 40th day after the later of the relevant Issue Date and the completion or distribution of all Notes in registered form of the relevant Series, a beneficial interest in the relevant DTC Unrestricted Global Note may be transferred to a person who takes delivery in the form of an interest in the relevant DTC Restricted Global Note only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Fiscal Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers.

Beneficial interests in a DTC Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in the relevant DTC Unrestricted Global Note, whether before, on or after such 40th day, only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Fiscal Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer occurs on or prior to such 40th day, such interest will be held immediately only through Euroclear and Clearstream, Luxembourg.

Any beneficial interest in either the DTC Restricted Global Note or the DTC Unrestricted Global Note relating to any Series that is transferred to a person who takes delivery in the form of an interest in the other DTC Global Note relating to such Series will, upon transfer, cease to be an interest in such DTC Global Note and become an interest in the other DTC Global Note, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other DTC Global Note for as long as it remains such an interest.

Exchange and Transfer of DTC Global Notes for Definitive Registered Notes

The DTC Unrestricted Global Note and the DTC Restricted Global Note relating to any Series will be exchangeable for Definitive Registered Notes against surrender of the relevant DTC Global Note at the specified office from time to time of the Registrar or any of the Transfer Agents if (a) DTC or any successor depositary notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the relevant DTC Global Note; or (b) DTC ceases to be a clearing agency registered under the United States Securities Exchange Act of 1934 (the "**Exchange Act**") and the Issuer is unable to appoint a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or (c) an Event of Default has occurred and is continuing and the Issuer has not cured or otherwise made good such Event of Default. Definitive Registered Notes so issued in exchange will bear, and be subject to, the applicable legend referred to under "*Notice to Purchasers and Holders or Restricted Notes and Transfer Restrictions*".

The Holder of a Definitive Registered Note may transfer such Note by surrendering it at the specified office of the Registrar or any Transfer Agent. Upon the transfer, exchange or replacement of Definitive Registered Notes bearing the applicable legend set forth under "*Notice to Purchasers and Holders of Registered Notes and Transfer Restrictions*", or upon specific request for removal of such legend on a Definitive Registered Note, the Issuer will deliver only Definitive Registered Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar written notice (in the applicable form scheduled to the Fiscal Agency Agreement) requesting such deletion and certifying as to certain information relating to the transfer of, or the holder of, such Notes.

The Registrar will not register the transfer of or exchange interests in a DTC Global Note for Definitive Registered Notes for a period of 15 days preceding the due date for any payment of principal or other redemption amount of or interest on the Notes.

Owner of DTC Global Notes and Payments

So long as DTC, or its nominee, is the registered owner or holder of a DTC Global Note, DTC or, as the case may be, such nominee will be considered the absolute owner or Holder of the Notes represented by such DTC Global Note for all purposes under the Fiscal Agency Agreement and the Notes. Payments of principal, interest and additional amounts pursuant to Condition 8, if any, on DTC Global Notes will be made to DTC or Cede as its nominee, as the registered owner thereof. Neither the Issuer, the Registrar nor any other Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in DTC Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC or its nominee, upon receipt of any payment of principal, interest or additional amounts, if any, in respect of a DTC Global Note representing any Notes held by it or its nominee, will immediately credit the accounts of DTC Participants (as defined in "*Clearing and Settlement*") with payments in amounts proportionate to their respective beneficial interests in the principal amount of such DTC Global Note as shown on the records of DTC or its nominee. The Issuer also expects that such payments by DTC Participants to owners of beneficial interests in such DTC Global Note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

FORM OF FINAL TERMS

A pro forma Final Terms for use in connection with the Programme is set out below. This pro forma is subject to completion and amendment to set out the terms upon which each Tranche of Notes is to be issued.

NORDEA BANK AB (PUBL)

Issue of
[Aggregate Nominal Amount of Tranche]
[Title of Notes]
Issued under the
€40,000,000,000 Euro Medium Term Note Programme

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented Directive 2003/71/EC (the "**Prospectus Directive**") (each such Member State, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so in:

(i) circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or

(ii) those Public Offer Jurisdictions mentioned in Paragraph 40 of Part A below, provided such person is one of the persons mentioned in Paragraph 40 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated 27 April 2012 [and the base prospectus supplement[s] dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the base prospectus supplement[s]] [is] [are] available for viewing during normal business hours at, and copies may be obtained from, the principal office of the Issuer, Smålandsgatan 17, SE-105 71 Stockholm, Sweden.

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus / Information Memorandum with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the [Base Prospectus] dated [original date] [and the base prospectus supplement[s] dated [•]]. This document comprises the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [•] [and the base prospectus supplement[s] dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Base Prospectus] dated [original date] [and the base prospectus supplement[s] dated [•]].

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [original date] and [•][and the base prospectus supplement[s] dated [•]]. [The Prospectuses [and the base prospectus supplement[s]] [is] [are] available for viewing during normal business hours at, and copies may be obtained from, the principal office of the Issuer, Smålandsgatan 17, SE-105 71 Stockholm, Sweden.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When adding any other final terms or information including final terms at items 9, 10, 15, 16, 17, 30 or 32 of Part A or information in relation to the interests of natural and legal persons involved in the issue/offer in Part B, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1.	Issuer:	Nordea Bank AB (publ)
2.	[(i)] Series Number:	[•]
	[(ii) Tranche Number:	[•]
	(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]	
3.	Specified Currency or Currencies:	[•]
4.	Aggregate Nominal Amount:	
	[(i)] Series:	[•]
	[(ii)] Tranche:	[•]
5.	Issue Price:	[•] per cent. of the Tranche [plus accrued interest from [*insert date*] *(in the case of fungible issues only, if applicable)*]
6.	[(i)] Specified Denominations:	[•] No Notes may be issued which have a minimum denomination of less than EUR1,000 (or nearly equivalent in another currency). [*Note - where multiple denominations above EUR 100,000 (or equivalent) are being used and Notes are not being issued in registered form, the following sample wording should be followed:* [EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]. No Notes in definitive form will be issued with a denomination above [EUR 199,000]. So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing systems so permit, the Notes will be tradeable only in the minimum authorised denomination of [EUR 100,000] and higher integral multiples of [EUR 1,000], notwithstanding that no definitive notes will be issued with a denomination above [EUR 199,000].
	[(ii)] Calculation Amount:	[•] [*If there is more than one Specified Denomination, insert the highest common factor of those Specified Denominations (note: there must be a common factor of two or more Specified Denominations)*.]
7.	(i) Issue Date:	[•]
	[(ii)] Interest Commencement Date:	[•]

8.	Maturity Date:	[*specify date*] *(for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*
9.	Interest Basis:	[[•] per cent. Fixed Rate] [*specify reference rate*] ± [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (specify)] (further particulars specified below)
10.	Redemption/Payment Basis	[Redemption at par] [Index Linked Redemption] [Dual Currency- *N.B. Not applicable for Swedish Notes*] [Partly Paid] [Instalment] [Other (specify)]
11.	Change of Interest or Redemption/Payment Basis:	[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12.	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13.	Status of the Notes:	[Unsubordinated / Dated Subordinated / Undated Subordinated (see *paragraph 20 for further details*) /Capital Contribution Securities (see *paragraph 21 for further details*)]
14.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[•] per cent. per annum [payable [annually / semi-annually / quarterly / monthly/other *(specify)*] in arrear]
	(ii)	Interest Payment Date(s):	[•] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
	(iii)	Fixed Coupon Amount[(s)]	[•] per Calculation Amount
	(iv)	Broken Amount(s):	*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*
	(v)	Day Count Fraction:	[Actual/Actual (ICMA) or 30/360 or *specify other*] (NB: Actual/Actual (ICMA) is normally only appropriate for Fixed Rate Notes denominated in euro)
	(vi)	Determination Date(s):	[•] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long and short first or last*

			coupon]
			(*NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration*).
			(*NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)*).
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
16.	**Floating Rate Note Provisions**		[Applicable/Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Dates:	[[•] in each year commencing on [•] up to and including [•]]
			[No adjustments will be made to the Interest Amounts [except for the Broken Amount for the [first/last] Interest Payment date on [•]]]
	(ii)	Business Day Convention:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / other *(give details. N.B. Only the Following Business Day Convention/Modified Following Business Day Convention can be applicable for Swedish Notes.)*]
	(iii)	Any relevant modification to the definition of Business Day for the purposes of Condition 9(4)(c)(i):	[•]
	(iv)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination / ISDA Determination/other (give details)]
	(v)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent):	[•]
	(vi)	Screen Rate Determination:	[•]
		Reference Rate:	[•]
		Interest Determination Date(s):	[•]
		Relevant Screen Page:	[•]
	(vii)	ISDA Determination:	
		Floating Rate Option:	[•]
		Designated Maturity:	[•]
		Reset Date:	[•]
	(viii)	Margin(s):	[±][•] per cent. per annum
	(ix)	Minimum Rate of Interest:	[•] per cent. per annum
	(x)	Maximum Rate of Interest:	[•] per cent. per annum

	(xi)	Day Count Fraction:	[Actual/365 or Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other]
	(xii)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	**[•]**
17.	**Zero Coupon Note Provision**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	[Amortisation/Accrual] Yield:	**[•]** per cent. per annum
	(ii)	Reference Price:	**[•]** per cent. per annum
	(iii)	Any other formula/basis of determining amount payable:	**[•]**
	(iv)	Day Count Fraction:	**[•]**
18.	**Index-Linked Note/other variable-linked interest Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Index/Formula/other variable:	[*give or annex details*]
	(ii)	Calculation Agent responsible for calculating the principal or interest due:	**[•]**
	(iii)	Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable	**[•]**
	(iv)	Determination Dates	**[•]**
	(v)	Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	**[•]**
	(vi)	Interest or calculation period(s)	**[•]**
	(vii)	[Specified Period(s)/Specified Interest Payment	**[•]**

		Date(s)]:	
	(viii)	Business Day Convention:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention/ other (*give details. N.B. Only the Following Business Day Convention/Modified Following Business Day Convention can be applicable for Swedish Notes.)*]
	(ix)	Any relevant modification to the definition of Business Day for the purposes of Condition 9(4)(c)(i):	
	(x)	Minimum Rate/ Amount of Interest:	[•] per cent. per annum / [•]
	(xi)	Maximum Rate/ Amount of Interest:	[•] per cent. per annum / [•]
	(xii)	Day Count Fraction:	[•]
19.	**Dual Currency Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph. N.B. Not applicable for Swedish Notes*)
	(i)	Rate of Exchange/method of calculating Rate of Exchange:	[give details]
	(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]
20.	**Undated Subordinated Notes:**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
	(i)	Treated as liabilities under IFRS:	[Applicable/Not Applicable]
21.	**Optional Suspension of interest:**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*) (*NB: Applicable to Capital Contribution Securities only*)
	(i)	Definition of Mandatory Interest Payment:	[Condition 4(10)(i) and 4(10)(ii) are both applicable] *(permits debt accounting in relation to the Capital Contribution Securities)*/ [Only Condition 4(10)(ii) is applicable] *(permits equity accounting in relation to the Capital Contribution Securities)*

PROVISIONS RELATING TO REDEMPTION

22.	**Call Option**		[Applicable/Not Applicable] [*refer to relevant Condition*] *(If not applicable, delete the remaining sub paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	**[•]**
	(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	**[•]** per Calculation Amount
	(iii)	Early redemption as a result of a Capital Event:	[Not Applicable/The provisions in Condition 6(d) apply/do not apply]
	(iv)	If redeemable in part:	
		(a) Minimum Redemption Amount:	**[•]** per Calculation Amount
		(b) Maximum Redemption Amount:	**[•]** per Calculation Amount
	(v)	Notice period (if other than as set out in the Conditions):	**[•]**
23.	**Put Option**		[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i)	Optional Redemption Date(s):	**[•]**
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	**[•]** per Calculation Amount
	(iii)	Notice period (if other than as set out in the Conditions):	**[•]**
24.	**Final Redemption Amount**		[*Insert Calculation Amount if redemption at par/Other*] per Calculation Amount
	[In cases where the Final Redemption Amount is Index-Linked or other variable-linked:		
	(i)	Index/Formula/variable:	[give or annex details]
	(ii)	Calculation Agent responsible for determining the Final Redemption Amount:	**[•]**
	(iii)	Provisions for determining Final	**[•]**

	Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	
(iv)	Determination Date(s):	**[•]**
(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	**[•]**
(vi)	Payment Date:	**[•]**
(vii)	Minimum Final Redemption Amount:	**[•]** per Calculation Amount
(viii)	Maximum Final Redemption Amount:	**[•]]** per Calculation Amount
25.	**Early Redemption Amount**	**[•]**
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption (i.e. as a result of, in the case of Subordinated Notes only, a Capital Event and in the case of Undated Subordinated Notes or Capital Contribution Securities, an Accounting Event or a Tax Event) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[Condition 6[(b)/(c)/(d)/(e)] applies] (NB: *No early redemption of Subordinated Notes/Capital Contribution Securities may take place without the prior written consent of the SFSA*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	Form of Notes:	Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on **[•]** days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]. [Temporary Global Note exchangeable for Definitive Notes on **[•]** days' notice.] [Permanent Global Note exchangeable for Definitive Notes on **[•]** days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]. [Registered Notes] [VP Notes] [The Notes are VP Notes in uncertificated and dematerialised book entry form.]

		[VPS Notes]: [The Notes are VPS Notes in uncertificated and dematerialised book entry form.] [Swedish Notes] [The Notes are Swedish Notes in uncertificated and dematerialised book entry form.] *(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes)*
27.	New Global Note:	[Yes/No]
28.	Additional cities for the purposes of the definition of Relevant Financial Centre or other special provisions relating to payment dates:	[Not Applicable/give details]
29.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 16(iii) relates*]
30.	Details relating to Partly Paid Notes: amount of such payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*]
31.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
32.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable / The provisions [in Condition 5] [annexed to these Final Terms] apply]
33.	Consolidation provisions:	[Not Applicable/The provisions in Condition 5] [annexed to this Final Terms] apply]
34.	Other final terms:	[Not Applicable/*give details*] (*When adding any other final terms consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive*.)

DISTRIBUTION

35.	(i)	If syndicated, names [and addresses] of Managers [and underwriting commitments]:	[Not Applicable/*give names, addresses and underwriting commitments*] *(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers*)
	(ii)	[Date of Subscription Agreement:]	[•]
	(iii)	Stabilising Manager(s) (if any):	[Not Applicable/give name]
36.		If non-syndicated, name [and address] of Dealer:	[Not Applicable/give name and address]
37.		[Total commission and concession:]	[[•] per cent. of the Aggregate Nominal Amount]
38.		Additional selling restrictions:	[Not Applicable/give details and address]
39.		U.S. Selling Restrictions:	[Reg. S Compliance Category [•]]; (In the case of Bearer Notes) - TEFRA D [*if TEFRA D is not applicable, specify* [TEFRA C]/[TEFRA not applicable]] Rule 144A: [Applicable / Not Applicable] (*In the case of Registered Notes/VP Notes/VPS Notes/Swedish Notes*) - Not Applicable
40.		Non-exempt Offer:	[Not Applicable] [An offer of the Notes may be made by the Managers [and [*specify, if applicable*]] other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported*] (the "**Public Offer Jurisdictions**") during the period from [*specify date*] until [*specify date*] (the "**Offer Period**"). See further Paragraph 11 of Part B below.

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [*specify relevant regulated market*] of the Notes described herein] pursuant to the €40,000,000,000 Euro Medium Term Programme of Nordea Bank AB (publ).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [*(Relevant third party information)*] has been extracted from [*(specify source)*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*(specify source)*], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of Nordea Bank AB (publ):

By:	……	By:	……
Duly authorised		Duly authorised	
Date:	……	Date:	……

PART B – OTHER INFORMATION

1. **LISTING**

Listing and admission to trading:	[Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its regulated market with effect from [•]/other *(specify)*/None]
	(*Where documenting a fungible issue need to indicate that original securities are already admitted to trading*.)

2. [**RATINGS**

Ratings:	[The issuance of Notes itself [has not been rated/is expected to be rated: [•]]]
	[The following ratings reflect the ratings allocated to Notes of the type being issued under the Issuer's EUR 40,000,000,000 Euro Medium Term Note Programme generally.
	[Standard & Poor's Credit Market Services Europe Limited: [•]
	[Moody's Investors Service Limited: [•]
	[Fitch Ratings Limited: [•]
	[DBRS Ratings Limited: [•]]
	(Need to include a brief explanation of the meaning of the ratings if this has been previously published by the rating provider.)
	[[*Insert legal name of particular credit rating agency entity providing rating*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended.]
	[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009, as amended.]
	[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"). However, [*insert the name of the relevant EU CRA affiliate*], which is established in the European Union and registered under the CRA Regulation, has disclosed the intention to endorse credit ratings of [*insert legal name of particular credit rating agency entity providing rating*].]
	[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the European Union, but it is certified in accordance with Regulation (EC) No. 1060/2009, as amended.]

3. [**INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by

inclusion of the following statement:

"Save as discussed in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i)	Reasons for the offer:	[•] (*See "Use of Proceeds" wording in the Base Prospectus - if reasons for offer different from making profit and or hedging certain risks will need to include those reasons here*)]
[(ii)]	Estimated net proceeds:	[•]
[(iii)]	Estimated total expenses:	[•] [Include breakdown of expenses] (*If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.*)

5. [***Fixed Rate Notes only*** **- YIELD**

Indication of yield:	[•] Calculated as [*include method of calculation in summary form*] on the Issue Date. As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. [***Floating Rate Notes only*** **- HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

7. **[*Index-Linked or other variable-linked Notes only* – PERFORMANCE OF INDEX/ FORMULA/ OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

Need to include details of the exercise price or final reference price of the underlying (if available or not included in any index or formula for calculating the coupon or redemption of a Note), where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]]

8. **[*Dual Currency Notes only* – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

9. **OPERATIONAL INFORMATION**

ISIN Code:	[•]
Common Code:	[•]
CUSIP:	[•]

New Global Note intended to be held in a manner which would allow Eurosystem eligibility:	[Not Applicable/Yes/No] [Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safe-keeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfactions of the Eurosystem eligibility criteria.] [*Include this text if "Yes" selected in which case the Notes must be issued in NGN form*]
Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and DTC and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*] [In the case of VP Notes: VP Securities A/S Weidekampsgade 14 P.O. Box 4040 DK-2300 Copenhagen S 45 4358 8888 VP is a limited liability company and is subject to the Danish Securities Trading Act (Consolidated Act No. 883 of 9 August 2011, as amended) and the Danish Government Regulation No. 4 of 4 January 2008, as amended. VP is the central organisation for registering securities in Denmark and is a CSD and Clearing Centre.] [VP identification number: 215993361] [In the case of VPS Notes: Norwegian Central Securities Depository VPS ASA, P.O. 40051 Oslo 985 140 421 VPS ASA is a Norwegian public limited company authorised to register rights to financial instruments subject to the legal effects laid down in the Securities Register Act. VPS clears and settles trades in the Norwegian securities market, and provides services relating to stock issues, distribution of dividends and other corporate actions for companies registered in VPS ASA.] [VPS identification number: [•]] [In the case of Swedish Notes: Swedish Central Securities Depository Euroclear Sweden AB Box 7822 SE 103 97 Stockholm Sweden Euroclear Sweden is a Swedish public company which operates under the supervision of the Swedish Financial Supervisory Authority and is authorised as a central securities depository and clearinghouse.

	[Euroclear Sweden identification number: [•]]
Delivery:	Delivery[against/free of] payment
Name(s) and address(es) of initial Paying Agents(s):	[Citibank N.A/[•]]
Name(s) and address(es) of additional Paying Agents(s) (if any):	[•]
[Name and address of VP Issuing Agent:]	[*only applicable to VP Notes*]
[Name and address of VPS Paying Agent:]	[*only applicable to VPS Notes*]
[Name and address of Swedish Issuing Agent:]	[*only applicable to Swedish Notes*]

10. **TERMS AND CONDITIONS OF THE OFFER**

Consider the circumstances in which the items specified below need to be completed or marked "Not Applicable" by reference to the requirements of the relevant home and/or host member states where any non-exempt public offer is being made, in compliance with the Prospectus Directive, as implemented in such member states.

Offer Price:	[Issue Price/Other (*specify*)]
Conditions to which the offer is subject:	[Not Applicable/*give details*]
Description of the application process:	[Not Applicable/*give details*]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/*give details*]
Details of the minimum and/or maximum amount of application:	[Not Applicable/*give details*]
Details of method and time limits for paying up and delivering the Notes:	[Not Applicable/*give details*]
Manner and date in which results of the offer are to be made public:	[Not Applicable/*give details*]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/*give details*]
Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/*give details*]
Process for notification to applicants of the amount allotted and the indication whether dealing may being before notification is made:	[Not Applicable/*give details*]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/*give details*]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[None/*give details*]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which (subject to completion and amendment) will be applicable to each Series of Notes ***provided that*** *the relevant Final Terms in relation to any Series of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace the following Terms and Conditions for the purposes of such Series of Notes.*

The Notes are issued in accordance with an amended and restated fiscal agency agreement, (as amended and/or restated and/or replaced from time to time, the "**Fiscal Agency Agreement**") dated 27 April 2012 and made between Nordea Bank AB (publ), (the "**Issuer**"), Citibank, N.A., London Branch in its capacity as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor to Citibank, N.A., London Branch in its capacity as such), Citibank, N.A. acting through its New York office as registrar (the "**Registrar**" in relation to any Series of Notes except Swedish Notes, which expression shall include any successor to Citibank, N.A. in its capacity as such), certain financial institutions named therein in their capacity as paying agents (the "**Paying Agents**", which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Fiscal Agency Agreement), Nordea Bank Danmark A/S in its capacity as issuing agent for VP Notes (as defined below) (the "**VP Issuing Agent**"), Nordea Bank Norge ASA in its capacity as Norwegian paying agent for VPS Notes (the "**VPS Paying Agent**") and Nordea Bank AB (publ) in its capacity as Swedish issuing agent for Swedish Notes (the "**Swedish Issuing Agent**"). The Notes have the benefit of a deed of covenant (the "**Deed of Covenant**") dated 27 April 2012 (as amended and/or restated and/or replaced from time to time), executed by the Issuer in relation to the Notes. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection at the specified office of each of the Paying Agents and the Registrar. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of and to be bound by all of the provisions of the Fiscal Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Notes.

The Notes are issued in series (each a "**Series**") made up of one or more Tranches, and each Series will be the subject of a final terms (each a "**Final Terms**") a copy of which, in the case of a Series in relation to which application has been made for admission to listing on the Official List of the Irish Stock Exchange and to trading on its regulated market, will be filed with the Irish Stock Exchange and will be available for inspection at the specified office of each of the Fiscal Agent or, as the case may be, the Registrar on or before the date of issue of the Notes of such Series. Notes may be cleared through the Danish Securities Centre, VP Securities A/S ("**VP Notes**" and the "**VP**", respectively), the Norwegian Central Securities Depository which will be Verdipapirsentralen ASA ("**VPS Notes**" and the "**VPS**", respectively) or the Swedish Central Securities Depository which will be the Swedish Central Securities Depositary and Clearing Organisation Euroclear Sweden AB, incorporated in Sweden with Reg. No. 556112-8074 ("**Swedish Notes**" and "**Euroclear Sweden**").

The VP Notes will be registered in uncertificated and dematerialised book entry form with the VP. VP Notes registered in the VP are negotiable instruments and not subject to any restrictions on free negotiability under Danish law.

As the VP Notes will be in uncertificated and dematerialised book entry form, the Terms and Conditions of the VP Notes shall be deemed to be incorporated by reference in, and to form part of, the Deed Of Covenant by which the VP Notes are constituted.

The VPS Notes will be registered in uncertificated and dematerialised book entry form with the VPS. VPS Notes registered in VPS are negotiable instruments and not subject to any restrictions on free negotiability under Norwegian law.

As the VPS Notes will be in uncertificated and dematerialised book entry form, the Terms and Conditions of the VPS Notes shall be deemed to be incorporated by reference in, and to form part of, the Deed Of Covenant by which the VPS Notes are constituted.

A registrar agreement dated 29 May 2009 (as amended, supplemented or replaced from time to time, the "**VPS Registrar Agreement**") has been entered into between the Issuer and the VPS Paying Agent in relation to the VPS Notes.

The registrar in respect of any Series of Swedish Notes will be Euroclear Sweden (the "**Swedish Registrar**") in accordance with the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*) as amended (the "**SFIA Act**").

The Swedish Notes will be registered in uncertificated and dematerialised book entry form with Euroclear Sweden. Swedish Notes registered in Euroclear Sweden are negotiable instruments and not subject to any restrictions on free negotiability under Swedish law.

As the Swedish Notes will be in uncertificated and dematerialised book entry form, the Conditions of the Swedish Notes shall be deemed to be incorporated by reference in, and to form part of, the Deed Of Covenant by which the Swedish Notes are constituted.

References in these Terms and Conditions (the "**Conditions**") to Notes are to Notes of the relevant Series and any references to Coupons and Receipts, both as defined below, are to Coupons and Receipts relating to Notes of the relevant Series.

1. **Form and Denomination**

(a) ***Form***

Notes, other than VP Notes, VPS Notes and Swedish Notes, are issued in bearer form or registered form, as specified in the relevant Final Terms and are serially numbered.

The VP Notes are issued in uncertificated and dematerialised book entry form in accordance with the Danish Securities Trading Act (Consolidated Act No. 883 of 9 August 2011, as amended) (in Danish: *Værdipapirhandelsloven*) and the Danish Government Regulation No. 4 of 4 January 2008, as amended.

The VPS Notes are issued in uncertificated and dematerialised book entry form in accordance with the Norwegian Securities Register Act 2002 (in Norwegian: *lov om registrering av finansielle instrumenter 2002 5. juli nr. 64*).

The Swedish Notes are issued in uncertificated and dematerialised book entry form in accordance with the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*) as amended.

(b) ***Form of Bearer Notes***

Notes issued in bearer form ("**Bearer Notes**") will be represented upon issue by a temporary global note (a "**Temporary Global Note**") in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement. On or after the date which is forty days after the completion of the distribution of the Notes (the "**Exchange Date**") of the relevant Series and provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (substantially in the form set out in the Temporary Global Note) has been received, interests in the Temporary Global Note may be exchanged for:

(i) interests in a permanent global note (a "**Permanent Global Note**") representing the Notes of that Series and in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement; or

(ii) if so specified in the relevant Final Terms, definitive notes ("**Definitive Notes**") serially numbered and in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement.

If any date on which a payment of interest is due on the Notes of a Series occurs whilst any of the Notes of that Series are represented by the Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in the form set out in the Temporary Global Note) has been received by Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or by any other clearing system to which Notes or any interest therein may from time to time be credited. Payments of principal or interest (if any) on a Permanent Global Note will be made through Euroclear and Clearstream, Luxembourg without any requirement for certification.

Interests in the Permanent Global Note will, unless the contrary is specified in the relevant Final Terms, be exchangeable at the cost and expense of the Issuer, unless otherwise specified in the

relevant Final Terms, in whole (but not in part), at the option of the Holder of such Permanent Global Note for Definitive Notes if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system(s) is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention to cease business permanently or does in fact do so or (b) an Event of Default occurs under Condition 7 in respect of any Note of the relevant Series. Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery of such Definitive Notes duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the Holder of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the Holder requesting such exchange. If default is made by the Issuer in the required delivery of Definitive Notes and such default is continuing at 6.00 p.m. (London time) on the thirtieth day after the day on which the relevant notice period expires, such Permanent Global Note will become void in accordance with its terms but without prejudice to the rights of the Account Holders (as defined in the Deed of Covenant) with Euroclear and Clearstream, Luxembourg in relation thereto under the Deed of Covenant.

Interest bearing Definitive Notes will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be prerequisite to the payment of interest in certain circumstances specified below **provided that** interest bearing Definitive Notes, if so specified in the relevant Final Terms, have attached thereto at the time of initial delivery Coupons and one Talon for further Coupons (a "**Talon**", together with the Coupons in such case and where the context so permits, the "**Coupons**") entitling the holder thereof to further Coupons and a further Talon.

Bearer Notes, the principal amount of which is repayable by instalments ("**Instalment Notes**") have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

(c) ***Form of Registered Notes***

Notes issued in registered form ("**Registered Notes**") will be in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement. Registered Notes will not be exchangeable for Bearer Notes.

(d) ***Form of VP Notes***

A Tranche or a Series of Notes (as the case may be), if so specified in the applicable Final Terms may be cleared through the VP in accordance with Danish laws, regulations and operating procedures applicable to and/or issued by the VP for the time being (the "**VP Rules**"). The VP Notes shall be regarded as Registered Notes for the purposes of these Conditions. No physical Notes or certificates will be issued in respect of the VP Notes and the provisions in these Conditions relating to presentation, surrendering or replacement of such physical VP Notes or certificates shall not apply to the VP Notes. The Issuer will certify that Nordea Bank Danmark A/S is, on the date of issue of a Tranche or a Series of VP Notes (as the case may be), entered in the VP as the account holding institute (*kontoførende institut*) for the duly registered owners of the Notes of such Tranche or Series (as the case may be).

(e) ***Form of VPS Notes***

The VPS Notes shall be regarded as Registered Notes for the purposes of these Conditions save to the extent these Conditions are inconsistent with Norwegian laws, regulations and operating procedures applicable to and/or issued by VPS for the time being (the "**VPS Rules**"). No physical VPS Notes or certificates will be issued in respect of the VPS Notes and the provisions in these Conditions relating to presentation, surrendering or replacement of such physical Notes or certificates shall not apply to the VPS Notes.

(f) ***Form of Swedish Notes***

The Swedish Notes shall be regarded as Registered Notes for the purposes of these Conditions save to the extent these Conditions are inconsistent with Swedish laws, regulations and operating procedures applicable to and/or issued by Euroclear Sweden for the time being (the "**Euroclear Sweden Rules**"). No physical Swedish Notes or certificates will be issued in respect of the Swedish Notes and the provisions in these Conditions relating to presentation,

surrendering or replacement of such physical Swedish Notes or certificates shall not apply to the Swedish Notes.

(g) ***Denomination of Bearer Notes***

Bearer Notes will be in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. Bearer Notes of one denomination may not be exchanged for Bearer Notes of any other denomination.

(h) ***Denomination of Registered Notes***

Registered Notes will be in the minimum denomination specified in the relevant Final Terms or unless otherwise specified in the relevant Final Terms integral multiples thereof, except that in the case of a Registered Note which is sold pursuant to Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**"), such Registered Note will be issued in denominations of U.S. $100,000 (or its equivalent rounded upwards as specified in the relevant Final Terms) and higher integral multiples of U.S. $10,000.

(i) ***Denomination of VP Notes***

VP Notes are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. VP Notes of one denomination may not be exchanged for VP Notes of any other denomination.

(j) ***Denomination of VPS Notes***

VPS Notes are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. VPS Notes of one denomination may not be exchanged for VPS Notes of any other denomination.

(k) ***Denomination of Swedish Notes***

Swedish Notes are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. Swedish Notes of one denomination may not be exchanged for Swedish Notes of any other denomination.

(l) ***Currency of Notes***

Notes may be denominated in any currency subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

For the purposes of these Conditions, references to Notes shall, as the context may require, be deemed to be Temporary Global Notes, Permanent Global Notes, Definitive Notes or, as the case may be, Registered Notes.

The Issuer may in certain circumstances redenominate the Notes in euros and consolidate the Notes with one or more issues of other Notes as described in Condition 5 below.

2. **Title**

(a) ***Title to Bearer Notes, Registered Notes, VP Notes, VPS Notes and Swedish Notes***

Title to the Bearer Notes, Receipts and Coupons passes by delivery. References herein to the "**Noteholders**" or "**Holders**" of Bearer Notes or of Receipts or Coupons signify the bearers of such Bearer Notes or such Receipts or Coupons.

Title to Registered Notes passes by registration in the register which is kept by the Registrar as specified in the relevant Final Terms. References herein to the "**Noteholders**" or "**Holders**" of Registered Notes signify the persons in whose names such Notes are so registered.

Title to the VP Notes shall pass by registration in the register (the "**Danish Note Register**") maintained by the VP Issuing Agent in accordance with the VP Rules. The Issuer shall be entitled to obtain information from VP in accordance with the VP Rules. Except as ordered by a court of competent jurisdiction or as required by law, the Holder (as defined below) of any VP Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it and no person shall be liable for so treating the Holder. References herein to the "**Note Holders**" or "**Holders**" of VP Notes signify the persons in whose names such Notes are so registered. If the Notes of such Tranche cease to be registered in the VP, Nordea Bank Danmark A/S as account holding

institute for the duly registered owners shall supply the VP Issuing Agent with all necessary information with regard to such duly registered owners and the VP Issuing Agent shall enter such information into the Danish Note Register.

Title to the VPS Notes shall pass by registration in the register (the "**VPS Register**") in accordance with the Norwegian VPS Rules. The Issuer shall be entitled to obtain information from VPS in accordance with the VPS Rules. Except as ordered by a court of competent jurisdiction or as required by law, the Holder (as defined below) of any VPS Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it and no person shall be liable for so treating the Holder. References herein to the "**Note Holders**" or "**Holders**" of VPS Notes signify the persons in whose names such Notes are so registered.

Title to the Swedish Notes shall pass by registration in the computerised register consisting of accounts for the holders of financial instruments registered pursuant to the SFIA Act (the "**Euroclear Sweden Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder (as defined below) of any Swedish Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it and no person shall be liable for so treating the Holder. References herein to the "**Note Holders**" or "**Holders**" of Swedish Notes signify the persons in whose names such Notes are so registered.

The Holder of any Note or Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

Where a nominee (*Sw. förvaltare*) in accordance with the SFIA Act is so evidenced it shall be treated by the Issuer as the holder of the relevant Swedish Notes.

(b) ***Transfer of Registered Notes, VP Notes, VPS Notes and Swedish Notes***

A Registered Note may, upon the terms and subject to the conditions set forth in the Fiscal Agency Agreement, be transferred in whole or in part only (**provided that** such part is, or is an integral multiple of, the minimum denomination specified in the relevant Final Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

Each new Registered Note to be issued upon the transfer of Registered Notes will, upon the effective receipt of such form of transfer by the Registrar at its specified office, be available for delivery at the specified office of the Registrar. For these purposes, a form of transfer received by the Registrar during the period of fifteen London Banking Days, ending on the due date for any payment on the relevant Registered Notes shall be deemed not to be effectively received by the Registrar until the day following the due date for such payment.

The issue of new Registered Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation thereto.

One or more VP Notes may be transferred in accordance with VP Rules. Each new VP Note to be issued shall be available for delivery within three business days of receipt of the request and the surrender of the VP Notes for exchange. Delivery of the new VP Note(s) shall be made to the same VP account on which the original VP Notes were registered. In this Condition 2(b) (*Transfer of Registered Notes, VP Notes, VPS Notes and Swedish Notes*) in relation to VP Notes only, "**business day**" has the meaning ascribed to such term by the then applicable rules and procedures of the VP.

Exchange and transfer of VP Notes on registration, transfer, partial redemption or exercise of a call or a put option shall be effected without charge by or on behalf of the VP Issuing Agent,

but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the VP Issuing Agent may require).

No Holder may require the transfer of a VP Note to be registered during any closed period pursuant to the then applicable VP Rules.

All transfers of VP Notes are subject to any cut-off dates applicable to such VP Notes and are subject to any other rules and procedures for the time being of the VP. The VP's rules and regulations may be downloaded from its website: http://www.vp.dk.

In these Conditions in relation to VP Notes only, "**Note Holder**" or "**Holder**" means, as the context requires, the person in whose name a VP Note is registered in the Danish Note Register and shall also include any person duly authorised to act as a nominee and registered as a holder of the VP Notes.

One or more VPS Notes may be transferred in accordance with the VPS Rules. In the case of an exercise of option resulting in VPS Notes of the same holding having different terms, separate VPS Notes registered with the VPS Register shall be issued in respect of those VPS Notes of that holding having the same terms. Such VPS Notes shall only be issued against surrender of the existing VPS Notes in accordance with the VPS Rules.

Each new VPS Note to be issued pursuant to the above, shall be available for delivery within three business days of receipt of the request and the surrender of the VPS Notes for exchange. Delivery of the new VPS Note (s) shall be made to the same VPS account on which the original VPS Notes were registered. In this Condition 2(b) (*Transfer of Registered Notes, VP Notes, VPS Notes and Swedish Notes*) in relation to VPS Notes only, "**business day**" means a day, other than a Saturday or Sunday on which VPS is open for business.

Exchange and transfer of VPS Notes on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer or the VPS Paying Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the VPS Paying Agent may require).

No Holder may require the transfer of a VPS Note to be registered during any closed period pursuant to the then applicable VPS Rules.

In these Conditions in relation to VPS Notes only, "**Note Holder**" or "**Holder**" means, as the context requires, the person in whose name a VPS Note is registered in the VPS Register and shall also include any person duly authorised to act as a nominee (in Norwegian: forvalter) and registered as a holder of the VPS Notes.

One or more Swedish Notes may be transferred in accordance with Euroclear Sweden Rules. Exchange and transfer of Swedish Notes on registration, transfer, partial redemption or exercise of a call or a put option shall be effected without charge by or on behalf of the Issuer or the Swedish Issuing Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Swedish Issuing Agent may require).

No Holder may require the transfer of a Swedish Note to be registered during any closed period pursuant to the then applicable Euroclear Sweden Rules.

All transfers of Swedish Notes are subject to any cut-off dates applicable to such Swedish Notes and are subject to any other rules and procedures for the time being of Euroclear Sweden. Euroclear Sweden's rules and regulations may be downloaded from its website: http://www.ncsd.eu.

In these Conditions in relation to Swedish Notes only, "**Note Holder**" or "**Holder**" means, as the context requires, the person in whose name a Swedish Note is registered in the Euroclear Sweden Register and shall also include any person duly authorised to act as a nominee (*in Swedish: förvaltare*) and registered as a holder of the Swedish Notes.

(c) ***Rule 144A Legend***

Upon the transfer, exchange or replacement of Registered Notes bearing the private placement legend (the "**Rule 144A Legend**") for the purpose of Rule 144A under the Securities Act set forth in the form of Registered Note scheduled to the Fiscal Agency Agreement, the Registrar

shall deliver only Registered Notes that also bear such legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion, reasonably satisfactory to the Issuer, of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Registered Notes are not "**restricted securities**" within the meaning of Rule 144 under the Securities Act. The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its Banking Affiliates not to acquire any beneficial interest, in any Registered Note bearing the Rule 144A Legend unless it notifies the Registrar in writing of such acquisition. The Registrar and all Noteholders will be entitled to rely without further investigation on any such notification (or lack thereof). In this Condition 2(c), "**Banking Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls the Issuer, directly or indirectly, or any entity under common control with the Issuer, and which is in each case, a credit institution whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account and for this purpose "**control**" of the Issuer or any entity means ownership of a majority of the voting power of the Issuer or such entity.

3. **Status**

(1) ***Status—Unsubordinated Notes***

(a) This Condition 3(1) is applicable in relation to Notes specified in the relevant Final Terms as being Unsubordinated or not specified as being subordinated (the "**Unsubordinated Notes**").

(b) The Unsubordinated Notes of each Series constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future.

(2) ***Status; Conversion and Reconversion—Subordinated Notes***

(a) This Condition 3(2) is applicable in relation to Notes specified in the relevant Final Terms as being Dated Subordinated Notes, Undated Subordinated Notes or Capital Contribution Securities (each as defined below, and together, unless the context otherwise requires, the "**Subordinated Notes**").

(b) *Dated Subordinated Notes*

The Dated Subordinated Notes (being those Notes specified in the relevant Final Terms as being Dated Subordinated and which have a specified maturity) (the "**Dated Subordinated Notes**") constitute and will constitute direct and unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and at least equally with all other present and future Subordinated Indebtedness of the Issuer. In the event of liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the Dated Subordinated Notes will be subordinated in right of payment to the claims of depositors and all other creditors of the Issuer other than creditors in respect of Subordinated Indebtedness.

No Holder of Dated Subordinated Notes who shall in the event of the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer be indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Dated Subordinated Notes.

(c) *Undated Subordinated Notes*

The Undated Subordinated Notes (being those Notes specified in the relevant Final Terms as being Undated Subordinated and which do not have a specified maturity) (the "**Undated Subordinated Notes**") constitute and will constitute unsecured, subordinated obligations of the Issuer. The Issuer reserves the right to issue or incur other undated subordinated obligations in the future, **provided**, **however**, **that** any

such undated subordinated obligations may not in the event of liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer rank prior to the Undated Subordinated Notes.

In the event of the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the rights of the Holders of any Undated Subordinated Notes to payments on or in respect of such Undated Subordinated Notes, whether or not the whole or any part of the principal amount of the Undated Subordinated Notes (together with accrued but unpaid interest including Arrears of Interest and any Additional Interest Amount (as defined in Condition 4(6)(c)) has been made available to avoid the Issuer being obliged to enter into liquidation and such amount has been converted into conditional capital contributions as described below, **provided that** the Articles of Association of the Issuer have been amended substantially to the effect set out below, will rank:

(i) *pari passu* without any preference among the Undated Subordinated Notes;

(ii) at least *pari passu* with all outstanding undated subordinated obligations of the Issuer whether or not so converted as described below;

(iii) in priority to payments to holders of all classes of share capital, preference share capital and capital contribution securities (*primärkapitaltillskott*) of the Issuer in their capacity as such holders and any obligation of the Issuer expressed to rank junior to the Undated Subordinated Notes; and

(iv) junior in right of payment to the payment of any present or future claims of (x) depositors of the Issuer, (y) other unsubordinated creditors of the Issuer, and (z) subordinated creditors of the Issuer in respect of Subordinated Indebtedness having a fixed maturity (including Dated Subordinated Notes).

Utilisation and Conversion

To the extent that may be required to avoid the Issuer being obliged to enter into liquidation (*likvidation*), the shareholders of the Issuer, by resolution passed at a general meeting (annual or extraordinary), may decide that the principal amount of the Undated Subordinated Notes (together with Accrued Interest) will be utilised for the purposes of the Issuer avoiding being obliged to enter into liquidation (however any Accrued Interest should be entered as liabilities before they can be appropriated), by writing down the principal amount (together with Accrued Interest) by the amount required to avoid liquidation (*likvidation*) and to restore capital to a level which is equal to the registered share capital of the Issuer and converting such amount (the "**Converted Amount**") into a conditional capital contribution (*villkorat kapitaltillskott*). The rights of the Holders of the Undated Subordinated Notes in respect of the principal amount and Accrued Interest so utilised will thereupon be converted into rights of providers of conditional capital contributions as set out below.

Interest will not accrue on the Converted Amount, but Holders of the Undated Subordinated Notes shall be compensated for loss of interest before payments to shareholders are made, as further described below.

Upon utilisation of the Converted Amount (as described above), the Issuer shall give notice to the Fiscal Agent and the Holders of the Undated Subordinated Notes in accordance with the Fiscal Agency Agreement.

Utilisation of the principal amount of the Undated Subordinated Notes (together with Accrued Interest) for the purpose of the Issuer avoiding being obliged to enter into liquidation shall be made *pro rata* to the principal amount (and accrued but unpaid interest) of other undated subordinated notes ranking *pari passu* with the Undated Subordinated Notes other than capital contribution securities (*primärkapitaltillskott*) and other undated subordinated debt ranking junior to the Undated Subordinated Notes, and may only be made after utilisation (in full) for the same purpose of any capital contribution securities (*primärkapitaltillskott*) or other undated subordinated debt ranking junior to the Undated Subordinated Notes. Utilisation of the principal amount of the Undated Subordinated Notes (and Accrued Interest) as aforesaid may only be made provided (a) that the SFSA shall have given its approval thereto and (b) that the Articles of Association of the Issuer shall, in connection with the

implementation of such decision, have been amended by the incorporation of a duly registered Article substantially to the following effect (unless the same is provided for under Swedish law or unless the Articles of Association have previously been amended in connection with a prior such utilisation of the Undated Subordinated Notes or of other undated subordinated debt for the purpose of avoiding being obliged to enter into liquidation (*likvidation*) and such Article has not since been amended):

> "Until an amount equal to the portion of the principal amount of the Undated Subordinated Notes (and of Accrued Interest) which has been converted to a conditional capital contribution (*villkorat kapitaltillskott*) has been reinstated as debt in full in the balance sheet of the Issuer, or such amount has been redeemed (such redemption having been approved by the SFSA) and the Issuer has paid an amount equal to the interest (calculated in accordance with the terms for calculating Arrears of Interest) that would have accrued on the Undated Subordinated Notes in the absence of the conversion of such amount as aforesaid, the Issuer may neither distribute dividends or otherwise make payments to its shareholders (except (i) in respect of claims that, in bankruptcy (*konkurs*) or liquidation (*likvidation*), would have priority in right of payment over undated subordinated obligations, or (ii) in connection with the distribution of assets in the event of merger as provided by law) nor redeem any capital contributions that may have been made by shareholders (*aktieägartillskott*). Notwithstanding the foregoing, the Issuer may, however, make payments to its shareholders, **provided that**, in connection with such payment, other measures are taken (i) to ensure that neither the share capital (including restricted reserves) nor the non-restricted reserves of the Issuer will be reduced as compared with the amount of the share capital (including restricted reserves) and of the non-restricted reserves prior to the payment decision or (ii) which will otherwise ensure that the interests of the Noteholders are not adversely affected in any respect as a result of such payment to shareholders. In the event of dissolution of the Issuer holders of Undated Subordinated Notes shall be repaid in priority to any security ranking junior to Undated Subordinated Notes. Notwithstanding the conversion of the whole or any part of the portion of the principal amount of the Undated Subordinated Notes to a conditional capital contribution (*villkorat kapitaltillskott*) as described above, in the event of bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer, the rights of the holders of any Undated Subordinated Notes so converted to payments on or in respect of such conditional capital contribution (*villkorat kapitaltillskott*) shall rank in accordance with the subordination provisions applying to the Undated Subordinated Notes immediately prior to such conversion, as set out in the conditions of the Undated Subordinated Notes."

The principal amount of the Undated Subordinated Notes (together with Accrued Interest) may be utilised and converted as described above on one or more occasions.

During any period(s) in which part of the principal amount of the Undated Subordinated Notes has been made available and converted as aforesaid, interest shall accrue on the balance of the principal amount of the Undated Subordinated Notes at the rate of interest as set out under Condition 4(6)(c) below.

Utilisation (as described above) of the principal of the Undated Subordinated Notes (and of Accrued Interest) shall not constitute an Event of Default under the Conditions of the Undated Subordinated Notes.

Reconversion and Reinstatement

Reconversion and reinstatement as debt of the portion of the principal amount of the Undated Subordinated Notes (together with Accrued Interest) which has been converted to a conditional capital contribution (*villkorat kapitaltillskott*) and payment of an amount equal to the interest that would have accrued on the Undated Subordinated Notes in the absence of such conversion may only be made out of Available Distribution Funds of the Issuer and subject to a resolution of the shareholders passed at a general meeting.

Reconversion and reinstatement as debt of the portion of the principal amount of the Undated Subordinated Notes (together with Accrued Interest) which has been converted to a conditional capital contribution (*villkorat kapitaltillskott*) shall be made *pro rata* with any amounts converted in respect of other undated subordinated indebtedness ranking *pari passu* with the Undated Subordinated Notes (excluding any indebtedness which constitutes capital contribution securities (*primärkapitaltillskott*) or which is expressed to rank junior to the Undated Subordinated Notes) and prior to reconversion and reinstatement in respect of capital contribution securities (*primärkapitaltillskott*) (or other indebtedness expressed to rank junior to the Undated Subordinated Notes.

Upon reconversion and reinstatement as debt of any portion of the Converted Amount as described above, the Issuer shall give notice to the Fiscal Agent and Holders of Undated Subordinated Notes in accordance with the Fiscal Agency Agreement

If and to the extent that the Converted Amount has been reconverted and reinstated as debt in the balance sheet of the Issuer, interest thereon shall start to accrue again, and become payable in accordance with the terms of the Undated Subordinated Notes, as from the date of such reinstatement.

Redemption after Conversion

If the Issuer has utilised the Converted Amount to avoid liquidation and to restore equity to a level that is equal to the registered share capital, on any redemption of the Undated Subordinated Notes (such redemption having been approved by the SFSA), the whole of the original principal amount (together with Accrued Interest) of the Undated Subordinated Notes (and not part only) shall be redeemed and shall be paid in full together with an amount which would otherwise have been payable in respect of interest on the amount so converted had such amount not been so converted.

General

No Holder of Undated Subordinated Notes who shall in the event of the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer be indebted to the Issuer shall be entitled to exercise any right of set off or counterclaim against moneys owed by the Issuer in respect of such Undated Subordinated Notes.

(d) *Status; Conversion and Reconversion - Capital Contribution Securities*

Ranking

The Capital Contribution Securities (being those specified in the relevant Final Terms as being Capital Contribution Securities and which do not have a specified maturity) (the "**Capital Contribution Securities**") constitute and will constitute unsecured, subordinated obligations of the Issuer.

In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the rights of the Holders of any Capital Contribution Securities to payments of the principal amount of the Capital Contribution Securities and any other amounts due in respect of the Capital Contribution Securities, whether or not the whole or any part of the principal amount of the Capital Contribution Securities has been made available to avoid the Issuer being obliged to enter into liquidation or to avoid or remedy any breach of Applicable Banking Regulations and such amount has been converted into conditional capital contributions as described below **provided that** the Articles of Association of the Issuer have been amended substantially to the effect set out in the Conditions, will rank:

(i) *pari passu* without any preference among the Capital Contribution Securities;

(ii) at least *pari passu* with any other present or future outstanding capital contribution securities (*primärkapitaltillskott*) (as defined below) of the Issuer whether or not converted as described below;

(iii) in priority to payments to holders of all classes of ordinary share capital and preference share capital of the Issuer in their capacity as such holders and any

obligation of the Issuer expressed to rank junior to the Capital Contribution Securities; and

(iv) junior in right of payment to the payment of any present or future claims of (x) depositors of the Issuer, (y) other unsubordinated creditors of the Issuer, and (z) subordinated creditors of the Issuer in respect of Subordinated Indebtedness (other than capital contribution securities (*primärkapitaltillskott*)).

Further capital contribution securities

The Issuer reserves the right to issue other capital contribution securities (*primärkapitaltillskott*) in the future, **provided**, **however**, **that** any such obligations may not in the event of voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer rank prior to the Capital Contribution Securities.

Utilisation and Conversion

To the extent that may be required (i) to avoid the Issuer being obliged to enter into liquidation (*likvidation*) or (ii) to avoid or remedy any breach of Applicable Banking Regulations (unless the SFSA has expressly permitted the Issuer not to avoid or remedy such breach through utilisation and conversion), the shareholders of the Issuer, by resolution passed at an annual general meeting or an extraordinary general meeting, may decide that the principal amount of the Capital Contribution Securities (together with Accrued Interest, such Accrued Interest to be entered as liabilities before it can be appropriated) will be utilised for the purposes of the Issuer avoiding being obliged to enter into liquidation or avoiding remedying any breach of Applicable Banking Regulations, by writing down the principal amount (together with Accrued Interest) by the amount required and in the case of a Liquidation Avoidance Conversion only, to restore capital to a level which is equal to the registered share capital of the Issuer, and converting such amount (the **Converted Amount**) into a conditional capital contribution (*villkorat kapitaltillskott*) (i) to avoid liquidation (**Liquidation Avoidance Conversion**) or (ii) to avoid or remedy any breach of Applicable Banking Regulations (**Regulatory Breach Avoidance Conversion**). The rights of the Holders of the Capital Contribution Securities in respect of the principal amount (together with Accrued Interest) so utilised will thereupon be converted into rights of providers of capital contributions as set out below.

Upon utilisation of the Converted Amount (as described above), the Issuer shall give notice to the Fiscal Agent and the Holders of the Capital Contribution Securities in accordance with the Fiscal Agency Agreement.

Interest will not accrue on the Converted Amount but will continue to accrue on the balance of the non-converted amount (if any) unless the SFSA expressly permits interest to accrue on the original principal amount.

Utilisation of the Converted Amount for the purpose of the Issuer avoiding being obliged to enter into liquidation or avoiding or remedying any breach of Applicable Banking Regulations shall be made prior to the utilisation for the same purpose of undated subordinated debt issued by the Issuer (other than capital contribution securities (*primärkapitaltillskott*)) and shall be made following the utilisation for the same purpose of the principal amount (together with accrued interest) of other capital contribution securities (*primärkapitaltillskott*) ranking junior to the Capital Contribution Securities (if any). In the case of any Liquidation Avoidance Conversion, utilisation of the Capital Contribution Securities shall be made *pro rata* to the principal amount (together with accrued interest) of other capital contribution securities (*primärkapitaltillskott*) ranking *pari passu* with the Capital Contribution Securities and outstanding at the time of such utilisation. In the case of any Regulatory Breach Avoidance Conversion, utilisation of the Capital Contribution Securities shall be made *pro rata* to the principal amount (and Accrued Interest) of all capital contribution securities (*primärkapitaltillskott*) permitting a Regulatory Breach Avoidance Conversion. The principal amount of each Capital Contribution Security converted on the date of such utilisation and conversion shall be the Converted Amount divided by the number of Capital Contribution Securities outstanding on such

date. Utilisation of the Converted Amount as aforesaid may only be made **provided that**: (i) the SFSA shall have given its approval thereto; and (ii) the Articles of Association of the Issuer shall, in connection with the implementation of such decision, have been amended by the incorporation of a duly registered provision substantially to the following effect (unless the same is provided for under Swedish law or unless the Articles of Association have previously been amended in connection with a prior utilisation of the Capital Contribution Securities or of other capital contribution securities (*primärkapitaltillskott*) for the purpose of the Issuer avoiding being obliged to enter into liquidation or to avoid or remedy any breach of Applicable Banking Regulations and the Articles of Association have not since been amended):

> "Until an amount equal to the Converted Amount has been reinstated as debt in full in the balance sheet of the Issuer, or such amount has been redeemed (such redemption having been approved by the SFSA), the Issuer may neither distribute dividends nor otherwise make payments to its shareholders (except (i) in respect of claims that, in bankruptcy (*konkurs*) or liquidation (*likvidation*), would have priority in right of payment over capital contribution securities (*primärkapitaltillskott*), or (ii) in connection with the distribution of assets in the event of merger as provided by law) nor redeem any capital contributions that may have been made by shareholders (*aktieägartillskott*). Notwithstanding the foregoing, the Issuer may, however, make payments to its shareholders, **provided that**, in connection with such payment, other measures are taken (i) to ensure that neither the share capital (including restricted reserves) nor the non-restricted reserves of the Issuer will be reduced as compared to the amount of the share capital (including restricted reserves) and of the non-restricted reserves prior to the payment decision or (ii) which will otherwise ensure that the interests of the holders of the capital contribution securities (*primärkapitaltillskott*) are not adversely affected in any respect as a result of such payment to shareholders. In the event of dissolution of the Issuer, holders of capital contribution securities (*primärkapitaltillskott*) shall be repaid in priority over payments to holders of all classes of shares in the Issuer whether or not whole or any part of the principal amount (together with accrued interest) has been converted into the Converted Amount. Notwithstanding the conversion of the whole or any part of the portion of the principal amount of the capital contribution securities (*primärkapitaltillskott*) to a conditional capital contribution (*primärkapitaltillskott*) as described above, in the event of bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer, the rights of the holders of any capital contribution securities (*primärkapitaltillskott*) so converted to payments on or in respect of such capital contribution securities (*primärkapitaltillskott*) shall rank in accordance with the subordination provisions applying to the capital contribution securities (*primärkapitaltillskott*) immediately prior to such conversion, as set out in the conditions of the capital contribution securities (*primärkapitaltillskott*)."

The principal amount of the Capital Contribution Securities (together with any Accrued Interest owing at that time) may be utilised and converted into conditional capital contributions on one or more occasions.

Utilisation and conversion of the principal amount (together with Accrued Interest) of the Capital Contribution Securities shall not constitute an Event of Default.

Reconversion and Reinstatement

Reconversion and reinstatement as debt of any portion of the Converted Amount may only be made out of Available Distribution Funds and subject to a resolution of the shareholders passed at a general meeting.

Reconversion and reinstatement shall first be made in respect of undated subordinated debt (other than capital contribution securities (*primärkapitaltillskott*)) issued by the Issuer.

Reconversion and reinstatement as debt of any portion of the Converted Amount shall be made *pro rata* with any amounts converted in respect of other capital contribution securities (*primärkapitaltillskott*) of the Issuer ranking *pari passu* with the Capital Contribution Securities. The principal amount of each Capital Contribution Security reconverted and reinstated as debt on the date of such reconversion and reinstatement shall be the relevant portion of the Converted Amount divided by the number of Capital Contribution Securities outstanding on such date. For the avoidance of doubt, capital contribution securities (*primärkapitaltillskott*) expressed to rank junior to the Capital Contribution Securities shall be reconverted and reinstated as debt only after the Capital Contribution Securities (and any other capital contribution securities (*primärkapitaltillskott*) expressed to rank *pari passu* with the Capital Contribution Securities) have been so reconverted and reinstated.

Upon reconversion and reinstatement as debt of any portion of the Converted Amount as described above, the Issuer shall give notice to the Fiscal Agent and Holders of the Capital Contribution Securities in accordance with the Fiscal Agency Agreement.

If and to the extent that the Converted Amount has been reconverted and reinstated as debt in the balance sheet of the Issuer, interest thereon shall start to accrue again, and become payable in accordance with the terms of the Capital Contribution Securities, as from the date of such reinstatement.

Redemption after Conversion

If the Issuer has utilised the Converted Amount to meet losses, on any redemption of the outstanding Capital Contribution Securities (such redemption having been approved by the SFSA), the whole of the original principal amount of the Capital Contribution Securities (together with Accrued Interest) (and not part only) shall be redeemed at a redemption price equal to the original principal amount of the Capital Contribution Securities (together with Accrued Interest).

General

No Holder of Capital Contribution Securities who shall in the event of the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer be indebted to it shall be entitled to exercise any right of set-off or counterclaim against amounts owed by the Issuer in respect of the Capital Contribution Securities held by it.

(3) ***Status—Definitions***

For the purposes of these Conditions:

"**Accrued Interest**" means interest including Arrears of Interest (if applicable or any) and any Additional Interest Amount (if applicable or any) accrued from and including the immediately preceding Interest Payment Date to but excluding the time of utilisation, **provided that** in the case of Swedish Undated Subordinated Notes, means interest accrued from, but excluding the immediately preceding Interest Payment Date to and including the time of utilisation.

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Sweden including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the SFSA, from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or to the Issuer and its subsidiaries (the **Nordea Group**).

"**Available Distribution Funds**" (*disponibla vinstmedel*) of the Issuer means, at any time, that amount which, under the laws of the Kingdom of Sweden (including both corporate and bank regulatory laws, rules and regulations relating to minimum capital requirements) from time to time in force, is available as of the end of the immediately preceding fiscal year according to the audited balance sheet of the Issuer for such fiscal year to be distributed by the Issuer to its shareholders (adjusted for any loss incurred thereafter according to the Issuer's semi-annual and interim financial statements). A distribution may, however, not be effected in violation of the

Swedish Companies Act (2005:551), and in particular, the provisions set out in Chapter 17 of that Act relating to "value transfers".

"**capital contribution securities**" (*primärkapitaltillskott*) means any subordinated and undated debt instruments of the Issuer which are recognised as "***primärkapitaltillskott***" from time to time by the SFSA and including (without limitation and for the avoidance of doubt) the Capital Contribution Securities.

"**SFSA**" means the Swedish Financial Supervisory Authority (*Finansinspektionen*) or any successor entity thereto with primary responsibility for regulatory supervision of the Issuer.

"**Subordinated Indebtedness**" means any obligation of the Issuer whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer to the claims of depositors and all other unsubordinated creditors of the Issuer.

4. **Interest**

Notes may be interest bearing or non-interest bearing, as specified in the relevant Final Terms. In the case of non-interest bearing Notes, a reference price and yield will, unless otherwise agreed, be specified in the relevant Final Terms. The Final Terms in relation to each Series of interest-bearing Notes shall specify which one (and one only) of Conditions 4(1), 4(2), 4(3) or 4(4) shall be applicable **provided that** Condition 4(5) will be applicable to each Series of interest-bearing Notes as specified therein, save, in each case, to the extent inconsistent with the relevant Final Terms.

(1) ***Interest — Fixed Rate***

Notes in relation to which this Condition 4(1) is specified in the relevant Final Terms as being applicable shall bear interest on its outstanding nominal amount (or if it is a Partly Paid Note, the amount paid up) from and including their date of issue to, but excluding the date of final maturity thereof (each date as specified in the relevant Final Terms) at the rate or rates per annum specified in the relevant Final Terms, **provided that** in the case of Swedish Notes, such Swedish Notes shall bear interest on its outstanding nominal amount (or if it is a Swedish Partly Paid Note, the amount paid up) from, but excluding their date of issue to and including the date of final maturity thereof (each date as specified in the relevant Final Terms) at the rate or rates specified in the relevant Final Terms. Interest will be payable in arrear on such dates as are specified in the relevant Final Terms and on the date of final maturity thereof. The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product (i) in respect of a Note denominated in U.S. dollars, on the basis of a 360 day year consisting of twelve months of thirty days each and, in the case of an incomplete month, the actual number of days elapsed and (ii) in the case of a Note denominated in a currency other than U.S. dollars, on the basis of the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date divided by (x) in the case of Notes where interest is scheduled to be paid only by means of regular annual payments, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the next scheduled Interest Payment Date or (y) in the case of Notes where interest is scheduled to be paid other than only by means of regular annual payments, the product of the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the next scheduled Interest Payment Date and the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figures by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For the purposes of this Condition 4, a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Interest may also be calculated on such other basis as may be specified in the relevant Final Terms.

(2) ***Interest — Floating Rate***

(a) Notes in relation to which this Condition 4(2) is specified in the relevant Final Terms as being applicable shall bear interest on its outstanding nominal amount (or if it is a Partly Paid Note, the amount paid up) at the rates per annum determined in accordance with this Condition 4(2).

(b) Such Notes shall bear interest from and including their date of issue, to, but excluding the date of final maturity thereof (each date as specified in the relevant Final Terms), **provided that** in the case of Swedish Notes, such Swedish Notes shall bear interest from, but excluding their date of issue to and including the date of final maturity thereof (each date as specified in the relevant Final Terms). Interest will be payable on each date (an "**Interest Payment Date**") which falls such period of months as may be specified in the relevant Final Terms after such date of issue or, as the case may be, after the preceding Interest Payment Date. If any Interest Payment Date would otherwise fall on a date which is not a Business Day (as defined in Condition 9), it shall be postponed to the next Business Day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the preceding Business Day unless it is specified in the relevant Final Terms that if any Interest Payment Date would otherwise fall on the date which is not a Business Day, it shall be postponed to the next Business Day. If such date of issue or any succeeding Interest Payment Date falls on the last Business Day of the month, each subsequent Interest Payment Date shall be the last Business Day of the relevant month. Each period beginning on (and including) such date of issue and ending on (but excluding) the first Interest Payment Date and each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**", **provided that** in the case of Swedish Notes, each period beginning on (but excluding such date of issue and ending on (and including) the first Interest Payment Date and each period on (but excluding) an Interest Payment Date and ending on (and including) the next Interest Payment Date shall be the relevant Interest Period.

(c) The Final Terms in relation to each Series of Notes in relation to which this Condition 4(2) is specified as being applicable shall specify which page (the "**Relevant Screen Page**") on the Reuters Screen or any other information vending service shall be applicable. For these purposes, "**Reuters Screen**" means the Reuter Money 3000 Service (or such other service as may be nominated as the information vendor for the purpose of displaying comparable rates in succession thereto).

(d) The rate of interest (the "**Rate of Interest**") applicable to such Notes for each Interest Period shall be determined by the Fiscal Agent or such other agent as may be specified in the relevant Final Terms (the "**Determination Agent**") on the following basis:

(i) where the Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of 11.00 a.m. (London time) on the second London Banking Day before (or, in the case of Notes denominated in Pounds Sterling, on) the first day of the relevant Interest Period or, in the case of euro-LIBOR, on the second TARGET Settlement Day of the relevant Interest Period (the "**Interest Determination Date**");

(ii) where the Floating Rate Option is based on the Euro-zone inter-bank offered rate ("**EURIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposit) in euro for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of 11.00 a.m. (Brussels time) of the second TARGET Settlement Day before the first day of the relevant Interest Period;

(iii) if no such rate for deposits so appears (or, as the case may require, if fewer than two such rates for deposits so appear), the Determination Agent will

request appropriate quotations and will determine the arithmetic mean of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market (where the Floating Rate Option is LIBOR) or four major banks in the Euro-zone interbank market (where the Floating Rate Option is EURIBOR), selected by the Determination Agent at approximately 11.00 a.m. (London time) (where the Floating Rate Option is LIBOR) or 11.00 a.m. (Brussels time) (where the Floating Rate Option is EURIBOR) on the Interest Determination Date to prime banks in the London interbank market (where the Floating Rate Option is LIBOR) or to prime banks in the Euro-zone interbank market (where the Floating Rate Option is EURIBOR) for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time; and

(iv) if fewer than two rates are so quoted, the Determination Agent will (where the Floating Rate Option is LIBOR) determine the arithmetic mean of the rates quoted by major banks in the Relevant Financial Centre, selected by the Determination Agent at approximately 11.00 a.m. (Relevant Financial Centre (as defined in Condition 9(6)(c) (*Payments – General Provisions*) time) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks or (where the Floating Rate Option is EURIBOR) determine the arithmetic mean of the rates quoted by major banks in the Euro-zone inter-bank market selected by the Determination Agent at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks in the Euro-zone for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

and the Rate of Interest applicable to such Notes during each Interest Period will be the sum of the relevant margin (the "**Relevant Margin**") specified in the relevant Final Terms and the rate (or, as the case may be, the arithmetic mean) so determined **provided that**, if the Determination Agent is unable to determine a rate (or, as the case may be, an arithmetic mean) in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to such Notes during such Interest Period will be the sum of the Relevant Margin and the rate (or, as the case may be, the arithmetic mean) last determined in relation to such Notes in respect of a preceding Interest Period. For the purpose of these conditions "**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on European Union as amended.

(e) The Determination Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of the Calculation Amount specified in the relevant Final Terms for the relevant Interest Period. The amount of interest shall be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the actual number of days in the Interest Period concerned divided by 360 (or, in the case of the Notes denominated in Pounds Sterling, 365 (or, if any portion of such Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion divided by 366 and (ii) the actual number of days in the remainder of such Interest Period divided by 365)) or by such other number as may be specified in the relevant Final Terms, rounding the resulting figure to the nearest sub-unit of the currency in which such Notes are denominated or, as the case may be, in which such interest is payable (one half of any such sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. Where the Specified Denomination of such a Note comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner above) for each Calculation Amount comprising the Specified Denomination, without any further rounding. For

this purpose, a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(3) ***Interest—Swap-Related (ISDA)***

(a) Notes in relation to which this Condition 4(3) is specified in the relevant Final Terms as being applicable shall bear interest at the rates per annum determined in accordance with this Condition 4(3).

(b) Each such Note shall bear interest from and including its date of issue to, but excluding the date of final maturity thereof (each date as specified in the relevant Final Terms), **provided that** in the case of Swedish Notes, such Swedish Notes shall bear interest from, but excluding its date of issue to and including the date of final maturity thereof (each date as specified in the relevant Final Terms). Interest will be payable on such dates and in such amounts as would have been payable (regardless of any event of default or termination event thereunder) by the Issuer had it entered into a swap transaction (to which a Multi-Currency — Cross Border Master Agreement and the 2006 ISDA Definitions (as amended and updated from time to time), each as published by the International Swaps and Derivatives Association, Inc.,) with the Holder of such Notes under which:

(i) the Issuer was the Fixed Rate Payer or, as the case may be, the Floating Rate Payer;

(ii) the Determination Agent was the Calculation Agent;

(iii) the Effective Date was such date of issue;

(iv) the principal amount of such Note was the Calculation Amount; and

(v) and all other terms were as specified in the relevant Final Terms.

(4) ***Interest—Other Rates***

Notes in relation to which this Condition 4(4) is specified in the relevant Final Terms as being applicable shall bear interest at the rates per annum, or payable in the amounts and in the manner determined in accordance with, the relevant Final Terms.

(5) ***Interest—Supplemental Provision***

(a) Condition 4(5)(b) shall be applicable in relation to Notes in relation to which Condition 4(2) is specified in the relevant Final Terms as being applicable, Condition 4(5)(c) shall be applicable in relation to all interest-bearing Notes, and Condition 4(5)(d) shall be applicable in relation to Instalment Notes.

(b) *Notification of Rates of Interest, Interest Amounts and Interest Payment Dates*

The Determination Agent will cause each Rate of Interest, floating rate, Interest Payment Date, final day of a calculation period, Interest Amount or floating amount or, as the case may be, Instalment Amount determined or calculated by it to be notified to the Issuer and the Fiscal Agent. The Fiscal Agent will cause all such determinations or calculations to be notified to the other Paying Agents and, in the case of Registered Notes, the Registrar (from whose respective specified offices such information will be available) as soon as practicable after such determination or calculated but in any event not later than the fourth London Banking Day thereafter and, in the case of Notes admitted to the Official List of the Irish Stock Exchange, cause each such Rate of Interest, floating rate, Interest Amount or floating amount or, as the case may be, Instalment Amount to be notified to the Irish Stock Exchange. The Determination Agent will be entitled to amend any Interest Amount, floating amount, Interest Payment Date or last day of a calculation period (or to make appropriate alternative arrangements by way of adjustment) without notice in the event of the extension or abbreviation of the relevant Interest Period or calculation period. For the purposes of these Conditions, "**London Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and

foreign currency deposits) in London and "**TARGET Settlement Day**" has the meaning set out below.

(c) The determination by the Determination Agent of all rates of interest, amounts of interest, and Instalment Amounts for the purposes of this Condition 4 shall, in the absence of manifest error, be final and binding on all parties.

(d) Interest shall accrue on the Outstanding Principal Amount of each Note during each Interest Period (as defined in Condition 4(2)(b)) from and including the Interest Commencement Date, **provided that** in the case of Swedish Notes, interest shall accrue on the Outstanding Principal Amount of each Swedish Note during each Interest Period from but excluding the Interest Commencement Date. Interest will cease to accrue in respect of each instalment of principal on, but excluding the due date for payment of the relevant Instalment Amount, **provided that** in the case of Swedish Notes interest will cease to accrue in respect of each instalment of principal on and including the due date for payment of the relevant Instalment Amount, unless upon due presentation or surrender thereof (if required), payment in full of the relevant Instalment Amount is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the interest rate then applicable or such other rate as may be specified for this purpose in the Final Terms until, but excluding the date, or in the case of Swedish Notes, including the date, on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which the Fiscal Agent having received the funds required to make such payment, gives notice to the Holders of the Notes in accordance with Condition 14 (*Notices*) that the Fiscal Agent has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

(e) In the case of partly-paid Notes (other than partly-paid Notes which are non-interest bearing) interest will accrue as aforesaid on the paid-up principal amount of such Notes and otherwise as indicated in the applicable Final Terms.

(f) For the purposes of these Conditions:

"**Calculation Amount**" has the meaning given in the relevant Final Terms.

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(b) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/365 (Sterling)**" is so specified, means the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment date falling in a leap years, 366;

(v) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(vi) if "**30/360**", "**360/360**" or "**Bond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30";

(vii) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

(viii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30,

provided, **however**, **that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Instalment Amount**" means, in relation to an Instalment Note, the amount of each instalment as may be specified in, or determined in accordance with the provisions of, the Final Terms. To the extent that an Instalment Amount requires determination, such amount may be determined by a Determination Agent (as defined in Condition 4(2)(d));

"**Interest Commencement Date**" means the date of issue of the Notes (as specified in the Final Terms) or such other date as may be specified as such in the Final Terms;

"**Outstanding Principal Amount**" means, in respect of an Instalment Note, its principal amount less any principal amount on which interest shall have ceased to accrue in accordance with Condition 4(5)(d) or otherwise as indicated in the Final Terms.

"**Regular Period**" means:

(i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular

payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007; and

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro.

(6) ***Deferral of Interest in respect of Undated Subordinated Notes***

(a) This Condition 4(6) is applicable to Notes specified in the relevant Final Terms as being Undated Subordinated Notes.

(b) *Optional Interest Payment Dates*

On any Optional Interest Payment Date (as defined below), the Issuer may pay (if it so elects) the interest in respect of the Notes from and including, or in the case of Swedish Notes from but excluding, the Interest Commencement Date or the previous Interest Payment Date (as specified in the Final Terms) as the case may be, accrued to, but excluding or in the case of Swedish Notes, accrued to and including that date, but the Issuer shall not have any obligation to make such payment and any such failure to pay shall not constitute a default by the Issuer for any purpose. Any interest in respect of the Notes not paid on an Optional Interest Payment Date shall, so long as the same remains outstanding, constitute "**Arrears of Interest**" and be payable as outlined below.

An "**Optional Interest Payment Date**" means:

(i) any Interest Payment Date in respect of which no dividend has been declared, paid or set apart for payment on or with respect to any class of share capital of the Issuer at the most recent annual general meeting of the Issuer immediately prior to such Interest Payment Date; or

(ii) any Interest Payment Date following the publication of the most recent audited annual accounts of the Issuer which annual accounts disclose an operating loss for the Issuer before extraordinary items, appropriations and tax.

The Issuer will be required to pay interest on the Notes on each Interest Payment Date which is not an Optional Interest Payment Date.

Where the Issuer has specified in the Final Terms that the Undated Subordinated Notes are to be treated as liabilities under IFRS the Issuer will be required to pay interest on the Notes on each Interest Payment Date where the Undated Subordinated Notes would cease to be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) as regulatory capital for the Issuer under Applicable Banking Regulations, and for the avoidance of doubt such Interest Payment Date is not an Optional Interest Payment Date.

(c) *Arrears of Interest*

All Arrears of Interest (together with the corresponding Additional Interest Amount (as defined below)) may at the option of the Issuer be paid in whole or in part at any time but all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

(i) the fourteenth London Banking Day after a dividend is next declared or paid or set apart for payment on or with respect to any class of share capital of the Issuer;

(ii) the next payment of interest on the Undated Subordinated Notes;

(iii) the date set for redemption of the Notes; and

(iv) a decree or order being made by a court or agency or supervisory authority having jurisdiction in respect of the same for the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer or a resolution being passed for the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer.

Each amount of Arrears of Interest shall bear interest (as if it constituted the principal of the Notes) at a rate which corresponds to the Rate of Interest from time to time applicable to the Notes and the amount of such interest (the "**Additional Interest Amount**") with respect to Arrears of Interest shall be due and payable pursuant to this Condition 4(6)(c) and shall be calculated by the Agent applying the rate of interest to the amount of the Arrears of Interest and otherwise as provided in the foregoing provision. The Additional Interest Amount accrued up to any Interest Payment Date shall be added, for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest.

(d) *Notice of Interest Deferral and Payment of Arrears of Interest*

The Issuer shall give not more than 14 nor less than five Business Days' prior notice to the Noteholders in accordance with Condition 14:

(i) of any Optional Interest Payment Date on which, pursuant to the provisions of Condition 4(6)(b), interest will not be paid; and

(ii) of any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable.

(7) ***Partial Payment of Arrears of Interest***

In respect of any Notes, if amounts in respect of Arrears of Interest and Additional Interest Amounts are at any time only partially payable:

(a) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;

(b) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and

(c) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any Note in respect of any period shall be *pro rata* to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued in respect of that period to the date of payment.

(8) In these Conditions, in the case of Notes which are specified in the relevant Final Terms as being Undated Subordinated Notes, references to "**interest**" shall be read to include any Arrears of Interest and Additional Interest Amounts, unless the context requires otherwise.

(9) ***Non-Interest Bearing Notes***

If any principal amount or Instalment Amount in respect of any Note which is non-interest bearing is not paid when due, interest shall accrue from and including such due date, or in the case of Swedish Notes from but excluding such due date, on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Amortisation/Accrual Yield defined in, or determined in accordance with the provisions of, the Final Terms or at such other rate as may be specified for this purpose in the Final Terms until but excluding, or in the case of Swedish Notes until and including, the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent or the Registrar, as the case may be, having received the funds required to make such payment, gives notice to the Holders of the Notes in accordance with Condition 14 that the Fiscal Agent or the Registrar, as the case may be has received the required funds, (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated by

multiplying the product of the Amortisation/Accrual Yield and the overdue sum by the Day Count Fraction as specified for this purpose in the Final Terms.

(10) ***Suspension on payment of Interest in respect of Capital Contribution Securities***

This Condition 4(10) is applicable to Notes specified in the relevant Final Terms as being Capital Contribution Securities.

The Issuer may elect, if so specified in the Final Terms, to cancel any payment of interest other than (subject as provided in the next paragraph) a Mandatory Interest Payment (as defined in this Condition 4(10)) which is otherwise scheduled to be paid on an Interest Payment Date (such cancellation an "**Optional Suspension**") by giving notice of such election, in accordance with the Fiscal Agency Agreement, to the Fiscal Agent and to Holders of Capital Contribution Securities not more than 14 Business Days nor less than five Business Days prior to the relevant Interest Payment Date. Any Optional Suspension of any payment of interest as described above shall not constitute an event of default.

"**Mandatory Interest Payment**" means, as specified in the Final Terms, a payment of interest (to the extent it is not a Compulsory Cancellation Interest Payment as defined below) where either sub-paragraphs (i) and (ii) or only sub-paragraph (ii) below shall be applicable to this Condition 4(10) for the purposes of determining the required accounting treatment:

(i) in respect of which on the relevant Interest Payment Date, the Capital Contribution Securities would cease to be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) as regulatory capital for the Issuer under Applicable Banking Regulations;

(ii) at any time since the last annual general meeting of the Issuer's shareholders, (a) the Issuer declared or paid a dividend on any share capital of the Issuer in accordance with the Swedish Companies Act, or (b) the Issuer redeemed, repurchased or otherwise acquired any of its share capital (with the exception of repurchases of share capital for the purposes of making shares available to cover any employee stock option programme or other similar arrangements).

During any period(s) in which part of the principal amount of the Capital Contribution Securities (together with Accrued Interest as defined in Condition 3(3)) has been utilised and converted in accordance with Condition 3(2)(d) (*Status: Conversion and Reconversion – Capital Contribution Securities*), interest shall accrue on the remaining balance of the original principal amount of then outstanding Capital Contribution Securities at the appropriate rate of interest but no interest shall accrue in respect of the part of the principal amount so utilised and converted (unless the SFSA expressly permits interest to accrue on the original principal amount).

The amount payable in respect of interest in any fiscal year may not exceed the Available Distribution Funds of the Issuer. To the extent that Available Distribution Funds are insufficient to pay or to provide for payment in full of all accrued but unpaid interest on the Capital Contribution Securities and the claims of other capital contribution securities (*primärkapitaltillskott*) of the Issuer ranking *pari passu* with the Capital Contribution Securities, which have fallen or are scheduled to fall due in the same fiscal year of the Issuer, the Issuer will make partial payment of all accrued interest and such other claims *pro rata* to the extent of such Available Distribution Funds and subject to the right above to cancel all such payments on the Capital Contribution Securities.

Additionally, on any Interest Payment Date the Issuer may be required to suspend an interest payment if requested by the SFSA according to the financial and solvency situation of the Issuer ("**SFSA Required Suspension**").

If, and to the extent that, (a) the Issuer elects not to pay as set out above, or (b) Available Distribution Funds are not sufficient to satisfy the payment obligations in full or (c) following a SFSA Required Suspension (together a "**Compulsory Cancellation Interest Payment**"), and the Issuer makes partial payment or does not pay accrued but unpaid interest, the right of Holders of the Capital Contribution Securities to receive accrued interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest

Periods are made, and such unpaid interest will not be deemed to have "accrued" or been earned for any purpose. Any Compulsory Cancellation Interest Payment as described above shall not constitute an event of default.

If the Issuer does not have sufficient Available Distribution Funds to pay the accrued interest on the Capital Contribution Securities from time to time or following a SFSA Required Suspension, in accordance with the Fiscal Agency Agreement, the Issuer shall give notice to the Fiscal Agent and Holders of Capital Contribution Securities stating the amount payable, if any, not more than 14 nor less than five Business Days prior to the relevant Interest Payment Date.

5. **Redenomination and Consolidation**

The Issuer may, without the consent of the Holders of Notes or Coupons, giving at least 30 days' prior notice to Noteholders, Euroclear, Clearstream, Luxembourg and the Paying Agents, designate a redenomination date (the "**Redenomination Date**"), being a date for payment of interest under the Notes falling on or after the date that the country of origin of the relevant currency becomes one of the countries then participating in the third stage of economic and monetary union pursuant to the Treaty establishing the European Communities, as amended (the "**Treaty**").

"**euro**" means the currency to be introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.

With effect from the Redenomination Date, notwithstanding the other provisions of the Conditions:

(a) The Notes shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated in euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the relevant currency, converted into euro at the rate for conversion of the relevant currency into euro established by the Council of European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations) **provided that**, if the Issuer determines, with the agreement of the Fiscal Agent, that the then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from the provision specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments.

(b) If definitive Notes are required to be issued, they shall be issued at the expense of the Issuer in the denominations of euro 0.01, euro 1,000, euro 10,000, euro 100,000 and such other denominations as the Fiscal Agent shall determine and notify to Noteholders.

(c) If definitive Notes have been issued, all unmatured Coupons denominated in the relevant currency (whether or not attached to the Notes) will become void and no payments will be made in respect of them. New certificates in respect of euro-denominated Notes and Coupons will be issued in exchange for the relevant currency Notes and Coupons in such manner as the Fiscal Agent may specify and notify to Noteholders.

(d) All payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the relevant currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro. Such payments will be made in euro by credit or transfer to a euro account (or any other account to which the euro may be credited or transferred) specified by the payee or by cheque.

(e) A Note or Coupon may only be presented for payment on a day on which commercial banks and foreign exchange markets are open in the place of presentation and which is a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System is open.

(f) The amount of interest in respect of Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01.

(g) If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (A) the number of those days falling in a non-leap year divided by 365) and (B) the number of those days falling in a leap year divided by 366).

(h) The amount of interest payable on each Interest Payment Date shall be half the amount which would be payable if interest were calculated for a period of one year and shall be rounded down to the nearest euro 0.01. If interest is required to be calculated for a period of less than half a year, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (A) the number of those days falling in a leap year divided by 366) and (B) the number of those days falling in a non-leap year divided by 365).

(i) Following redenomination of the Notes pursuant to this Condition 5, the amount of interest due in respect of Notes represented by the Global Note will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest euro 0.01.

(j) The Issuer may also from time to time, on any interest payment date on giving not less than 30 days' irrevocable notice prior to the relevant interest payment date (or, in respect of non-interest bearing Notes, on any date upon giving not less than 30 days' irrevocable notice) which notice shall detail the manner in which consolidation shall be effected, without the consent of the Holders of the Notes and Coupons, consolidate the Notes with one or more issues of other notes ("**Other Notes**") issued by it, whether or not originally issued in the relevant currency or euro, **provided that** such Other Notes have been redenominated into euro (if not originally denominated in euro) and otherwise have, in respect of all periods subsequent to such consolidation, the same or substantially the same terms and conditions as the Notes.

(k) The Issuer may exercise its right referred to in Condition 5(j) above if it determines, in consultation with the Fiscal Agent, that the Notes and Other Notes which it proposes to consolidate will, with effect from their consolidation:

(i) be cleared and settled on an interchangeable basis with the same International Securities Identification Number through each Relevant Clearing System through which the Notes or the relevant Other Notes were cleared and settled immediately prior to consolidation; and

(ii) be listed on at least one European stock exchange on which debt obligations issued in the euromarkets are then customarily listed and on which either the Notes or the relevant Other Notes were listed immediately prior to consolidation.

For the purpose of this Condition 5, a "**Relevant Clearing System**" means:

(i) Euroclear and Clearstream, Luxembourg;

(ii) any clearing system which is a central securities depositary for the Notes or relevant Other Notes; or

(iii) the principal clearing system (if any) in the country of the original currency of denomination of the Notes or the relevant Other Notes if the Notes or the relevant Other Notes were clearing and settling in such clearing system immediately prior to consolidation.

(l) Any consolidation of the Notes with Other Notes may involve, *inter alia*, a change of the depositary or, as the case may be, the common safe-keeper which holds the Notes and/or the Other Notes on behalf of the clearing system(s) through which the Notes

and/or the Other Notes are held and/or the issue of a replacement global note or global notes.

In the case of Conditions 5(j), 5(k) and 5(l), if the Issuer determines, with the agreement of the Fiscal Agent, that the then market practice in respect of the consolidation of euro denominated internationally offered securities is different from the provisions specified, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange or listing authority (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments.

6. **Redemption and Purchase**

(a) ***Redemption at Maturity***

Unless previously redeemed, or purchased and cancelled, Notes shall be redeemed at their principal amount (or at such other redemption amount as may be specified in the relevant Final Terms) (or, in the case of Instalment Notes, in the Instalment Amounts and in such number of instalments as may be specified in or determined in accordance with the provisions of, the Final Terms) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the relevant Final Terms, except for Notes specified in the relevant Final Terms as Undated Subordinated Notes or Capital Contribution Securities which Notes shall have no final maturity.

(b) ***Early Redemption for Taxation Reasons - withholding tax***

If, in relation to any Series of Notes, as a result of any change in the laws of Sweden or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issue of such Notes or 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, 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) the Notes of the relevant Series at its 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.

(c) ***Early Redemption of Undated Subordinated Notes or Capital Contribution Securities as a result of an Accounting Event or a Tax Event***

Upon the occurrence of an Accounting Event or a Tax Event (if specified as applicable in the Final Terms), but subject to having received the prior approval of the SFSA, the Issuer may having given not less than 30 days nor more than 60 days' notice to the Holders of Undated Subordinated Notes or Capital Contribution Securities (as applicable) in accordance with the Fiscal Agency Agreement (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Undated Subordinated Notes or Capital Contribution Securities (as applicable) at any time at a redemption amount equal to their principal amount (or such other redemption amount as may be specified in the relevant Final Terms) together with interest accrued to but excluding the date of redemption, subject to these Conditions.

"**Accounting Event**" means an opinion of a recognised international accounting firm has been delivered to the Issuer, stating that on or after the Issue Date, the obligations in respect of the Undated Subordinated Notes or Capital Contribution Securities (as applicable) must not or must no longer be recorded as liabilities in the Issuer's consolidated financial statements prepared in accordance with Applicable Accounting Standards; and such categorisation cannot be avoided by the Issuer taking reasonable measures available to it (including variation and substitution).

"**Applicable Accounting Standards**" means International Financial Reporting Standards (IFRS) or any other accounting standards that may replace IFRS for the purposes of preparing the annual consolidated financial statements of the Issuer.

"**Tax Event**" means the receipt by the Issuer of an opinion of counsel in the relevant Taxing Jurisdiction (experienced in such matters) to the effect that, as a result of (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of the Taxing Jurisdiction affecting taxation, (ii) any governmental action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such governmental action or any interpretation or pronouncement that provides for a position with respect to such governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification, or change is effective or such pronouncement or decision is announced on or after the date of issuance of the Undated Subordinated Notes or Capital Contribution Securities (as applicable), there is more than an insubstantial risk that (A) the Issuer is, or will be, subject to more than a *de minimis* amount of other taxes, duties or other governmental charges or civil liabilities with respect to the Undated Subordinated Notes or Capital Contribution Securities (as applicable) or (B) the treatment of any of the Issuer's items of income or expense with respect to the Undated Subordinated Notes or Capital Contribution Securities (as applicable) as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a *de minimis* amount of additional taxes, duties or other governmental charges.

"**Taxing Jurisdiction**" means 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.

(d) ***Early Redemption as a result of a Capital Event***

If, in relation to any Series of Subordinated Notes, a Capital Event (as defined below) occurs, the Issuer may, but subject to the prior approval of the SFSA at its option, having given not less than thirty days 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 (*Notices*) (which notice shall be irrevocable) redeem in whole (but not, unless and to the extent that the relevant Final Terms specifies otherwise, in part), the Notes of the relevant Series at its 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)(*Early Redemption of non-interest bearing Notes*)), together with accrued interest (if any) thereon.

A "**Capital Event**" means the determination by the Issuer, after consultation with the SFSA, that the Notes of a relevant series are not eligible for inclusion in Tier 1 capital with respect to Capital Contribution Securities, in upper Tier 2 capital with respect to Undated Subordinated Notes and lower Tier 2 capital with respect to Dated Subordinated Notes, as applicable.

(e) ***Optional Early Redemption (Call)***

If this Condition 6(e) is specified in the relevant Final Terms as being applicable, then the Issuer may (subject, in the case of Subordinated Notes, to the prior approval of the SFSA), upon the expiry of the appropriate notice and subject to such terms and conditions as may be specified in the relevant Final Terms, redeem in whole (but not, unless and to the extent that the relevant Final Terms specifies otherwise, in part), of the Notes of the relevant Series at its principal amount or such other redemption amount as may be specified in the relevant Final Terms), together with accrued interest (if any) thereon. Notes denominated in Sterling may not be redeemed prior to one year and one day from the date of issue.

The appropriate notice referred to in this Condition 6(e) is a notice given by the Issuer to the Fiscal Agent, the Registrar (in the case of Registered Notes) and the Holders of the Notes of the relevant Series, which notice shall be signed by two duly authorised officers of the Issuer and shall specify:

(i) the Series of Notes subject to redemption;

(ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the

aggregate principal amount of the Notes of the relevant Series which are to be redeemed;

(iii) the due date for such redemption, which shall be not less than thirty days (or such lesser period as may be specified in the relevant Final Terms) after the date on which such notice is validly given and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and

(iv) the amount at which such Notes are to be redeemed, which shall be their principal amount (or such other amount as may be specified in the relevant Final Terms) together with, in the case of Notes which bear interest, accrued interest thereon.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

(f) ***Partial Redemption***

If some only of the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 6(e):

(i) in the case of Bearer Notes, the Notes to be redeemed shall be drawn by lot in such European city as the Fiscal Agent may specify, or identified in such other manner or in such other place as the Fiscal Agent may approve and deem appropriate and fair, subject always to compliance with all applicable laws, and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and, if applicable, the rules of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), and the notice to Holders of Notes referred to in Condition 5(d) shall specify the serial numbers of the Notes so to be redeemed; and

(ii) in the case of Registered Notes, the Notes shall be redeemed *pro rata* to their principal amounts, subject always as aforesaid.

(g) ***Optional Early Redemption (Put)***

If this Condition 6(g) is specified in the relevant Final Terms as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note (other than holder of a subordinated Note) of the relevant Series, redeem such Note on the date or the next of the dates specified in the relevant Final Terms at its principal amount (or such other redemption amount as may be specified in the relevant Final Terms), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty-five days before the date so specified (or such other period as may be specified in the relevant Final Terms), deposit the relevant Note (together, in the case of an interest-bearing Definitive Note, with any unmatured Coupons appertaining thereto) with, in the case of a Bearer Note, any Paying Agent or, in the case of a Registered Note, the Registrar together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar.

(h) ***Early Redemption of non-interest bearing Notes***

The redemption amount payable in respect of any non-interest bearing Note upon redemption of such Note pursuant to Condition 6(b) or 6(c) or 6(d) or, if applicable Condition 6(e) or 6(g) or upon it becoming due and payable as provided in Condition 7 shall be the Amortised Face Amount (calculated as provided below) of such Notes.

(i) Subject to the provisions of sub-paragraph (ii) below, the Amortised Face Amount of any such Note shall be the sum of (A) the Reference Price specified in the relevant Final Terms and (B) the aggregate amortisation of the difference between the principal amount of such Note from its date of issue to the date on which such Note becomes due and payable at a rate per annum (expressed as a percentage) equal to the Accrual Yield specified in the relevant Final Terms compounded annually and the Reference Price. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of a 360 day year consisting of 12 months of 30 days each or such other calculation basis as may be specified in the relevant Final Terms.

(ii) If the redemption amount payable in respect of any such Note upon its redemption pursuant to Condition 6(b) or 6(c) or 6(d) or, if applicable Condition 6(e) or 6(g) or upon it becoming due and payable as provided in Condition 7 is not paid when due, the redemption amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (i) above, except that sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the principal amount of such Note.

(i) ***Purchase of Notes***

The Issuer and its subsidiaries (if any) may, subject as provided in Condition 6(k), at any time purchase Notes in the open market or otherwise and at any price **provided that**, in the case of interest-bearing Definitive Notes, any unmatured Receipts and Coupons appertaining thereto are purchased therewith.

(j) ***Cancellation of Redeemed and Purchased Notes***

All Notes redeemed or purchased in accordance with this Condition 6 and, in the case of interest-bearing Definitive Notes, any unmatured Coupons attached thereto or surrendered or purchased therewith will be cancelled and may not be reissued or resold. References in this Condition 6 to the purchase of Notes by the Issuer shall not include the purchase of Notes in the ordinary course of business of dealing in securities or the purchase of Notes otherwise than as beneficial owner.

(k) ***Early Redemption or Purchase of Subordinated Notes only with Prior Approval***

In the case of Notes specified in the relevant Final Terms as being subordinated, the purchase or early redemption or cancellation of such Notes may not be made without the prior approval of, where so required, the SFSA.

(l) ***Procedure for Payment upon Redemption***

Any redemption of the VP Notes, VPS Notes, or Swedish Notes pursuant to this Condition 6 shall be in accordance with, in the case of VP Notes, the VP Rules, in the case of VPS Notes, the VPS Rules and in the case of Swedish Notes, the Euroclear Sweden Rules.

(m) ***Redemption Events in relation to Capital Contribution Securities at the Option of the Bank***

Conditions 6(b), 6(c), 6(d), 6(e), 6(f), and 6(k) shall apply to the Capital Contribution Securities save that, for the purposes of the Capital Contribution Securities:

the words "in whole (but not, unless and to the extent that the relevant Final Terms specifies otherwise, in part), of the Notes of the relevant Series at its principal amount or such other redemption amount as may be specified in the relevant Final Terms" shall be deemed to be deleted and replaced by the words "in whole or, **provided that** the principal amount of the Capital Contribution Securities has been reinstated as debt in full following utilisation and conversion in accordance with Condition 3(2)(d) (*Status; Conversion and Reconversion - Capital Contribution Securities*), in part, of the Capital Contribution Securities of the relevant Series at their original principal amount".

(n) ***Redemption Events in relation to Undated Subordinated Notes at the Option of the Bank***

Conditions 6(b), 6(c), 6(d), 6(e), 6(f), and 6(k) shall apply to the Undated Subordinated Notes save that, for the purposes of the Undated Subordinated Notes:

the words "in whole (but not, unless and to the extent that the relevant Final Terms specifies otherwise, in part), of the Notes of the relevant Series at its principal amount or such other redemption amount as may be specified in the relevant Final Terms" shall be deemed to be deleted and replaced by the words "in whole or, **provided that** the principal amount of the Undated Subordinated Notes has been reinstated as debt in full following utilisation and conversion in accordance with Condition 3(2)(c), in part,

of the Undated Subordinated Notes of the relevant Series at their original principal amount".

7. **Events of Default**

(1) ***Events of Default — Unsubordinated Notes***

(a) This Condition 7(1) is applicable in relation to Notes specified in the relevant Final Terms as being Unsubordinated Notes.

(b) Unless otherwise specified in the Final Terms, the following events or circumstances (each an "**Event of Default**") shall be events of default in relation to the Notes:

(i) default is made by the Issuer in the payment of any principal for a period of 14 days or any interest for a period of 30 days in respect of any such Notes, after in each case the date when due; or

(ii) default is made by the Issuer in the performance or observance of any other obligation, condition or provision binding on it under any of such Notes and such default continues for 45 days after written notice of such failure has first been given to the Fiscal Agent by the Holder of any such Note at the time outstanding, requiring the Issuer to remedy the same; or

(iii) an order is made or an effective resolution is passed for the dissolution or liquidation of the Issuer (except for the purposes of a merger, reconstruction or amalgamation under which the continuing entity effectively assumes the entire obligation of the Issuer under the Notes) or the Issuer is adjudicated or found bankrupt or insolvent by any competent court; or

(iv) the Issuer stops payment or (except for the purposes of such a merger, reconstruction or amalgamation as is referred to in sub-paragraph (iii) above) ceases to carry on the whole or substantially the whole of its business, or an encumbrancer takes possession or a receiver is appointed of the whole or any part of the undertaking or assets of the Issuer or a distress of execution is levied or enforced upon or sued out against any of the chattels or property of the Issuer and is not in any such case discharged within 30 days, or any order is made or effective resolution passed by the Issuer applying for or granting a suspension of payments or appointing a liquidator, receiver or trustee of the Issuer or of a substantial part of its undertaking or assets.

(c) If any Event of Default shall occur in relation to any Series of Notes, other than VPS Notes, any Holder of any Note of the relevant Series may by written notice to the Issuer declare such Note and (if the Note is interest bearing) all interest then accrued on such Note to be forthwith due and payable, whereupon the same shall become immediately due and payable at its principal amount (or, in the case of a Note which is not interest bearing, at the redemption amount referred to in Condition 6(h) or such other amount as may be specified in the relevant Final Terms) without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary notwithstanding, unless prior to the time when the Issuer receives such notice all Events of Default in respect of all the Notes shall have been cured.

(d) If an Event of Default shall occur in relation to any Series of VPS Notes, any Holder of any VPS Note of the relevant Series may by written notice to the Issuer and the VPS Paying Agent declare such VPS Note and (if the VPS Note is interest bearing) all interest then accrued on such VPS Note to be forthwith due and payable, whereupon the same shall become immediately (or on such later date on which the relevant VPS Notes have been transferred to the account designated by the VPS Paying Agent and blocked for further transfer by the VPS Paying Agent in accordance with the VPS Rules) due and payable at its principal amount (or, if the VPS Notes of that Series are non interest bearing VPS Notes, at the redemption amount referred to in Condition (6(c) (Redemption and Purchase) or such other amount as may be specified in the relevant Final Terms) without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such VPS

Notes to the contrary notwithstanding, unless prior to the time when the Issuer receives such notice all Events of Default in respect of all the VPS Notes shall have been cured.

(2) ***Events of Default — Dated and Undated Subordinated Notes***

(a) This Condition 7(2) is applicable in relation to Notes and specified in the relevant Final Terms as being Dated Subordinated Notes or Undated Subordinated Notes.

(b) Unless otherwise specified in the relevant Final Terms, the following events or circumstances (each an "**Event of Default**") shall be an event of default in relation to the Notes:

(i) the Issuer shall, in respect of any Dated Subordinated Note, default in the payment of any principal for a period of 14 days after the date when due, and, in respect of any Undated Subordinated Note, default in the payment of principal for a period of 7 days after the date when due in respect of any Note which has become due and payable in accordance with any redemption of the Notes; or

(ii) the Issuer shall default for a period of 14 days in the payment of interest due on any Note on an Interest Payment Date (other than on an Optional Interest Payment Date as defined in Condition 4(6)(b)) or any other date on which the payment of interest is compulsory; or

(iii) a court or agency or supervisory authority in Sweden (having jurisdiction in respect of the same) shall have instituted a proceeding or entered a decree of order for the appointment of a receiver or liquidator in any insolvency, bankruptcy, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Issuer or all or substantially all of its property, or for the dissolution or liquidation of its affairs, and such proceedings, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 days (except for the purpose of a merger, reconstruction or amalgamation under which the continuing entity effectively assumes the entire obligation of the Issuer under the Notes); or

(iv) the Issuer shall file a petition to take advantage of any insolvency statute or voluntarily suspend payment of its obligations.

(c) If any Event of Default shall have occurred and shall be continuing in relation to any Series of Notes, any Holder of any Note of the relevant Series may declare his Note(s) to be due and payable, and such Note(s) shall accordingly become immediately due and payable at its principal amount together with accrued interest.

(d) If a Note has been declared due and payable under this Condition 7(2), the Holder may claim payment in respect of the Notes only in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer and may therefore institute such steps, including the obtaining of a judgment against the Issuer for any amount due in respect of the Notes, as it thinks desirable with a view to having the Issuer declared bankrupt (*konkurs*) or put into liquidation (*likvidation*).

(e) A Noteholder may institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes (other than, without prejudice to sub-paragraph (c) above, any obligation for the payment of any principal or interest in respect of the Notes) **provided that** the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(f) No remedy against the Issuer, other than as provided in sub-paragraph (c) and (d) above, or proving or claiming in the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer in Sweden or elsewhere, shall be available to the Noteholders, whether

for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Notes.

(3) ***Events of Default - Capital Contribution Securities***

(a) This Condition 7(3) is applicable in relation to Notes and specified in the relevant Final Terms as being Capital Contribution Securities.

(b) Unless otherwise specified in the relevant Final Terms, the following events or circumstances (each an "**Event of Default**") shall be an event of default in relation to the Notes:

(i) the Issuer shall, despite there being Available Distribution Funds available to make such payment, default for a period of 30 days in the payment of interest due on any Capital Contribution Security on an Interest Payment Date or any other date on which the payment of interest is compulsory; or

(ii) a court or agency or supervisory authority in the Kingdom of Sweden (having jurisdiction in respect of the same) shall have instituted a proceeding or entered a decree or order for the appointment of a receiver or liquidator in any insolvency, bankruptcy (*konkurs*), liquidation (*likvidation*), rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Issuer or all or substantially all of its property and such proceedings, decree or order shall not have been vacated or shall have remained in force, undischarged or unstayed for a period of 60 days (except for the purpose of a merger, reconstruction or amalgamation under which the continuing entity effectively assumes the entire obligation of the Issuer under the Securities); or

(iii) the Issuer shall file a petition to take advantage of any insolvency statute or shall voluntarily suspend payment of its obligations,

then any Holder of Capital Contribution Securities may give notice to the Issuer that the relevant Capital Contribution Security is, and it shall accordingly, subject to the provisions hereof, forthwith become, immediately due and repayable at its principal amount together with interest accrued to the date of repayment.

If a Capital Contribution Security has been declared due and payable under the provisions thereof, the Holder of Capital Contribution Securities may claim payment in respect of the Capital Contribution Securities only in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer and may therefore institute such steps, including the obtaining of a judgment against the Issuer for any amount due in respect of the Capital Contribution Securities, as it thinks desirable with a view to having the Issuer declared bankrupt (*konkurs*) or put into liquidation (*likvidation*).

A Holder of Capital Contribution Securities may institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Securities (other than, without prejudice to the two immediately preceding paragraphs, any obligation for the payment of any principal or interest in respect of the Capital Contribution Securities) **provided that** the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

No remedy against the Issuer, other than as provided in the three immediately preceding paragraphs above, or proving or claiming in the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer in Sweden or elsewhere, shall be available to the Holder of Capital Contribution Securities, whether for the recovery of amounts owing in respect of the Securities or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Capital Contribution Securities.

8. **Taxation**

(a) All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Notes will be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by

or on behalf of Sweden or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the Holders after such withholding or deduction shall equal the respective amounts which would have been receivable in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of payment in respect of any Bearer Note or Coupon presented for payment:

(i) in Sweden;

(ii) by or on behalf of a Holder who is liable to such taxes or duties in respect of such Bearer Note or Coupon by reason of such Holder having some connection with Sweden other than the mere holding of such Bearer Note or Coupon; or

(iii) more than thirty days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of thirty days; or

(iv) by or on behalf of, a Holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(vi) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union,

and except that no such additional amounts shall be payable in respect of payment in respect of any Registered Note the Holder of which is liable to such taxes or duties by reason of his having some connection with Sweden, as the case may be, other than the mere holding of such Registered Note.

(b) For the purposes of these Conditions, the "**Relevant Date**" means the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Fiscal Agent or, as the case may be, the Registrar on or prior to such due date, it means the first date on which the full amount of such moneys has been so received and notice to that effect shall have been duly given to the Holders of the Notes of the relevant Series in accordance with Condition 14.

(c) Any reference in these Conditions to principal, redemption amount and/or interest in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 or any undertaking given in addition thereto or in substitution therefore.

(d) Notwithstanding anything in this Condition 8 or in Condition 9 to the contrary, the Issuer shall be permitted to withhold and deduct for or on account of any taxes imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service, on any amount payable in respect of the Notes and shall not be required to pay any additional amounts in respect of any such taxes.

9. **Payments**

(1) ***Payments — Bearer Notes***

(a) This Condition 9(1) is applicable in relation to Bearer Notes.

(b) Payment of amounts (including accrued interest) due on the redemption of Bearer Notes will be made against presentation and, save in the case of a partial redemption by reason of insufficiency of funds or payment of an Instalment Amount (other than the final Instalment Amount), surrender of the relevant Bearer Notes to or to the order of any of the Paying Agents.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Note will be made against presentation of the Bearer Note together with (whether applicable) the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Bearer Note to which they relate will not represent any obligation of the Issuer.

Accordingly, the presentation of a Bearer Note without the relative Receipt or the presentation of a Receipt without the Bearer Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

(c) Payment of amounts due in respect of interest on Bearer Notes will be made:

(i) in the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents outside the United States and, in the case of a Temporary Global Note, upon due certification as required therein;

(ii) in the case of Definitive Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Paying Agents outside the United States; and

(iii) in the case of Definitive Notes delivered with Coupons attached thereto at the time of the initial delivery, against surrender of the relevant Coupons at the specified office of any of the Paying Agents outside the United States.

(d) If the due date for payment of any amount due (whether in respect of principal, interest or otherwise) in respect of any Bearer Notes is not a Business Day, then the Holder thereof will not be entitled to payment thereof until the next following such Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Conditions.

(e) Each Definitive Note initially delivered with Coupons or Receipts attached thereto should be surrendered for final redemption together with all unmatured Coupons or Receipts appertaining thereto, failing which:

(i) in the case of Definitive Notes which bear interest at a fixed rate or rates, the amount of any missing unmatured Coupons will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time prior to the tenth anniversary of the due date of such final redemption or, if later, the fifth anniversary of the date of maturity of such Coupon; and

(ii) in the case of Definitive Notes which bear interest at, or at a margin above or below, a floating rate, all unmatured Coupon relating to such Definitive Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

(iii) in the case of Bearer Notes initially delivered with Receipts attached thereto, all Receipts relating to such Bearer Notes in respect of a payment of an Instalment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

(2) ***Payments — Registered Notes***

(a) This Condition 9(2) is applicable in relation to Registered Notes.

(b) Payments of amounts (including accrued interest) due on the final redemption of Registered Notes will be made against presentation and, save in the case of a partial redemption by reason of insufficiency of funds, surrender of the relevant Registered Notes as the specified office of the Registrar. If the due date for payment of the final redemption amount of Registered Notes is not a Business Day, the Holder thereof will

not be entitled to payment thereof until the next following such Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Conditions.

(c) Payment of amounts (whether principal, interest or otherwise) due (other than in respect of the final redemption of Registered Notes) in respect of Registered Notes will be paid to the Holders thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at opening of business (New York time) on the fifteenth New York Banking Day before the due date for such payment (the "**Record Date**").

(d) Notwithstanding the provisions of Condition 9(6)(b), payments of interest due (other than in respect of the final redemption of Registered Notes) in respect of Registered Notes will be made by a cheque drawn on a bank in the Relevant Financial Centre and posted to the address (as recorded in the register held by the Registrar) of the Holder thereof, (or, in the case of joint Holders, the first-named) on the Business Day immediately preceding the relevant date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first named) has applied to the Registrar and the Registrar has acknowledged such applications for payment to be made to a designated account (in the case aforesaid, a non-resident account with an authorised foreign exchange bank).

(3) ***Payments—VP Notes***

Payments of principal and/or interest in respect of the VP Notes shall be made to the Holders as appearing registered in the register kept by the VP as such on the fifth business day (as defined by the then applicable VP Rules) before the due date for such payment, such day being a Danish Business Day, or such other business day falling closer to the due date as then may be stipulated in VP Rules and will be made in accordance with said VP Rules. Such day shall be the "**Record Date**" in respect of the VP Notes in accordance with VP Rules.

(4) ***Payments—VPS Notes***

Payments of principal and/or interest in respect of the VPS Notes shall be made to the Holders registered as such on the fifth business day (as defined by the then applicable VPS Rules) shown in the relevant records of the VPS before the due date for such payment, or such other business day falling closer to the due date as then may be stipulated in the VPS Rules and will be made in accordance with said VPS Rules. Such day shall be the "**Record Date**" in respect of the VPS Notes in accordance with the VPS Rules.

(5) ***Payments—Swedish Notes***

Payments of principal and/or interest in respect of the Swedish Notes shall be made to the Holders as appearing registered in the register kept by Euroclear Sweden as such on the fifth business day (as defined by the then applicable Euroclear Sweden Rules) before the due date for such payment, such day being a Stockholm Business Day, or such other business day falling closer to the due date as then may be stipulated in Euroclear Sweden Rules and will be made in accordance with said Euroclear Sweden Rules. Such day shall be the "**Record Date**" in respect of the Swedish Notes in accordance with Euroclear Sweden Rules.

(6) ***Payments — General Provisions***

(a) Save as otherwise specified herein, this Condition 9 is applicable in relation to Notes whether in bearer or in registered form.

(b) Payments of amounts due (whether in respect of principal, interest or otherwise) in respect of Notes denominated in a currency other than euro will be made by cheque drawn on, or by transfer to, an account maintained by the payee with, a bank in the Relevant Financial Centre and in respect of a Note denominated in euro by cheque drawn on, or by transfer to, an euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Union. Payments will, without prejudice to the provisions of Condition 8, be subject in all cases to any applicable fiscal or other laws and regulations.

(c) For the purposes of these Conditions:

(i) "**Business Day**" means (unless varied or restated in the relevant Final Terms) a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in London and, in the case of Registered Notes, London or Luxembourg and:

(A) in relation to Notes denominated in euro, which is a TARGET Settlement Day; and

(B) in relation to Swedish Notes, Stockholm; and

(C) in relation to Notes denominated in any other currency, which is a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the Relevant Financial Centre; and

(D) in relation to payments due upon presentation and/or surrender of any Notes or Coupon, in the relevant place of presentation and/or surrender; and

(ii) "**Relevant Financial Centre**" means:

(A) in relation to Notes denominated in Japanese Yen, Tokyo;

(B) in relation to Notes denominated in Pounds Sterling, London;

(C) in relation to Notes denominated in United States dollars, New York City;

(D) in relation to Notes denominated in Swedish Krona, Stockholm;

(E) in relation to Notes denominated in Danish Krone, Copenhagen;

(F) in relation to Notes denominated in Norwegian Krona, Oslo; and

(G) in relation to Notes denominated in any other currency, such financial centre or centres as may be specified in relation to the relevant currency and for the purposes of the definition of "**Business Day**" in the 2006 ISDA Definitions (as amended and updated from time to time), as published by the International Swaps and Derivatives Association, Inc.,

and, in all cases, as the same may be modified in the relevant Final Terms.

10. **Prescription**

(a) Bearer Notes and the related Coupons will become void unless presented for payment within ten years (or, in the case of Coupons and save as provided in Condition 9(1)(e), five years) after the due date for payment.

(b) Claims against the Issuer in respect of Registered Notes will be prescribed unless made within 10 years (or, in the case of claims in respect of interest, five years) after the due date for payment.

11. **The Paying Agents and the Registrar**

The initial Paying Agents and Registrar and their respective initial specified offices are specified below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or the Registrar and to appoint additional or other Paying Agents or another Registrar **provided that** it will at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Paying Agent with a specified office in continental Europe but outside Sweden, (iv) a Paying Agent in an European Union Member State that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any law implementing or complying with, or introduced to conform to, such Directive,(v) so long as any VP Notes are cleared through VP, a Paying Agent with a specified office in Denmark, (vi) so long as any VPS Notes are cleared through VPS, a Paying Agent with a specified office in Norway and (vii) so long as any Swedish Notes are cleared through Euroclear Sweden, an Issuing Agent with a specified office in Sweden. The Paying Agents and the Registrar reserve the right at any time to change their respective specified offices to some

other specified office in the same city. Notice of all changes in the identities or specified offices of the Paying Agents or the Registrar will be notified promptly to the Holders.

12. **Replacement of Notes**

If any Note, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (in the case of Bearer Notes and Coupons) or of the Registrar (in the case of Registered Notes), subject to all applicable laws and the requirements of any stock exchange and/or listing authority on which the relevant Notes are listed, upon payment by the claimant of all expenses incurred in such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Fiscal Agent or, as the case may be, the Registrar may require. Mutilated or defaced Notes, Receipts and Coupons must be surrendered before replacements will be delivered.

13. **Meetings of Holders**

The Fiscal Agency Agreement contains provisions, which are binding on the Issuer and the Holders of Notes or Coupons, for convening meetings of the Holders of Notes of any Series to consider matters affecting their interests, including the modification or waiver of the Conditions applicable to any Series of Notes, although, any modification or waiver of the Conditions which affects Subordinated Notes cannot be made without the prior approval of the SFSA.

In relation to VPS Notes only, meetings of Holders shall be held in accordance with the Fiscal Agency Agreement and in compliance with the relevant regulations of the VPS. For the purposes of a meeting of Holders, the person named in the certificate from the VPS or the VPS Paying Agent shall be treated as the Holder specified in such certificate **provided that** he has given an undertaking not to transfer the VPS Notes so specified (prior to the close of the meeting) and the VPS Paying Agent shall be entitled to assume that any such undertaking is validly given, shall not enquire as to its validity and enforceability, shall not be obliged to enforce any such undertaking and shall be entitled to rely on the same.

In relation to Swedish Notes only, meetings of Holders shall be held in accordance with the Fiscal Agency Agreement.

14. **Notices**

(a) ***To Holders of Bearer Notes***

Notices to Holders of Bearer Notes will, save where another means of effective communication has been specified in the relevant Final Terms, be deemed to be validly given if published in a leading daily newspaper having general circulation in the United Kingdom (which is expected to be the *Financial Times*) or, in the case of a Temporary Global Note or Permanent Global Note if delivered to Euroclear and Clearstream, Luxembourg for communication by them to the persons shown in their respective records as having interests therein **provided that**, in the case of Notes admitted to listing and/or trading on any stock exchange, the requirements of such stock exchange or listing authority have been complied with. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of first such publication) or, as the case may be, on the fourth Business Day after the date of such delivery.

(b) ***To Holders of Registered Notes***

Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the Register kept by the Registrar, and will be deemed to have been validly given on the fourth Business Day after the date of such mailing.

(c) ***To the Issuer***

Notices to the Issuer will be deemed to be validly given if delivered to Smålandsgatan 17, SE-105 71, Stockholm and clearly marked on their exterior "**Urgent — Attention: Group Treasury**" (or at such other address and for such other attention as may have been notified to the Holders of the Notes in accordance with this Condition 14) and will be deemed to have been

validly given at the opening of business on the next day on which the Issuer's principal office is open for business.

(d) ***Notices in respect of VP Notes***

Notices in respect of VP Notes will be in writing and shall be addressed to such Holders of the VP Notes at the address appearing in the Danish Note Register maintained by the VP Issuing Agent in accordance with the VP Rules.

(e) ***Notices in respect of VPS Notes***

Notices in respect of VPS Notes will be in writing, sent by first class mail or electronic mail, addressed to such Holders at the address appearing in the VPS Register in accordance with the VPS Rules, and will be deemed to have been validly given on the fourth Business Day after the date of such mailing.

(f) ***Notices in respect of Swedish Notes***

Notices in respect of Swedish Notes will be in writing, addressed to such Holders at the address appearing in Euroclear Sweden Register maintained by the Swedish Issuing Agent in accordance with Euroclear Sweden Rules, and will be deemed to have been validly given on the fourth Business Day after the date of such mailing.

15. **Provision of Information**

For so long as any Registered Notes of a Series remain outstanding and are "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer shall, during any period in which it is neither subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, furnish to any Noteholder of, or beneficial owner of an interest in, such Registered Notes in connection with any resale thereof and to any prospective purchaser designated by such Noteholder or beneficial owner in each case upon request, such information as is required to be provided pursuant to Rule 144A(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with the resale of such restricted securities.

In relation to VP Notes, each Holder agrees and gives consent to the VP to provide to the VP Issuing Agent, upon request, information registered with the VP relating to the VP Notes and the Holders of the VP Notes in order that the VP Issuing Agent may provide any relevant Danish authorities, including the Financial Supervisory Authority of Denmark (in Danish: *Finanstilsynet*) and the Danish tax authorities with any information required under applicable Danish laws. Such information shall include, but not be limited to, the identity of the holder of the VP Notes, the residency of the holder of the VP Notes, the number of VP Notes of the relevant holder and the address of the relevant holder.

In relation to VPS Notes, each Holder agrees and gives consent to the VPS to provide to the VPS Paying Agent, upon request, information registered with the VPS relating to the VPS Notes and the Holders of the VPS Notes in order that the VPS Paying Agent may provide any relevant Norwegian authorities, including the Financial Supervisory Authority of Norway (in Norwegian: *Kredittilsynet*) and the Norwegian tax authorities with any information required under applicable Norwegian laws. Such information shall include, but not be limited to, the identity of the registered holder of the VPS Notes, the residency of the registered holder of the VPS Notes, the number of VPS Notes registered with the relevant holder, the address of the relevant holder, the account operator in respect of the relevant VPS account (in Norwegian: *Kontofører*) and whether or not the VPS Notes are registered in the name of a nominee and the identity of any such nominee.

In relation to Swedish Notes, each Holder agrees and gives consent to Euroclear Sweden to provide to the Swedish Issuing Agent, upon request, information registered with Euroclear Sweden relating to the Swedish Notes and the Holders of the Swedish Notes in order that the Swedish Issuing Agent may provide any relevant Swedish authorities, including the Financial Supervisory Authority of Sweden (*in Swedish: Finansinspektionen*) and the Swedish tax authorities with any information required under applicable Swedish laws. Such information shall include, but not be limited to, the identity of the registered holder of the Swedish Notes,

the residency of the registered holder of the Swedish Notes, the number of Swedish Notes registered with the relevant holder, the address of the relevant holder, the account operator in respect of the relevant Euroclear Sweden account (*in Swedish: Kontoförande*) and whether or not the Swedish Notes are registered in the name of a nominee and the identity of any such nominee.

16. **Further Issues**

The Issuer may from time to time without the consent of the Holders of any Notes of any Series create and issue further euro-medium term notes and other debt securities having terms and conditions the same as those of the Notes of such Series or the same except for the amount of the first payment of interest (if any), which may be consolidated and form a single Series with the outstanding Notes of such Series.

17. **Substitution and Variation**

(i) ***Substitution or Variation of Dated Subordinated Notes***

The Issuer may, subject to the approval of the SFSA (without any requirement for the consent or approval of the Holders of the Dated Subordinated Notes) and having given not less than 30 nor more than 60 days' notice to the Fiscal Agent (in accordance with the Fiscal Agency Agreement) and the Holders of the Dated Subordinated Notes (which notice shall be irrevocable), at any time either substitute all (but not some only) of the Dated Subordinated Notes for, or vary the terms of the Dated Subordinated Notes so that they remain or, as appropriate, become, Qualifying Securities **provided that** such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities that are inconsistent with the redemption provisions of the Dated Subordinated Notes.

"**Qualifying Securities**" means, for the purpose of this Condition 17(i), securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

(a) have terms not materially less favourable to a Holder of the Dated Subordinated Notes, certified by the Issuer acting reasonably, than the terms of the Dated Subordinated Notes, **provided that** they shall (1) include a ranking at least equal to that of the Dated Subordinated Notes, (2) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Dated Subordinated Notes, (3) have the same redemption rights as the Dated Subordinated Notes, (4) preserve any existing rights under the Dated Subordinated Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation and (5) are assigned (or maintain) the same credit ratings as were assigned to the Dated Subordinated Notes immediately prior to such variation or substitution; and

(b) are listed on a recognised stock exchange if the Dated Subordinated Notes were listed immediately prior to such variation or substitution.

(ii) ***Variation or Substitution of Undated Subordinated Notes***

The Issuer may, subject to the approval of the SFSA (without any requirement for the consent or approval of the Holders of the Undated Subordinated Notes) and having given not less than 30 nor more than 60 days' notice to the Fiscal Agent (in accordance with the Fiscal Agency Agreement) and the Holders of the Undated Subordinated Notes (which notice shall be irrevocable), at any time either substitute all (but not some only) of the Undated Subordinated Notes subject to reinstatement as debt in full following utilisation and conversion pursuant to Condition 3(2)(c) for, or vary the terms of the Undated Subordinated Notes so that they remain or, as appropriate, become, Qualifying Securities **provided that** such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities that are inconsistent with the redemption provisions of the Undated Subordinated Notes.

"**Qualifying Securities**" means, for the purpose of this Condition 17(ii), securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

(a) have terms not materially less favourable to a Holder of the Undated Subordinated Notes, certified by the Issuer acting reasonably, than the terms of the Undated Subordinated Notes, **provided that** they shall (1) include a ranking at least equal to that of the Undated Subordinated Notes, (2) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Undated Subordinated Notes, (3) have the same redemption rights as the Undated Subordinated Notes, (4) preserve any existing rights under the Undated Subordinated Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation and (5) are assigned (or maintain) the same credit ratings as were assigned to the Undated Subordinated Notes immediately prior to such variation or substitution; and

(b) are listed on a recognised stock exchange if the Undated Subordinated Notes were listed immediately prior to such variation or substitution.

(iii) ***Variation or Substitution of Capital Contribution Securities***

The Issuer may, subject to the approval of the SFSA (without any requirement for the consent or approval of the Holders of the Capital Contribution Securities) and having given not less than 30 nor more than 60 days' notice to the Fiscal Agent (in accordance with the Fiscal Agency Agreement) and the Holders of the Capital Contribution Securities (which notice shall be irrevocable), at any time either substitute all (but not some only) of the Capital Contribution Securities subject to reinstatement as debt in full following utilisation and conversion pursuant to Condition 3(2)(d) for, or vary the terms of the Capital Contribution Securities so that they remain or, as appropriate, become, Qualifying Securities **provided that** such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities that are inconsistent with the redemption provisions of the Capital Contribution Securities.

"Qualifying Securities" means, for the purpose of this Condition 17(iii), securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

(a) have terms not materially less favourable to a Holder of the Capital Contribution Securities, certified by the Issuer acting reasonably, than the terms of the Capital Contribution Securities, **provided that** they shall (1) include a ranking at least equal to that of the Capital Contribution Securities, (2) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Capital Contribution Securities, (3) have the same redemption rights as the Capital Contribution Securities, (4) preserve any existing rights under the Capital Contribution Securities to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation and (5) are assigned (or maintain) the same credit ratings as were assigned to the Capital Contribution Securities immediately prior to such variation or substitution; and

(b) are listed on a recognised stock exchange if the Capital Contribution Securities were listed immediately prior to such variation or substitution.

18. **Law and Jurisdiction**

(a) The Notes, the Fiscal Agency Agreement and the Deed of Covenant and all non-contractual obligations arising out of or in connection with any of them are governed by English law except that, in the case of Notes specified in the relevant Final Terms as being Dated Subordinated Notes, Undated Subordinated Notes or Capital Contribution Securities, the provisions of Condition 3(2) as they apply to such Notes shall be governed by and shall be construed in accordance with the laws of Sweden. In relation to VP Notes, Danish law and jurisdiction will be applicable with regard to the registration of such Notes in the VP and VP Notes must comply with the Danish Securities Trading Act (Consolidated Act No. 883 of 9 August 2011, as amended) and the Danish Government Regulation No. 4 of 4 January 2008, as amended. Norwegian law and jurisdiction will be applicable with regard to the registration of such VPS Notes in the VPS. Swedish law and jurisdiction will be applicable with regard to the

registration of such Swedish Notes in Euroclear Sweden and the Swedish Notes must comply with the SFIA Act.

(b) The Issuer irrevocably agrees for the benefit of the Holders of the Notes that the Courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligation arising out of or in connection with the Notes) (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submit to the jurisdiction of such courts. The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum. The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Nordea Bank Finland Plc, London Branch at its registered address in London from time to time, being presently at 8th Floor, City Place House, 55 Basinghall Street, London EC2V 5NB or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Fiscal Agent. Nothing contained herein shall affect the right to serve process in any other manner permitted by law. The submission to the jurisdiction of the Courts of England shall not (and shall not be construed so as to) limit the right of the Holders of the Notes or of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

(c) Notwithstanding that, under the SFIA Act or the operating procedures, rules and regulations of Euroclear Sweden (together, the "**Swedish Remedies**"), Holders of Swedish Notes may have remedies against the Issuer for non-payment or non-performance under the Conditions applicable to such Swedish Notes, a Swedish Note Holder must first exhaust all available remedies under English law for non-payment or non-performance before any Proceedings may be brought against the Issuer in Sweden in respect of the Swedish Remedies. Notwithstanding Condition 18(b), and in this limited respect only, a Holder of Swedish Notes may therefore not take concurrent Proceedings in Sweden.

19. **Third Parties Rights**

No person shall have any right to enforce any term or condition of any Notes under the Contracts (Rights of Third Parties) Act 1999.

USE OF PROCEEDS

The net proceeds of the issue of each Series of Notes will be used for the general banking and other corporate purposes of the Nordea Group. If, in respect of any particular issue, there is a particular identified use of proceeds this will be stated in the applicable Final Terms.

CLEARING AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, Clearstream, Luxembourg, VP, VPS or Euroclear Sweden (each, as defined herein) (together, the "**Clearing Systems**") in effect for the time being. Investors wishing to use the facilities of any of the Clearing Systems must check the rules, regulations and procedures of the relevant Clearing System in effect for the time being.*

DTC

Registered Notes sold pursuant to Rule 144A, whether as part of the initial distribution of the Notes or in the secondary market, are eligible to be held in book entry form in DTC. DTC is a limited purpose trust company organised under the laws of the State of New York, a member of the United States Federal Reserve System, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to Section 17A of the Exchange Act. DTC was created to hold securities for its participants ("**DTC Participants**") and to facilitate the clearance and settlement of securities transactions between DTC Participants through book-entries, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant either directly or indirectly ("**Indirect Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC is required to make book entry transfers of Registered Notes among DTC Participants on whose behalf it acts with respect to Registered Notes accepted into DTCs book entry settlement system as described below (the "**DTC Notes**") and to receive and transmit distributions of principal, or redemption amount and interest on, the DTC Notes. DTC Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through DTC Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which such Owners will receive payments and will be able to transfer their interests with respect to the Notes.

Because DTC may only act on behalf of DTC Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

DTC will take any action permitted to be taken by an Owner only at the direction of one or more DTC Participants to whose account with DTC such Owner's DTC Notes are credited. Additionally DTC has advised the Issuer that it will take such actions with respect to any percentage of the beneficial interest of Owners who hold Registered Notes through DTC Participants or Indirect Participants only at the direction of and on behalf of DTC Participants whose account holders include undivided interests that satisfy any such percentage.

DTC may take conflicting actions with respect to other undivided interests to the extent that such actions are taken on behalf of DTC Participants whose account holders include such undivided interests.

VP

Settlement of sale and purchase transactions in respect of Notes in the VP will take place on a registration-against-payment basis three Copenhagen business days after the date of the relevant transaction. Transfers of interests in a VP Note will take place in accordance with the VP Rules. Secondary market clearance and settlement through Euroclear is possible through depositary links established between the VP and Euroclear. Transfers of Notes held in the VP through Clearstream, Luxembourg are only possible by using an account holding institute linked to the VP.

VPS

Settlement of sale and purchase transactions in respect of Notes in the VPS will take place three Oslo business days after the date of the relevant transaction. Notes in the VPS may be transferred

between accountholders at the VPS in accordance with the procedures and regulations, for the time being, of the VPS. A transfer of Notes which are held in the VPS through Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to the VPS.

Euroclear Sweden

Settlement of sale and purchase transactions in respect of Notes in Euroclear Sweden will take place three Stockholm business days after the date of the relevant transaction. Notes in Euroclear Sweden may be transferred between accountholders at Euroclear Sweden in accordance with the procedures and regulations, for the time being, of Euroclear Sweden. A transfer of Notes which are held in Euroclear Sweden through Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to Euroclear Sweden.

Euroclear

The Euroclear System was created in 1968 to hold securities for participants in Euroclear ("**Euroclear Participants**") and to effect transactions between Euroclear Participants through simultaneous book entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfer of securities and cash. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Euroclear is operated by Euroclear Bank SA/NV (the "**Euroclear Operator**"), under contract with Euroclear Clearance System Société Cooperative, a Belgian cooperative corporation (the "**Cooperative**"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative, the Cooperative establishes fundamental policies for Euroclear on behalf of Euroclear Participants. The Euroclear Operator is regulated and examined by the Board of Governors of the Federal Reserve System, the New York State Banking Department and the Belgian Banking Commission.

Securities clearance accounts and cash accounts held with the Euroclear Operator are governed by the terms and conditions governing the use of Euroclear, the related operating procedures of the Euroclear System and applicable Belgian law (collectively, the "**Euroclear Terms and Conditions**"). The Euroclear Terms and Conditions govern transactions of securities and cash within Euroclear, withdrawal of securities and cash from the system, and receipts of payments with respect to securities in the system. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Euroclear Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Distributions with respect to interests in Temporary Global Notes, Permanent Global Notes or Definitive Bearer Notes held through Euroclear will be credited to the Euroclear cash accounts of Euroclear Participants to the extent received by the Euroclear Operator's depositary, in accordance with the Euroclear Terms and Conditions. The Euroclear Operator will take any other action permitted to be taken by a holder of any such Temporary Global Notes, Permanent Global Notes or Definitive Bearer Notes on behalf of a Euroclear Participant only in accordance with the Euroclear Terms and Conditions.

Clearstream, Luxembourg

Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), located at 67 Bd. Grande-Duchesse Charlotte, L-1331 Luxembourg, was incorporated in 1970 as a limited company under Luxembourg law. Clearstream, Luxembourg is owned by banks, securities dealers and financial institutions, and currently has about 100 shareholders, including U.S. financial institutions or their subsidiaries. No single entity may own more than five per cent. of Clearstream, Luxembourg's stock.

Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Institut Monetaire Luxembourgeois, which supervises Luxembourg banks.

Clearstream, Luxembourg holds securities for its customers ("**Clearstream, Luxembourg Participants**") and facilitates the clearance and settlement of securities transactions by book entry

transfers between their accounts. Clearstream, Luxembourg provides various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in several countries through established depository and custodial relationships. Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank SA/NV as the Euroclear Operator in Brussels to facilitate settlement of trades between systems. Clearstream, Luxembourg currently accepts over 70,000 securities issues on its books.

Clearstream, Luxembourg's customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream, Luxembourg's U.S. customers are limited to securities brokers and dealers, and banks. Currently, Clearstream, Luxembourg has approximately 3,000 customers located in over 60 countries, including all major European countries, Canada, and the United States. Indirect access to Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg.

Initial Settlement in Relation to DTC Global Notes

Upon the issue of a DTC Unrestricted Global Note and/or a DTC Restricted Global Note. DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interest represented by such relevant DTC Global Note or Notes to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealers. Ownership of beneficial interests in a DTC Global Note will be limited to DTC Participants, including Euroclear and Clearstream, Luxembourg, or Indirect DTC Participants. Ownership of beneficial interests in DTC Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interest of Indirect DTC Participants).

Euroclear and Clearstream, Luxembourg will hold omnibus positions on behalf of their participants through customers' securities accounts for Euroclear and Clearstream, Luxembourg and the books of their respective depositaries, which in turn will hold such positions in customers securities accounts in such depositaries' names on the books of DTC.

Investors that hold their interests in a DTC Global Note will follow the settlement practices applicable to global bond issues. Investors' securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Investors that hold their interests in a DTC Global Note through Clearstream, Luxembourg or Euroclear accounts will follow the settlement procedures applicable to conventional Eurobonds, except that there will be no "**lock-up**" required by U.S. Treasury Regulations. The interests will be credited to the custody accounts on the settlement date against payment in same-day funds.

Secondary Market Trading in Relation to DTC Global Notes

Since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date. Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the following procedures in order to facilitate transfers of interests in a DTC Unrestricted Global Note and a DTC Restricted Global Note among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, nor any Paying Agent or the Registrar will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Trading between DTC Participants

Secondary market trading between DTC Participants will be settled using the procedures applicable to global bond issues in same-day funds.

Trading between Clearstream, Luxembourg and/or Euroclear Participants

Secondary market trading between Clearstream, Luxembourg Participants and/or Euroclear Participants will be settled using the procedures applicable to conventional Eurobonds in same-day

funds.

Trading between Euroclear or Clearstream, Luxembourg Accountholders

If an Owner holding in Euroclear or Clearstream, Luxembourg sells to a third party that wishes to hold such Note in either Euroclear or Clearstream, Luxembourg, the trade will be settled using either Euroclear or Clearstream, Luxembourg and procedures applicable to conventional Eurobonds.

Trading between Euroclear or Clearstream, Luxembourg Seller and DTC Purchaser

Due to time zone differences in their favour, Euroclear Participants and Clearstream, Luxembourg Participants may employ their customary procedures for transactions in which interests in DTC Global Notes are to be transferred by the respective clearing system, through its respective depositary, to a DTC Participant. The seller will send instructions to Euroclear or Clearstream, Luxembourg through a Euroclear Participant or Clearstream, Luxembourg Participant, as the case may be, at least one business day prior to settlement. In these cases, Euroclear or Clearstream, Luxembourg will instruct its respective depositary to deliver the interest in the DTC Global Note to the DTC Participant's accounts against payment. Payment will include interest (if any) accrued on such beneficial interest in such Note being transferred from and including the immediately preceding date for the payment of interest to and excluding the settlement date. The payment will then be reflected in the account of the Euroclear Participant or Clearstream, Luxembourg Participant the following day, and receipt of the cash proceeds in the Euroclear Participant's or Clearstream, Luxembourg Participant's account would be back valued to the value date (which would be the preceding day, when settlement occurred in New York). Should the Euroclear Participant or Clearstream, Luxembourg Participant have a line of credit in its respective clearing system and elect to be in debit in anticipation of receipt of the sale proceeds in its account, the back valuation will extinguish any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (i.e. the trade fails), receipt of the cash proceeds in the Euroclear Participant's or Clearstream, Luxembourg Participant's account would instead be valued as of the actual settlement date.

Finally, day traders that use Euroclear and Clearstream, Luxembourg to purchase interests in the DTC Global Note from DTC Participants for delivery to Euroclear Participants or Clearstream, Luxembourg Participants should note that these trades would automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

(a) borrowing through Euroclear or Clearstream, Luxembourg for one day (until the purchase side of the day trade is reflected in their Euroclear or Clearstream, Luxembourg accounts) in accordance with the clearing system's customary procedures;

(b) borrowing the interests in the United States from a DTC Participant no later than one day prior to settlement, which would give the interests sufficient time to be reflected in their Euroclear or Clearstream, Luxembourg account in order to settle the side of the trade; or

(c) staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the DTC Participant is at least one day prior to the value date for the sale to the Euroclear Participant or Clearstream, Luxembourg Participant.

Trading between DTC Seller and Euroclear or Clearstream, Luxembourg Purchaser

When interests are to be transferred from the account of a DTC Participant to the account of a Euroclear Participant or Clearstream, Luxembourg Participant, the purchaser will send instructions to Euroclear or Clearstream, Luxembourg through a Euroclear Participant or Clearstream, Luxembourg Participant, as the case may be, at least one business day prior to settlement. Euroclear or Clearstream, Luxembourg, as the case may be, will instruct its respective depositary to receive such interest against payment. Payment will include interest (if any) accrued on such beneficial interest in such DTC Global Note being transferred from and including the immediately preceding date for the payment of interest to and excluding the settlement date. Payment will then be made by the depositary to the DTC Participants account against delivery of the interest in such DTC Global Note. After settlement has been completed, the interest will be credited to the respective clearing system, and by the clearing system, in accordance with its usual procedures, to the Euroclear Participant's account. The securities credit will appear the next day (European time) and the cash debt will be back valued to, and

any interest on such DTC Global Note will accrue from, the value date (which would be the preceding day when settlement occurred in New York), if settlement is not completed on the intended value date (i.e. the trade fails), the Euroclear and Clearstream, Luxembourg cash debt will be valued instead as of the actual settlement date.

Euroclear Participants and Clearstream, Luxembourg Participants will need to make available to the respective clearing system the funds necessary to process same-day funds settlement. The most direct means of doing so is to preposition funds for settlement, either from cash on hand or existing lines of credit, as such Participants would for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, such Participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the interests in the DTC Global Note(s) are credited to their accounts one day later.

Alternatively, if Euroclear or Clearstream, Luxembourg has extended a line of credit to a Euroclear Participant or Clearstream, Luxembourg Participant, as the case may be, such accountholder may elect not to preposition funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear Participants or Clearstream, Luxembourg participants purchasing interests in DTC Global Note(s) would incur overdraft charges for one day, assuming they cleared the overdraft when the interests in the Note(s) were credited to their accounts. However, any interest on such Notes would accrue from the value date. Therefore, in many cases the investment income on the interest in such Note(s) earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each Participant's particular cost of funds.

Since the settlement is taking place during New York business hours, DTC Participants can employ their usual procedures for transferring global notes to the respective depositaries of Euroclear or Clearstream, Luxembourg for the benefit of Euroclear Participants or Clearstream, Luxembourg Participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC Participants, a cross-market transaction will settle no differently than a trade between two DTC Participants.

Secondary trading in long-term Notes and debentures of corporate issuers is generally settled in clearing house or next-day funds. In contrast, DTC Global Notes held through DTC Participants or Indirect Participants will trade in DTC's Same-Day Funds Settlement System until maturity, and secondary market trading activity in such DTC Global Notes will therefore be required by DTC to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlements in immediately available funds on trading activity in such DTC Notes.

NOTICE TO PURCHASERS AND HOLDERS OF RESTRICTED NOTES AND TRANSFER RESTRICTIONS

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A ("**Restricted Notes**"), by accepting delivery of this Base Prospectus will be deemed to have represented and agreed as follows:

(1) Such offeree acknowledges that this Base Prospectus is personal to such offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Base Prospectus, or disclosure of any of its contents to any person other than such offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

(2) Such offeree agrees to make no photocopies of this Base Prospectus or any documents referred to herein.

Each purchaser of an interest in a Restricted Note offered and sold in reliance on Rule 144A will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) The purchaser (i) is a qualified institutional buyer, (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring Notes for its own account or for the account of a qualified institutional buyer;

(b) The purchaser understands that such Restricted Note is being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, such Restricted Note has not been and will not be registered under the Securities Act or any other applicable securities law and may not be offered, sold or otherwise transferred unless registered pursuant to or exempt from registration under the Securities Act or any other applicable securities law; and that (i) if in the future the purchaser decides to offer, resell, pledge or otherwise transfer such Restricted Notes such Restricted Note may be offered, sold, pledged or otherwise transferred only (A) to a person who the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (C) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) and in each of such cases in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and that (ii) the purchaser will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of such Restricted Note from it of the resale restrictions referred to in (i) above and that (iii) no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of Notes;

(c) A Restricted Note will bear a legend to the following effects in addition to such other legends as may be necessary or appropriate, unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS NOTE BY

ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE DEALERS THAT (A) THIS NOTE MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF SUCH RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THAT (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (A) ABOVE. NO REPRESENTATION CAN BE MADE AS TO AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

THE NORDEA GROUP

Overview

The Nordea Group (Nordea Bank and its subsidiaries, the "**Nordea Group**" or the "**Group**") is the largest financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income, with additional operations in Poland, Russia, the Baltic countries and Luxembourg, as well as branches in a number of other international locations.

The Nordea Group's parent company, Nordea Bank, is a public Swedish limited liability company incorporated under Swedish law. Nordea Bank's shares are listed and traded on the Stockholm, Copenhagen and Helsinki stock exchanges. The Nordea Group's head office is located in Stockholm at Smålandsgatan 17, SE-105 71 Stockholm, Sweden.

As at 31 December 2011, the Nordea Group's assets totalled EUR 716 billion and Tier 1 capital EUR 22.6 billion. As of the same date, the Nordea Group had approximately 11 million customers across the markets in which it operates, of which approximately 7.6 million are household customers in customer programmes and 0.6 million are active corporate customers.

As of 31 December 2011, the Nordea Group had approximately 1,400 branches of which more than 290 were located in Russia, Poland, Lithuania, Latvia and Estonia. In addition, the Group has a very large number of telephone and Internet customers. The Nordea Group is very active within e-based financial services and, at the end of 2011, had approximately 6.3 million users of such services.

In addition, the Nordea Group acts as an asset manager within the Nordic region and Baltic Sea region with EUR 187 billion in assets under management as per 31 December 2011. The Nordea Group also provides life insurance products.

The Formation of the Nordea Group

The Nordea Group was created through international mergers among four large Nordic financial institutions which gradually resulted in the creation of a single unit. Nordea's predecessors were Nordea Bank Sverige AB (publ) (formerly Nordbanken AB (publ)) in Sweden ("**Nordea Bank Sverige**"), which, on 1 March 2004, merged with the Group's parent company and underwent a change of name to Nordea Bank AB (publ); Nordea Bank Danmark A/S (formerly Unibank A/S) in Denmark ("**Nordea Bank Danmark**"); Nordea Bank Finland Plc (formerly Merita Bank Abp) in Finland ("**Nordea Bank Finland**"); and Nordea Bank Norge ASA (formerly Christiania Bank og Kreditkasse ASA) in Norway ("**Nordea Bank Norge**").

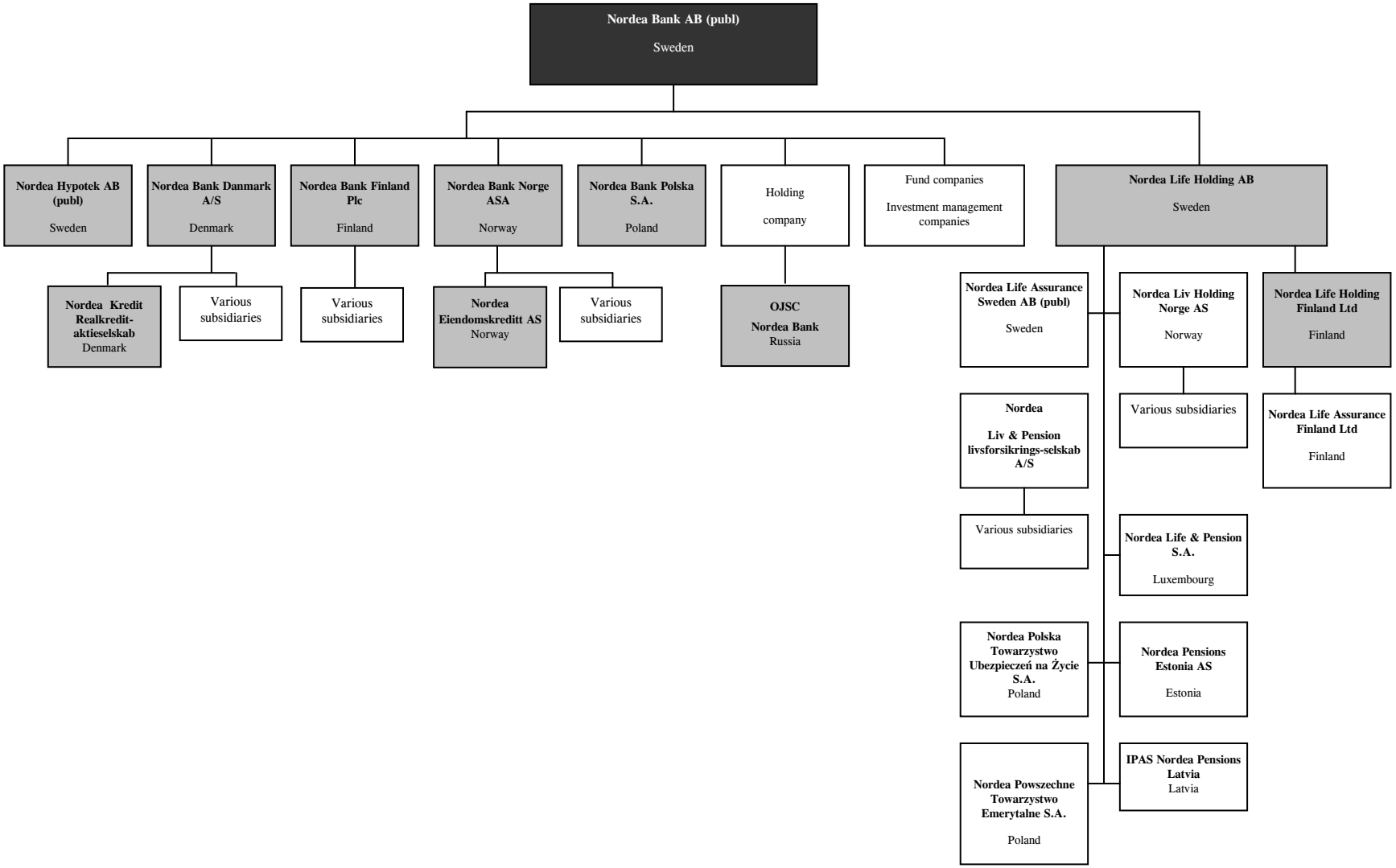
After the Group's parent company had adopted the name Nordea AB (publ) at the end of 2000, the name "Nordea" was gradually introduced within the Group and, by December 2001, the banks and branch offices within the Group had adopted the name Nordea.

Legal Structure

To improve operating capacity, reduce risk exposure and enhance capital efficiency, Nordea's Board of Directors initiated a change in the Group's legal structure in June 2003. The internal restructuring commenced in 2003 when Nordea Bank, the parent company of the Nordea Group, acquired Nordea Bank Sverige, Nordea Bank Danmark and Nordea Bank Norge from Nordea Bank Finland. At the same time, Nordea AB (publ) also acquired Nordea North America, Inc. from Nordea Bank Finland. Following these transactions, Nordea Bank was established as a bank and its name was changed to Nordea Bank AB (publ). Thereafter, Nordea Bank Sverige merged with Nordea Bank. The merger was registered with the Swedish Patent and Registration Office (currently the Swedish Companies Registration Office) on 1 March 2004.

The Nordea Group aims at continuous simplification of its legal structure and the aim is that Nordea Bank will be converted into a European company, a "Societas Europaea", as regards the Nordic Banks. The conversion is conditional on, among other things, Nordea Bank obtaining necessary approvals from the relevant authorities. As all regulatory responses to the financial turmoil and the "New Normal" are yet to be seen and evaluated, Nordea is following up and analysing the changes in process which are not expected to be finalised during 2012.

The following chart sets forth the general legal structure of the Nordea Group, including its material subsidiaries, as of 31 December 2011.



The Nordea Group's banking business in the Baltic countries is operated as branches of Nordea Bank Finland. For additional information on the legal structure of the Nordea Group, see "*Note P21*" to the audited consolidated financial statements of the Nordea Group for the year ended and as of December 31, 2011 set out in Annex 1 to this Base Prospectus.

The Nordea Group's Organisation

Overview

The Nordea Group's organisational structure, which was implemented in June 2011, is built around three main business areas: Retail Banking, Wholesale Banking and Wealth Management. In addition to the business areas, the Nordea Group's organisation includes the business unit Group Operations and Other Lines of Business. Group Corporate Centre and Group Risk Management which are the other central parts of the Nordea Group's organisation. The Nordea Group's financial reporting structure has been based on the new organisational structure from and including the third quarter of 2011.

In the Nordea Group's organisation, all parts of the value chains – customer responsibility, support, products, staff and IT development – have been incorporated into the three main business areas with the objective to improve efficiency, increase return on equity and deepen customer relationships. By organising the business areas around value chains, Nordea believes that the responsibilities for creating efficiencies will be clearer and that the Nordea Group will be able to respond to new regulatory and investor demands in a more agile manner. The purpose of the organisational structure is also to enable all people within the Nordea Group to work even closer to customers, including understanding and delivering on their needs and preferences. Similar to the Nordea Group's previous operating model described below under "*—Nordea Group's Previous Operating Model*", segmentation of customers and differentiating both the value proposition and resource allocation according to customer needs are at the core of the Nordea Group's customer strategy in the new organisation.

Of the Nordea Group's business areas, Retail Banking is responsible for customer relations with household customers as well as large, medium-sized and small corporate customers in the Nordic and Baltic Sea markets. Retail Banking is responsible for segmentation (customer groups) as well as value propositions (customer programmes), cross-border customer strategies and sales processes. The Retail Banking business is operated through Banking Denmark, Banking Finland, Banking Norway, Banking Sweden and Banking Poland & the Baltic countries.

The Wholesale Banking business area further builds on the Nordea Group's customer-centric relationship banking approach and aims to ensure that all service and product competences of the Nordea Group reach its large corporate customers. The Wholesale Banking business area includes the business units Corporate & Institutional Banking, Shipping, Offshore & Oil Services, Banking Russia, Nordea Markets, Transaction Products and International Units.

Wealth Management includes the business units Private Banking (Nordic and International), Asset Management and Life & Pensions. The Private Banking business is operated through an integrated model with Retail Banking.

The business unit Group Operations and Other Lines of Business operates the Nordea Group's common development and services, including IT, Processes, Services, and Premises and Property. It also contains two lines of business that have their own value chains and operating models, namely Nordea Bank Russia and Nordea Finance.

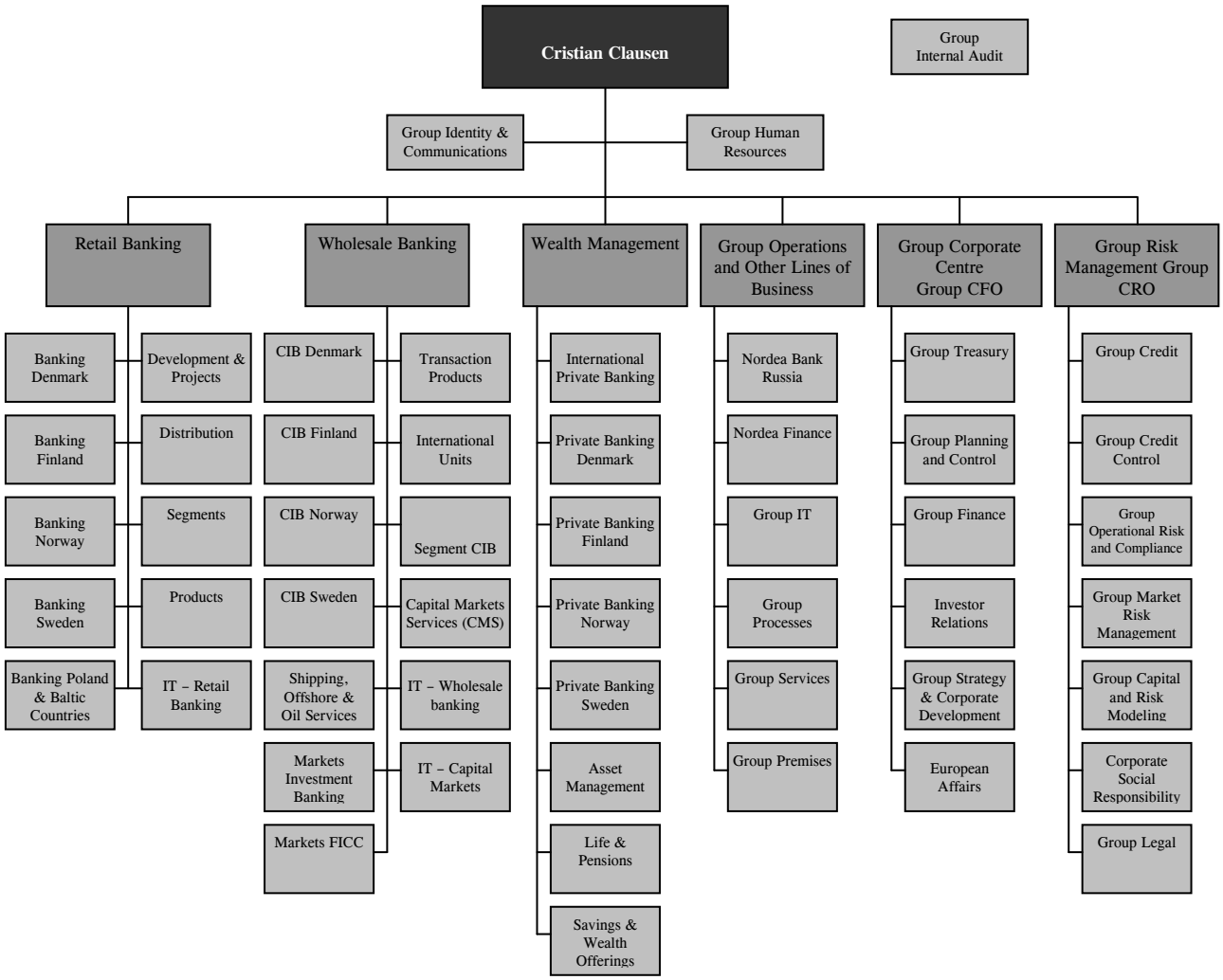
Group Corporate Centre and Group Risk Management are group functions that continue to operate in the same structure as they did in the Nordea Group's previous operating model.

Business Areas

At the core of the Nordea Group's strategy is segmentation of customers and differentiating both value proposition and resource allocation according to customer needs. The Nordea Group's customer activities are organised around two major customer groups: household customers and corporate customers. With both its household customers and corporate customers, the Nordea Group seeks to build long-term banking relationships and to become a lifetime financial partner by gaining an understanding of the customers' specific product and service needs and by offering products and advice tailored to meet those requirements.

To serve its household customers and corporate customers, the Nordea Group has divided its operations into three main business areas (Retail Banking, Wholesale Banking and Wealth Management) and the business unit Group Operations and Other Lines of Business. The business areas each comprise a number of business units which operate as separate profit units.

The following chart sets forth the Nordea Group's organisation.



Retail Banking

Retail Banking is the largest of the business areas within the Nordea Group. Retail Banking is responsible for customer relations with household customers as well as large, medium-sized and small corporate customers in the Nordic and Baltic Sea markets. Retail Banking is responsible for segmentation (customer groups) as well as value propositions (customer programmes), cross-border customer strategies and sales processes. The Retail Banking business is operated through Banking Denmark, Banking Finland, Banking Norway, Banking Sweden and Banking Poland & Baltic countries.

Within Retail Banking, the Nordea Group operates a multi-channel distribution strategy in the household customer segment to ensure that household customers can access the bank when and how it suits them. The three core elements of Retail Banking's distribution strategy are branches, contact centres and on-line and mobile banking. Through the Nordea Group's common customer relationship system, the three distribution channels are fully integrated so that customer interaction in one channel is simultaneously recorded in all other channels. The Nordea Group assigns household customers in each of the Nordic markets to different segments based on the business volume and number of products and services the customer has with the Nordea Group, namely Gold, Silver and Bronze customers in the Nordea Group's customer programmes. Retail Banking advisors work to develop relationships with the Nordea Group's household customers and to provide them with product solutions tailored to meet their individual banking needs.

In the Nordic markets, Retail Banking divides its corporate customers further into the following customer segments: Large, Medium and Small corporates. The aim for the Large, Medium and Small customer segments is to develop customer relationships and to become the house bank for their respective customers. Retail Banking has launched a concept to service small corporate customers with one adviser for both their corporate and their household business.

Wholesale Banking

The Wholesale Banking business area was established to further build on the Nordea Group's customer centric relationship banking approach and to ensure that all service and product competences of the Nordea Group reach its large corporate customers. The organisation of the Wholesale business area was slightly revised in late 2011 when the units serving corporate and institutional customers, Corporate Merchant Banking and Financial Institutions, were combined into Corporate & Institutional Banking ("**CIB**"), that, in turn, has four units (CIB Denmark, CIB Finland, CIB Norway and CIB Sweden). Currently, the Wholesale Banking business area includes the units Corporate & Institutional Banking, Shipping, Offshore & Oil Services, Banking Russia, Nordea Markets, Transaction Products and International Units.

Corporate & Institutional Banking

The Corporate & Institutional Banking organisation serves the Nordea Group's largest Nordic corporate customers and institutional customers in one central unit in each market. The Nordea Group seeks to establish strategic partnerships with its Corporate & Institutional Banking customers by becoming their primary source for a wide range of financial services, including day-to-day banking services such as cash management. The Nordea Group provides Corporate & Institutional Banking with tailored, highly individualised product solutions and terms. A central part of the Nordea Group's corporate strategy is to create value by relationship banking, through a named senior relationship manager responsible for developing and organising the customer relationship and having a total view of the customer's business and financial affairs. In the upper corporate customer segments, the Nordea Group's aim is to establish partnerships that develop into house bank relationships, comprising the full spectrum of financial services and a high level of ancillary business. When serving large financial institution customers, such as banks, investment banks, hedge funds and other financial institutions, the Nordea Group employs a similar relationship banking concept, seeking to establish a strategic partnership with the customer and to provide specialised advice and tailored products and services.

Shipping, Offshore & Oil Services

The Nordea Group believes that the Nordea Group has a solid recognition in the maritime sector. With a global business platform, strong syndication franchise and consistent presence in the market during business cycles, Nordea believes that the Nordea Group has positioned itself as a globally leading bank to the shipping, offshore and oil services industries, and further that the Nordea Group's exposure to the shipping, offshore and oil services industries is well diversified.

Banking Russia

The Nordea Group offers banking services to corporate and household customers in Russia through its wholly owned subsidiary, OJSC Nordea Bank, a full service bank. Banking Russia has a particular focus on making business with large global companies and core Nordic clients in Russia and offers all regular banking products, including cash management, lending and capital markets services. Based on its strong presence in the Nordic countries, the Nordea Group believes that the Nordea Group can offer companies active both there and in Russia solutions that meet their needs for banking services.

Nordea Markets

The Nordea Group believes that Nordea Markets is the leading capital markets and investment banking operation in the Nordic region. Nordea Markets is responsible for handling trading, research and sales within areas such as foreign exchange, fixed income, equities, structured products, commodities, capital markets services, financial advisory and corporate finance. Nordea Markets offers its products to corporate and financial institutions and through Wealth Management to household customers. The activities in Nordea Markets are purely customer-driven. The strategy of the Nordea Group is to further increase business in risk management products with Nordea's corporate customers.

Transaction Products

The Transaction Products product division consists of three units, Cash Management, Trade Finance and Payment Operations. The division is responsible for the product offering within, among others, transaction products and services, working capital related services, corporate e-channels and trade financing.

International Units

The Nordea Group operates an international network of branches in New York, London, Frankfurt, Shanghai and Singapore, as well as representative offices in São Paulo and Beijing. In addition to its own network, the Nordea Group has entered into various cooperation agreements with banks around the world. As a result, the Nordea Group is able to offer its corporate customers high-quality solutions for their international business. The product offering focuses on day-to-day banking services, credit products, cash management, trade finance and capital markets products. The Nordea Group's business in the Baltic countries is operated through branches of Nordea Bank Finland.

Wealth Management

Wealth Management provides high-quality investment, savings and risk management products, manages the Nordea Group's customers' assets and advises affluent and high-net-worth individuals as well as institutional investors on their financial situation.

Private Banking

The Nordea Group operates its Private Banking business through an integrated model with Retail Banking. The Nordea Group believes that this integrated operating model enables it to fully leverage the distribution capabilities and customer base of the whole Group as well as to utilise the investment and product development competencies in the Group.

In addition to its Nordic Private Banking operations, the Nordea Group engages in International Private Banking operations that are targeted to both customers of a Nordic origin domiciled outside the Nordic region and international customers off non-Nordic origin.

Asset Management

Asset Management is responsible for delivering the Nordea Group's savings products to household customers, including private banking customers. The savings product offering consists of actively managed investment products such as investment funds, life insurance and pension products and discretionary mandates. Asset Management is also responsible for the Nordea Group's asset management offerings to large corporate and institutional customers.

Life & Pensions

Life & Pensions covers product development and packaging of life insurance and pension products to corporate and household customers. Customers are served through banking branches, Life & Pensions' own sales force or via tied agents and brokers.

Nordea Group's Previous Operating Model

Prior to June 2011, the Nordea Group divided its operations into customer areas (Nordic Banking, Corporate Merchant Banking, Private Banking, Financial Institutions, Shipping, Oil Services & International and New European Markets) and product areas (Banking Products, Markets FICC and Saving Products), in addition to which the Nordea Group had Group Operations and Service and Staff Units:

- Customer Areas: The Nordea Group divided its operations into six business areas that focused on customer relations: Nordic Banking, Corporate Merchant Banking, Private Banking, Financial Institutions, Shipping, Oil Services & International and New European Markets. The customer areas were responsible for advising customers and for product sales. Nordic Banking, the Nordea Group's largest customer area, served household customers and corporate customers in the Nordic markets whereas Corporate Merchant Banking served the largest corporate customers. Private Banking served the Nordea Group's Nordic and international private banking customers. Financial Institutions had global customer responsibility for financial institutions, while Shipping, Oil Services & International had the global customer responsibility for shipping, offshore and oil services companies. The New European Markets had

responsibility for the Nordea Group's banking activities in Estonia, Latvia, Lithuania, Poland and Russia.

- Product Areas: In the previous operating model, the product and service delivery chain was streamlined by organising all products and services across the Nordea Group into three product areas, Banking Products, Markets FICC and Savings Products. Within these product areas, the Nordea Group organised all products and related processing into six main product divisions: Account Products, Transaction Products and Finance Products (in the Banking Products product area), Markets FICC (in the Markets FICC product area), Life & Pension Products and Savings Products & Asset Management (in the Savings Products product area). The product areas were group-wide and responsible for ensuring common simple and transparent delivery processes and a flexible and fast product development.

- Group Operations and Service and Staff Units: Group Operations and Service and Staff Units supported the customer areas and the product areas and were responsible for providing basic infrastructure for business, making it easier for customers to do business with Nordea.

Up to and including the second quarter of 2011, the Nordea Group's financial reporting structure was largely aligned with the customer areas under the previous operating model and the Nordea Group's operations were divided into Nordic Banking (including the operations within Corporate Merchant Banking), New European Markets, Financial Institutions and Shipping, Oil Services & International, and Other Operating Segments and Group Functions.

Strategy

In 2007, the Nordea Group initiated a clear organic growth strategy both in the Nordic markets as well as in the other Baltic Sea markets. The Nordea Group maintained this strategic direction despite the challenging macroeconomic environment during the past years. The Nordea Group's current strategy is based on focused relationship strategy banking where financial solutions are provided in an efficient and diversified manner and where the main focus areas are:

- balanced customer focus, building on a customer-centric organisational design, in which the right products are delivered in the right way at a fair price based on the true cost of providing the products;

- people focus, clear values and principles are reflected in the objectives and incentives that are set within the Group, with the economic profit framework remaining at the heart of how management and support are pursued; and

- optimised value chain integration, adoption and development of best practices where loyalty to simplicity, transparency and reduction of complexity is promoted while keeping the Nordea Group's clients and their objectives in focus.

The Nordea Group believes that having one operating model and business area ownership of the end-to-end value chain ensures overview, accountability and congruence. This focused relationship strategy provides the basis for the Nordea Group's financial target, as further discussed below.

The Nordea Group believes that profitability will be key to maintaining a high credit rating, low funding costs and flexibility within the Nordea Group's capital position, and further believes that sound profitability is a prerequisite for providing customers with excellent customer experiences in a sustainable manner. For the Nordea Group to stay in what it sees as the top league in performance for its peer group of European banks, the Nordea Group believes it needs to increase the Group's return on equity by taking actions on both cost and capital efficiency, and at the same time continue to grow the Group's income. In line with this strategy, the Nordea Group has set a single financial target for the Group, which is to reach a return on equity of 15 per cent. in a normalised macroeconomic environment with a capital requirement of 11 per cent. (core Tier 1 capital) and higher interest rates. Subsequent to the setting of this financial target, Swedish authorities have announced a proposal that sets forth higher capital requirements for Swedish D-SIBs (domestic systemically important banks), which group includes the Nordea Group. Before the final framework for the capital adequacy standards that will be ultimately implemented in Sweden and elsewhere in Europe are known, and the related

funding and liquidity regulations are finalised, it is difficult to predict whether these standards will affect the Nordea Group's financial target.

Efficiency Initiatives

The Nordea Group has introduced efficiency initiatives aimed at both cost efficiency and asset and capital efficiency in order to mitigate the anticipated higher costs for banking in the changed business environment that is often referred to as the "New Normal". In June 2011, the Nordea Group implemented a new organisational structure, which the Nordea Group believes will enable a continued focus on efficiency across value chains and on assisting customers in finding efficient solutions in the "New Normal". The new organisational structure aims to ensure improved accountability and a focused implementation of identified cost efficiency measures. In the second half of 2011, the Nordea Group undertook a range of additional cost efficiency measures, including the reduction in the number of employees of the Group by approximately 2,000 in 2011 and 2012, and expects to initiate further efficiency measures. The Nordea Group has also taken initiatives for cost efficiency in, among other areas, IT development. The Nordea Group strives for further capital efficiency by focusing the business on capital-light products on the advisory and relationship business as well as ancillary income in customer relations. The Nordea Group's asset and capital efficiency initiatives further aim at taking actions to achieve only moderate growth in RWA despite income growth. These initiatives include reviews of credit risk processes for further improving RWA efficiency as well as further roll-out of IRB models.

Household and Corporate Relationships

The Nordea Group's relationship strategies are divided into a household relationship strategy and a corporate relationship strategy.

Household Relationship Strategy

Household customers are divided into four segments based on their business with the Nordea Group. The core philosophy of this strategy is to provide the best service, advice and product solutions to the customers and thereby to ensure loyalty, brand value and increase business and income. The household relationship strategy aims at moving existing customers to higher relationship segments, attracting new customers to enter relationship segments, freeing up more advisor time and reducing costs by multichannel distribution.

The Nordea Group believes that the successful implementation of the household relationship strategy will provide better income and growth potential, higher customer loyalty, more efficient services and lower risk, while also creating the customer benefits of a relationship-based and prioritised access to a named advisor, a long-term holistic view on the customer relationship and transparent and generally non-negotiable prices.

Corporate Relationship Strategy

Corporate customers comprise four segments based upon their business potential and complexity of banking needs. The corporate relationship strategy aims to increase the Nordea Group's market share with its largest customers and to become the leading bank among the largest corporate customers in all Nordic markets. For customers in the large and medium segments, the Nordea Group's aim is to make risk management products and capital markets transactions an integrated part of the basic product offering.

The Nordea Group believes that the successful implementation of the corporate relationship strategy will provide better income and growth potential, a balanced and diversified product mix and close partnership-based relationships and allow prudent risk taking, while also creating the customer benefits of relationship-based advice, access to the Nordea Group's products and balance sheet capacity, competitive prices and a partnership relation.

Recent Developments

Dividend Policy

The Issuer's annual shareholder general meeting held on 22 March 2012 (the "**2012 AGM**") approved a dividend payout for 2011 of EUR 0.26 per share. The total dividend payment for 2011 will therefore be EUR 1,047 million, corresponding to a payout ratio for 2011 of 40 per cent. of net profit, in line with Nordea Bank's dividend policy.

Acquisition of own shares within securities operations

The 2012 AGM resolved that Nordea Bank, in order to facilitate its securities business, may purchase its own ordinary shares according to chapter 7 section 6 of the Swedish Securities Market Act (*Sw: lagen (2007:528) om värdepappersmarknaden*). The purchase by Nordea Bank of its own shares is subject to the limitation that Nordea Bank's holding of such shares in its trading book must never exceed 1 per cent. of the total number of shares in Nordea Bank. The price for the ordinary shares shall equal the market price prevailing at the time of the purchase.

Guidelines for remuneration to the executive officers

The 2012 AGM resolved on guidelines for remuneration to executive officers (the President and Group CEO and other members of Group Executive Management). Nordea Bank shall maintain remuneration levels and other employment conditions needed to recruit and retain executive officers with competence and capacity to deliver according to Nordea Bank 's short- and long-term targets. Annual remuneration consists of a fixed salary part and a variable salary part. The fixed salary is paid for satisfactory performance. The variable salary part is offered to reward performance meeting agreed predetermined targets on group, business unit and individua1 level. The effect on long-term results is to be considered when determining the targets. The variable salary part shall as a general rule not exceed 35 per cent. of the fixed salary. The variable salary part shall be paid in the form of cash and shares/share price-related payment and be subject to retention, deferral and forfeiture clauses.

Remuneration of Executive officers will be decided by the Board of Directors in accordance with Nordea Bank's internal policies and procedures, which are based on the SFSA's regulations on remuneration systems, the European directive on capital requirements for banks as well as international sound compensation practices.

Long Term Incentive Programme for managers and key employees

The 2012 AGM resolved to introduce a long-term incentive programme ("**LTIP 2012**"). The Board of Directors' main objective with the adoption of LTIP 2012 was, as was the case with the five corresponding programmes implemented in 2007, 2008, 2009, 2010 and 2011, to strengthen the Nordea Group's capability to retain and recruit the best talent for key leadership positions. The aim of the long-term incentive programme is further to stimulate managers and key employees, whose efforts have direct impact on the Nordea Group's results, profitability and long-term value growth, to increased efforts by aligning their interests and perspectives with those of the shareholders. Each of the long-term incentive programmes target up to 400 managers and other key employees of the Nordea Group, who are deemed to be of considerable significance to the Group's future development.

Repurchase of C-shares for LTIP 2012

The 2012 AGM decided on a combination of a redistribution of 6,680,832 shares from LTIP 2007-LTIP 2009 to LTIP 2012 and a directed issue of 2,679,168 C-shares, an authorisation to the Board of Directors to repurchase the C-shares and after the conversion of the C-shares to ordinary shares, transfer the ordinary shares to the members of LTIP 2012.

Capital Adequacy

The Nordea Group received approval from the relevant financial supervisory authorities in June 2007, permitting it to use the internal ratings based approach of Basel II for its corporate and institutional credit portfolios in Denmark, Finland, Norway and Sweden (with exceptions for foreign branches and subsidiaries). In December 2008, the Nordea Group also received approval to use internal ratings based models for its retail credit portfolio. The Nordea Group had 75 per cent. of the exposure covered by Internal Rating Based ("**IRB**") approaches as of December 31, 2011. Nordea aims to continue the roll-out of the IRB approaches. The main focus is the development of advanced IRB for corporate customers in the Nordic area, including internal estimates of LGD and CCF. The Nordea Group is also approved to use its internal Value-at-Risk ("**VaR**") models to calculate capital requirements for the major parts of the market risk in the trading books. For operational risk, the standardized approach is applied. Nordea Group's consolidated risk-weighted assets ("**RWA**") are calculated based on pillar 1 requirements under Basel II, however regulatory transitional rules still applies which is based on the Basel I calculation of RWA.

The Internal Capital Adequacy Assessment Process ("**ICAAP**") describes the Nordea Group's management, mitigation and measurement of material risks and assesses the adequacy of internal capital

by defining the internal capital requirement which aims to ensure that the Group keeps sufficient available capital to cover all the risks taken over a foreseeable future.

The Nordea Group bases the internal capital requirements under the ICAAP on a "pillar 1 plus pillar 2" approach, which in practice means a combination of Capital Requirements Directive ("**CRD**") risk definitions, the Nordea Group's Economic Capital ("**EC**") framework and buffers for periods of economic stress.

The "pillar 1 plus pillar 2" approach uses the pillar 1 capital requirement for credit risk, market risk and operational risk as outlined in the CRD as the starting point for its risk assessment. In the next step, pillar 2 risks, i.e., risks not included in pillar 1, are considered such as interest rate risk in the banking book, risk in the Nordea Group's internal defined benefit plans, real estate risk, concentration risk and business risk.

The Nordea Group uses its EC framework to identify and assess pillar II risks, and as its primary tool for internal capital allocation considering all risk types. Another important component of assessing capital adequacy is stress testing. Nordea stress tests both pillar 1 and pillar 2 risks and the stress tests are considered when determining Nordea Group's internal capital requirement.

As a consequence of the financial turmoil and the upcoming regulations, the focus has shifted towards building capital analyses on regulatory capital requirement rather than the result of internal economic capital models. Due to the shift in focus as well as to ensure that each business area within Nordea is correctly charged for the actual capital consumption, the Nordea Group decided in 2010 to align the economic capital framework towards the regulatory capital framework, i.e., the pillar 1 risk measurement methods are used in the economic capital framework for credit, market and operational risk. However, the pillar 2 risks are still included in the economic capital framework.

Government Stabilisation Plans

Government guarantee schemes

In response to the financial markets turmoil, the governments in each of the Nordic countries launched state funding schemes, guarantee schemes or capitalisation programmes. To date, other than to facilitate the Swedish State's subscription of its *pro rata* number of new ordinary shares in the rights offering carried out in the spring of 2009 through the National Debt Office, the Nordea Group has not joined the Finnish or Swedish state funding or capitalisation schemes or the Danish or Norwegian capitalisation schemes. The Swedish State's subscription in Nordea's rights offering was financed through the State's stabilisation fund. The stabilisation fund is financed with fees paid by banks and other credit institutions. The total stabilisation fee paid by the Nordea Group in Sweden was EUR 55 million in 2011.

In the first half of 2011, central banks and governments begun to unwind the support measures introduced in 2008 and 2009. However, during the summer months investors became increasingly concerned about sovereign debt crisis together with political uncertainties and weakening growth prospects. The room for fiscal stimulus has been reduced by debt worries and consequently the central banks have been forced to continue to provide liquidity to the markets. There has been a clear tightening of liquidity conditions which has also been reflected in the interbank markets.

In Denmark, the Nordea Group has incurred provisions in 2011 in relation to the Danish Deposit Guarantee Fund in connection to bank collapses. These provisions have been accounted for as net loan losses and amounted net to EUR 58 million. In 2010, the Nordea Group reported net loan loss provisions in relation to the previous Danish guarantee scheme of EUR 101 million, in addition to the annual commission expenses.

NORDEA BANK AB (PUBL)

Operational Overview

Nordea Bank AB (publ) or, as the case may be, a predecessor to Nordea Bank, has operated as a part of the Nordea Group since 1998, which was formed as a result of the merger between Merita and Nordbanken. The merger between Merita and Nordbanken has been addressed in detail above; see "*The Nordea Group—Formation of the Nordea Group*".

Nordea Bank conducts banking operations in Sweden within the scope of the Nordea Group's business organisation. Nordea Bank develops and markets financial products and services to personal customers, corporate customers and the public sector.

Legal Structure and Subsidiaries

Nordea Bank Sverige AB (publ) was a wholly owned subsidiary of Nordea Bank (formerly Nordea AB (publ)) until 1 March 2004, when Nordea Bank Sverige merged with NBAB (see above "*The Nordea Group—Legal Structure*" for further information). Nordea Bank was incorporated on 8 October 1997 in accordance with Swedish law. Nordea Bank's registered office is located in Stockholm, Sweden. Nordea Bank 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), and further to pursue financing operations and operations related thereto including, *inter alia*, carrying out securities business. Nordea Bank is subject to substantial regulation in all markets in which it operates. Nordea Bank is registered at the Swedish Companies Registration Office under the name Nordea Bank AB. Nordea Bank is a public (publ) limited liability company with registration no. 516406-0120. The head office is located in Stockholm at the following address: Smålandsgatan 17, 105 71 Stockholm (telephone no. +46 8-614 70 00). Nordea Bank has a number of directly and indirectly owned subsidiaries. Nordea Bank shares are listed on the stock exchanges in Stockholm, Helsinki and Copenhagen.

The Main Subsidiaries

The three main subsidiaries of Nordea Bank are Nordea Bank Danmark, Nordea Bank Finland and Nordea Bank Norge.

Nordea Bank Finland is a public limited liability company and has been granted a license from the Finnish Financial Supervisory Authority to conduct banking business in Finland. Banking and financing business in Finland is regulated by the Finnish Act on Credit Institutions (9.2.2007/121) (*Sw. Kreditinstitutslag*) and by the Finnish Act on Commercial Banks and Other Credit Institutions in the form of a Limited Company (28.12.2001/1501) (*Sw. lag om affärsbanker och andra kreditinstitut i aktiebolagsform*).

Nordea Bank Danmark is a public limited liability company (*Da. Aktieselskab*) and has been granted a license from the Danish Financial Supervisory Authority (*Da. Finanstilsynet*) to conduct banking business in Denmark. Banking business in Denmark is regulated by the Danish Financial Business Act (*Da. Lov om finansiel virksomhed*).

Nordea Bank Norge is regulated under the Norwegian Act on Commercial Banks (*Nw. lov 25. mai 1961 om forretningsbanker*) and the Act on Financial Institutions (*Nw. lov 10. juni 1988 nr. 40 om finansieringsvirksomhet og finansinstitusjoner*). In addition, Nordea Bank Norge holds a licence as an investment firm and is therefore also regulated by the Norwegian Securities Trading Act (*Nw. lov 29. juni 2007 nr. 75 om verdipapirhandel*).

Share Capital and Shareholders

As of the date of this Base Prospectus, Nordea Bank's share capital is EUR 4,047,272,751, consisting of 4,047,272,751 ordinary shares with a nominal value of EUR 1.00. Each share entitles the holder to one vote. Nordea is not entitled to vote with any Nordea shares it holds. The following table sets forth information relating to Nordea's five largest shareholders as of 29 February 2012.

	Number of shares (million)	Percent of share capital and votes
Shareholder		
Sampo Oyj	860.4	21.3%
Swedish State	544.2	13.5%
Nordea-fonden	158.2	3.9%

	Number of shares (million)	Percent of share capital and votes
Swedbank Robur Funds	131.0	3.2%
AMF Insurance and Funds	81.2	2.0%

Board of Directors

According to the Articles of Association, the Board of Directors shall consist of at least six and no more than fifteen members elected by the shareholders at the shareholders' meeting. As of the date of this Base Prospectus, the Board of Directors consists of nine members elected by the shareholders at the shareholders' meeting for the period until and including the annual general meeting in 2013. In addition, three members and one deputy member are appointed by the employees. Employees have a right, according to Swedish legislation, to be represented in the board. The CEO of Nordea is not a member of the Board of Directors.

The following table sets forth, for each member of the Board of Directors, his or her year of birth and the year of his or her initial appointment to the Board of Directors.

Name	Year of birth	Board member since	Position
Björn Wahlroos	1952	2008	Chairman
Marie Ehrling	1955	2007	Deputy Chairman
Stine Bosse	1960	2008	Member
Peter F. Braunwalder	1950	2012	Member
Svein Jacobsen	1951	2008	Member
Tom Knutzen	1962	2007	Member
Lars G. Nordström	1943	2003	Member
Sarah Russell	1962	2010	Member
Kari Stadigh	1955	2010	Member

In addition, the Board of Directors includes the following employee representatives (one of whom at any time is a deputy member) appointed by the trade unions.

Name	Year of birth	Board member since	Position
Kari Ahola	1960	2006	Employee Representative
Ole Lund Jensen	1960	2009	Employee Representative
Steinar Nickelsen	1962	2007	Employee Representative
Lars Oddestad	1950	2009	Deputy Employee Representative[(1)]

(1) Until 30 April 2012.

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

With the exception of the employee representatives, all members of the Board of Directors work outside the Nordea Group. No potential conflicts of interest exist between any duties to Nordea Bank of a member of the Board of Directors and the private interests or other duties of such persons.

Björn Wahlroos has been a member of the Board of Directors since 2008 and has served as its Chairman since 2011. As of the date of this Base Prospectus, Mr. Wahlroos also serves as the Chairman of the Board of Directors of Sampo Oyj, UPM-Kymmene Corporation and Hanken School of Economics in Helsinki. He is also a member of the Board of Directors of several organisations and charities, including the Finnish Business and Policy Forum EVA/ETLA and the Mannerheim Foundation.

Marie Ehrling has been a member of the Board of Directors since 2007 and has served as its Deputy Chairman since 2011. As of the date of this Base Prospectus, Ms. Ehrling is a member of the Board of Directors of Securitas AB, Loomis AB, Oriflame Cosmetics SA, Schibsted ASA, Safe Gate AB, Centre for Advanced Studies of Leadership at the Stockholm School of Economics, the World Childhood Foundation and Axel Johnson AB. She is also a member of the Business Executives Council of Invest Sweden and the Royal Swedish Academy of Engineering Sciences (IVA).

Stine Bosse has been a member of the Board of Directors since 2008. As of the date of this Base Prospectus, she serves as the Chairman of the Board of Directors of Børnefonden (the Danish Children's Heart Disease Foundation), Flügger A/S and The Royal Danish Theatre and is a member of the Board of Directors of TDC A/S, Aker ASA and Icopal a/s. Ms. Bosse is also non-executive

director of Amlin plc and a member of INSEAD, the Danish Council and an advocate for the United Nation's MDG Goals for UN.

Peter F. Braunwalder was elected as a member of the Board of Directors at the 2012 AGM. As of the date of this Base Prospectus, Mr. Braunwalder is Chairman of the Board of Directors of Thommen Medical AG and a member of the boards of Banque Heritage and the Menuhin Festival Gstaad.

Svein Jacobsen has been a member of the Board of Directors since 2008. As of the date of this Base Prospectus, Mr. Jacobsen is the Chairman of the Board of Directors of Vensafe AS, PSI Group ASA and Falkenberg AS. He is also a member of the Board of Directors of Heidenreich Holding AS and Commax AS and a member of the Advisory Board of CVC Capital Partners.

Tom Knutzen has been a member of the Board of Directors since 2007. Mr. Knutzen has been appointed as the CEO of Jungbunzlauer Suisse AG as from 2 April 2012. He is also the Chairman of the GUDP (Green Development and Demonstration Programme) under the Danish Ministry for Food, Agriculture and Fisheries and a member of the Board of Directors of the Confederation of Danish Industries (DI) and a member of Denmark's Growth Council.

Lars G. Nordström has been a member of the Board of Directors since 2003. As of the date of this Base Prospectus, Mr. Nordström is the Chairman of Vattenfall AB and the Finnish-Swedish Chamber of Commerce and a member of the Board of Directors of Viking Line Abp and the Swedish-American Chamber of Commerce and a member of the Royal Swedish Academy of Engineering Sciences (IVA). Mr. Nordström is also an honorary consul of Finland in Sweden.

Sarah Russell has been a member of the Board of Directors since 2010. As of the date of this Base Prospectus, Ms. Russell is the CEO of AEGON Asset Management.

Kari Stadigh has been a member of the Board of Directors since 2010. As of the date of this Base Prospectus, Mr. Stadigh is the Group CEO and President of Sampo Oyj. Mr. Stadigh also serves as the Chairman of the Board of Directors of If P&C Insurance Holding AB (publ), Kaleva Mutual Insurance Company and Mandatum Life Insurance Company Limited.

Group Executive Management

Group Executive Management currently consists of eight 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 (*Sw: 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
Christian Clausen	1955	2001	President and Group CEO
Torsten Hagen Jørgensen	1965	2011	Executive Vice President, Head of Group Operations and Other Lines of Business
Ari Kaperi	1960	2008	Executive Vice President, CRO, Head of Group Risk Management and Country Senior Executive in Finland
Casper von Koskull.....	1960	2010	Executive Vice President, Head of Wholesale Banking
Peter Nyegaard	1963	2011	Executive Vice President, Chief Operating Officer of Wholesale Banking
Michael Rasmussen.....	1964	2008	Executive Vice President, Head of Retail Banking and Country Senior Executive in Denmark
Fredrik Rystedt	1963	2008	Executive Vice President, CFO, Head of Group Corporate Centre and Country Senior Executive in Sweden
Gunn Wærsted.....	1955	2007	Executive Vice President, Head of Wealth Management and Country Senior Executive in Norway

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 Nordea Bank of a member of the Group Executive Management and the private interests or other duties of such persons.

Christian Clausen has been the President and Group CEO of Nordea since 2007 and a member of Group Executive Management since 2000. Mr. Clausen joined the Nordea Group in 2000 as Executive Vice President, Head of Asset Management & Life. Mr. Clausen participates in meetings of the Board of Directors of Nordea in his capacity as the CEO. As of the date of this Base Prospectus, Mr. Clausen is the President of the European Banking Federation and the Chairman of the Swedish Bankers' Association.

Torsten Hagen Jørgensen has been Executive Vice President, Head of Group Operations and Other Lines of Business and 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. As of the date of this Base Prospectus, Mr. Hagen Jørgensen is the Chairman of the Board of Directors of Nordea Finans Sverige AB (publ), Nordea Finance Finland Ltd, Nordea Finans Danmark A/S and OJSC Nordea Bank Russia, and member of the Board of Directors of Nordea Life Holding AB.

Ari Kaperi has been Executive Vice President and 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, a member of the Supervisory Board of Directors of Luottokunta Oy, and a member of the Advisory Board of Central Chamber of Commerce, Finnish Business and Policy Forum Eva/ETLA and University of Turku Foundation.

Casper von Koskull has been Executive Vice President and a member of Group Executive Management since 2010 and Head of Wholesale Banking since 2011. 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 member of the International Chamber of Commerce ICC Finland.

Peter Nyegaard has been Executive Vice President, Chief Operating Officer of Wholesale Banking and a member of Group Executive Management since 2011. Mr. Nyegaard joined the Nordea Group in 2000 and has held several executive positions within the Nordea Group. As of the date of this Base Prospectus, Mr. Nyegaard is member of the Board of Directors of Structured Finance Servicer A/S and OJSC Nordea Bank Russia.

Michael Rasmussen has been Executive Vice President, Country Senior Executive in Denmark and a member of Group Executive Management since 2008 and Head of Retail Banking since 2011. Mr. Rasmussen has held various positions with the Nordea Group since joining the bank in 2000. As of the date of this Base Prospectus, Mr. Rasmussen is the Chairman of the Board of Directors of The Danish Bankers' Association and The Industrialisation Fund for Developing Countries (IFU), a member of the Board of Directors of MultiData A/S and Danmarks Skibskredit A/S and a member of the European Banking Federation.

Fredrik Rystedt has been Executive Vice President, CFO and Head of Group Corporate Centre since 2008 and Country Senior Executive in Sweden since 2009. Mr. Rystedt has also been a member of Group Executive Management since 2008. As of the date of this Base Prospectus, Mr. Rystedt is the Chairman of the Board of Directors of Nordea Bank Finland Plc and a member of the Board of Directors of Nordea Bank Danmark A/S and Nordea Bank Norge ASA. Mr. Rystedt is also a substitute member of the Swedish Banking Association.

Gunn Wærsted has been Executive Vice President, Country Senior Executive in Norway and a member of Group Executive Management since 2007, and Head of Wealth Management since 2011. Ms. Wærsted was Head of Shipping, Private Banking & Savings Products from 2010 to 2011. As of the date of this Base Prospectus, Ms. Wærsted is a member of the Board of Directors of the Norwegian Depository Guaranty Fund and Finance Norway (FNO), a member of the Nomination Committee of

Schibsted ASA, the Corporate Assembly of Orkla ASA and a member of the Nomination Committee and the Council of Det Norske Veritas (DnV).

Independence

Nordea Bank complies with applicable rules regarding the independence of the Board of Directors. The Nomination Committee considers all members of the Board of Directors elected by the shareholders, apart from Björn Wahlroos and Kari Stadigh, independent of the Company's major shareholders. Björn Wahlroos is currently Chairman of the Board of Directors and Kari Stadigh is currently the Group CEO and President of Sampo Oyj which owns more than 10 per cent. of all shares and votes in Nordea Bank.

All of the members elected by the shareholders are independent of the Company and its executive management, with the exception of Lars G. Nordström. Lars G. Nordström was employed as President and CEO of the Nordea Group until 13 April 2007.

No member of the Board of Directors elected by the annual general meeting is employed by or working in an operative capacity in the Nordea Group. The members and the deputy members of the Board of Directors appointed by the employees are employed by the Nordea Group and therefore not independent of the Nordea Group.

The number of members of the Board of Directors who are independent in relation to the Nordea Group and its executive management as well as independent in relation to the Company's major shareholders exceeds the minimum requirement set forth in the Swedish Corporate Governance Code, which states that at least two of the Board members elected by the general meeting of shareholders who are independent of the company and the company's executive management shall also be independent of the company's major shareholders.

External Auditors

The annual general meeting of Nordea Bank's shareholders in 2011 approved an amendment to Nordea Bank's Articles of Association changing the auditors' term of office to one year. Prior to this amendment, auditors were elected by the general meeting for a term of four years, after which the general meeting could extend the term for an additional three years.

The auditor appointed by the 2012 AGM for the period until the end of the next annual general meeting is: KPMG AB with Carl Lindgren as auditor-in-charge, Box 16106, SE-103 23 Stockholm. The auditor is authorised by, and a member of, FAR SRS.

Legal Proceedings

Within the framework of the normal business operations, the Nordea Group faces claims in civil lawsuits and disputes, most of which involve relatively limited amounts. None of the current disputes may have, or have had, significant effects on the Nordea Group's position or profitability.

Articles of Association

The objects of Nordea Bank can be found in article 3 of its Articles of Association. The objects of Nordea Bank are to conduct such banking business referred to in Chapter 1 section 3 of the Swedish Banking and Financing Business Act (SFS 2004:297), to conduct financing operations and operations naturally connected therewith in accordance with Chapter 7 section 1 of the Swedish Banking and Financing Business Act and, in its capacity as parent company, to attend to and be responsible for overall functions in the Nordea Group, such as management, supervision, risk management and staff functions.

Material Agreements

Nordea Bank is not a party to any material agreement outside of its normal course of business which may result in another Nordea Group company obtaining a right or incurring an obligation which may materially affect the Nordea Bank's ability to perform its obligations.

Corporate Governance

Corporate governance in Nordea follows generally adopted principles of corporate governance. The external framework which regulates the corporate governance work include the Swedish Companies Act, Banking and Financing Business Act, Annual Accounts Act, the NASDAQ OMX rules and the rules and principles of the Swedish Code of Corporate Governance.

Nordea Bank's Recent Developments

For further information regarding any recent developments, see the sections entitled "*Legal Structure*" and "*Recent Developments*" in "*The Nordea Group*" above.

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 2011, which are set out in Annex 1 to this 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), have also been applied.

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

Income Statement

	Group	
EURm	**2011**	**2010**
Interest income	11,955	9,687
Interest expense	-6,499	-4,528
Net interest income	**5,456**	**5,159**
Fee and commission income	3,122	2,955
Fee and commission expense	-727	-799
Net fee and commission income	**2,395**	**2,156**
Net gains/losses on items at fair value	1,517	1,837
Profit from companies accounted for under the equity method	42	66
Other operating income	91	116
Total operating income	**9,501**	**9,334**
Operating expenses		
General administrative expenses:		
Staff costs	-3,113	-2,784
Other expenses	-1,914	-1,862
Depreciation, amortisation and impairment charges of tangible and intangible assets	-192	-170
Total operating expenses	**-5,219**	**-4,816**
Profit before loan losses	**4,282**	**4,518**
Net loan losses	-735	-879
Operating profit	**3,547**	**3,639**
Income tax expense	-913	-976
Net profit for the year	**2,634**	**2,663**
Attributable to:		
Shareholders of Nordea Bank AB (publ)	2,627	2,657
Non-controlling interests	7	6
Total	**2,634**	**2,663**

Balance Sheet

EURm	Group 31 December 2011	Group 31 December 2010
Assets		
Cash and balances with central banks	3,765	10,023
Treasury bills	11,105	13,112
Loans to credit institutions	51,865	15,788
Loans to the public	337,203	314,211
Interest-bearing securities	81,268	69,137
Financial instruments pledged as collateral	8,373	9,494
Shares	20,167	17,293
Derivatives	171,943	96,825
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-215	1,127
Investments in associated undertakings	519	554
Intangible assets	3,321	3,219
Property and equipment	469	454
Investment property	3,644	3,568
Deferred tax assets	169	278
Current tax assets	185	262
Retirement benefit assets	223	187
Other assets	19,425	22,857
Prepaid expenses and accrued income	2,703	2,450
Total assets	**716,204**	**580,839**
Liabilities		
Deposits by credit institutions	55,316	40,736
Deposits and borrowings from the public	190,092	176,390
Liabilities to policyholders	40,715	38,766
Debt securities in issue	179,950	151,578
Derivatives	167,390	95,887
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,274	898
Current tax liabilities	154	502
Other liabilities	43,368	38,590
Accrued expenses and prepaid income	3,496	3,390
Deferred tax liabilities	1,018	885
Provisions	483	581
Retirement benefit obligations	325	337
Subordinated liabilities	6,503	7,761
Total liabilities	**690,084**	**556,301**
Equity		
Non-controlling interests	86	84
Share capital	4,047	4,043

EURm	Group 31 December 2011	31 December 2010
Share premium reserve	1,080	1,065
Other reserves	-47	-146
Retained earnings	20,954	19,492
Total equity	**26,120**	**24,538**
Total liabilities and equity	**716,204**	**580,839**
Assets pledged as security for own liabilities	146,894	163,945
Other assets pledged	6,090	5,972
Contingent liabilities	24,468	23,963
Commitments	86,970	92,749

Cash Flow Statement

EURm	Group 2011	2010
Operating activities		
Operating profit	3,547	3,639
Adjustment for items not included in cash flow	537	1,619
Income taxes paid	–981	-1,045
Cash flow from operating activities before changes in operating assets and liabilities	**3,103**	**4,213**
Changes in operating assets		
Change in treasury bills	3,400	1,156
Change in loans to credit institutions	–20,784	4,476
Change in loans to the public	–23,749	-18,960
Change in interest-bearing securities	–19,900	-15,672
Change in financial assets pledged as collateral	1,100	2,118
Change in shares	–2,776	-3,563
Change in derivatives, net	–2,151	1,610
Change in investment properties	–77	-63
Change in other assets	3,438	-8,563
Changes in operating liabilities		
Change in deposits by credit institutions	14,307	-12,863
Change in deposits and borrowings from the public	13,341	16,076
Change in liabilities to policyholders	1,587	2,353
Change in debt securities in issue	27,205	12,472
Change in other liabilities	5,686	13,012
Cash flow from operating activities	**3,730**	**-2,198**
Investing activities		
Acquisition of business operations	0	-38
Acquisition of investments in associated undertakings	–16	-18
Sale of investments in associated undertakings	4	10
Acquisition of property and equipment	–157	-146

EURm	Group 2011	2010
Sale of property and equipment	35	48
Acquisition of intangible assets	–192	-181
Sale of intangible assets	0	0
Investments in debt securities, held to maturity	7,876	1,991
Purchase/sale of other financial fixed assets	15	1
Cash flow from investing activities	**7,565**	**1,667**
Financing activities		
Issued subordinated liabilities	891	1,750
Amortised subordinated liabilities	–2,232	-1,556
New share issue	4	6
Divestment of own shares incl change in trading portfolio	_	74
Repurchase of own shares incl change in trading portfolio	–4	_
Dividend paid	–1,168	-1,006
Cash flow from financing activities	**–2,509**	**-732**
Cash flow for the year	**8,786**	**-1,263**
Cash and cash equivalents at the beginning of year	13,706	13,962
Translation differences	114	1,007
Cash and cash equivalents at the end of year	22,606	13,706
Change	**22,606**	**-1,263**

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Swedish Taxation

Under present Swedish law payments in respect of the Notes, the Receipts and the Coupons will be exempt from all taxes, duties fees and imports of whatever nature, imposed or levied by or within Sweden or by any municipality or other political subdivision or taxing authority thereof or therein, except when the holder of the Note or Coupon to which any such payment relates is subject to such taxation thereon by reason of such holder being connected with Sweden otherwise than solely by his holding of such Note or Coupon or the receipt of income therefrom. Investors who are physical persons resident in Sweden for tax purposes are subject to a 30 per cent. preliminary tax (*Sw.preliminärskatt*) which generally will be withheld from interest payments.

European Union Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of 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 Ltd., Merrill Lynch International, Nordea Bank AB (publ), Nordea Bank Danmark A/S, Nordea Bank Finland Plc, Nordea Bank Norge ASA, UBS Limited and UniCredit Bank AG (the "**Dealers**"). 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 an amended and restated dealership agreement dated 27 April 2012 (as amended and/or restated from time to time the "**Dealership Agreement**") and made between the Issuer and the Dealers. Any such agreement will *inter alia* make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or renewal of existing Dealers and the appointment of additional or other Dealers.

The United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed or will agree and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealership Agreement, it has not offered, sold or delivered, and will not offer, sell or deliver, Notes of any Tranche (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the date of issue of the relevant Tranche of Notes and the completion of the distribution of such Tranche as certified to the Fiscal Agent or the Issuer by the relevant Dealer(s) within the United States or to, or for the account or of benefit of, U.S. persons, and that it will have sent to each Dealer to which it sells Notes of such Tranche during the distribution compliance period (other than in respect of the Notes, pursuant to Rule 144A under the Securities Act) a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account of benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any Tranche of Notes an offer or sale of Notes of such Tranche within the United States by a Dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

Notwithstanding the foregoing, Dealers nominated by the Issuer may arrange for the offer and sale of Registered Notes in the United States pursuant to Rule 144A under the Securities Act. Each purchaser of such Notes is hereby notified that the offer and sale of such Notes may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. See "*Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions*".

In addition, certain Series of Notes in respect of which any payment is determined by reference to an index or formula, or to changes in prices of securities or commodities, or certain other Notes will be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealers may agree, as indicated in the relevant Final Terms. Each Dealer has agreed that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made

and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) *Approved prospectus*: if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended) and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not, or, in the case of the Issuer would not, if it was not an authorised person, apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Denmark

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Securities Trading Act (Consolidated Act No. 883 of 9

August 2011, as amended) (in Danish: *Værdipapirhandelsloven*) and Executive Orders issued thereunder.

Finland

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it will not publicly offer the Notes or bring the Notes into general circulation in Finland other than in compliance with all applicable provisions of the laws of Finland and especially in compliance with the Finnish Securities Market Act (495/1989) and any regulation or rule made thereunder, as supplemented and amended from time to time.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Norway

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it will comply with all laws, regulations and guidelines applicable to the offering of Notes in Norway.

The Netherlands

For selling restrictions in respect of The Netherlands, see "*Public Offer Selling Restriction Under the Prospectus Directive*" above and in addition:

Zero Coupon Notes (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam N.V. admitted on one or more systems held or operated by Euronext Amsterdam N.V. in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. As used herein "**Zero Coupon Notes**" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Sweden

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) the Notes will only be offered to the public in Sweden if (A) the procedure and provisions under the section "*Public Offer Selling Restriction Under the Prospectus Directive*" of "*Subscription and Sale*" in this Base Prospectus are complied with, subject to that sub-section (c) under that section shall be replaced with the following in relation to Sweden: "at any time to any legal entity which during each of the two previous financial years has two or more of (1) an average of at least 250 employees; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of

more than €50,000,000, as shown in its annual accounts"; or (B) the minimum denomination of each Note is €50,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency); or (C) the Notes have a maturity of less than one year; and

(b) no Notes will be admitted to trading on a regulated market in Sweden unless and until (A) a prospectus in relation to those Notes has been approved by the competent authority in Sweden or, where appropriate, approved in another Relevant Member State and such competent authority has notified the competent authority in Sweden, all in accordance with the Prospectus Directive and the Swedish Financial Instruments Trading Act; or (B) the Notes have a maturity of less than one year.

For the purposes of this provision, the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

General

With the exception of the approval by the Central Bank of this Base Prospectus as a base prospectus issued in compliance with the Prospectus Directive, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this document.

GENERAL INFORMATION

1. The update of the Programme was authorised by a duly convened meeting of the Board of Directors of the Issuer on 27 February 2004. The increase in the Programme amount to €40,000,000,000 was decided by the Board of Directors of the Issuer on 21 December 2010.

2. Neither the Issuer nor any of its subsidiaries is, or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Nordea Group.

3. Since 31 December 2011, the date to which the latest audited financial statements of the Issuer were prepared there has been no material adverse change in the prospects of the Issuer or the Nordea Group.

4. Since 31 March 2012, 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.

5. The consolidated financial statements of the Issuer have been audited without qualification for years ended 31 December 2011 and 2010 by the public accountants KPMG AB. The auditors of the Issuer have no material interest in the Issuer.

6. For the twelve months following the date of this Base Prospectus, physical copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Fiscal Agent in London and the registered office of the Issuer:

   (a) the certificate of Registration and Articles of Association of the Issuer;

   (b) the Fiscal Agency Agreement (as amended from time to time) (which contains the forms of the Notes);

   (c) the Deed of Covenant (as supplemented from time to time);

   (d) the Dealership Agreement (as amended from time to time);

   (e) the audited consolidated and unconsolidated financial statements of the Issuer for the years ended 31 December 2011 and 31 December 2010 including the audit reports relating thereto, and the unaudited consolidated and unconsolidated interim financial statements of the Issuer for the three months ended 31 March 2012;

   (f) this Base Prospectus, together with any supplements thereto;

   (g) the Final Terms for issues listed on any stock exchange and issued pursuant to this Base Prospectus; and

   (h) the Issuer-ICSDs Agreement.

7. 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. The appropriate common code and International Securities Identification Number for each issue allocated by Euroclear and Clearstream, Luxembourg and details of any other agreed clearance system(s) will be contained in the Final Terms relating thereto. In addition, Notes purchased pursuant to Rule 144A will be accepted for trading in book entry form by DTC. The relevant CUSIP numbers applicable to a Series of Notes purchased pursuant to Rule 144A will be contained in the Final Terms relating thereto.

8. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

9. The address of DTC is 55 Water St., 22nd Floor, New York, New York 10041-0099.

10. The address of VP is VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen 5.

11. The address of VPS is Norwegian Central Securities Depository, VPS ASA, P.O. 4, 0051 Oslo.

12. The address of Euroclear Sweden AB is Swedish Central Securities Depository, Euroclear Sweden, Box 7822, SE 103 97 Stockholm, Sweden.

13. It is expected that each Series of Notes which is to be admitted to the Official List of the Irish Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Temporary Global Note initially representing the Notes of such Series or, as the case may be, the relevant Registered Notes and the approval of the Programme in respect of such Note(s) will be granted on or about 27 April 2012.

14. Settlement arrangements will be agreed between the Issuer, the relevant Dealer and the Fiscal Agent or, as the case may be, the Registrar in relation to each Series.

15. For so long as any of the Notes offered hereby remain outstanding and are "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer has agreed, during any period in which it is neither subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder to furnish to any holder of, or beneficial owner of an interest in, Notes or to a prospective purchaser designed by any such Holder or owner the information specified in, and meeting the requirements of, Rule 144A(d)(4), upon written request of any such Holder or owner.

16. There are no material contracts having been entered into outside the ordinary course of the Issuer's business and which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders in respect of the Notes being issued.

17. The Issuer does not intend to provide post-issuance information under paragraph 7.5 of Annex XII of Regulation (EC) No 809/2004.

18. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

19. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

20. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

ANNEX 1 - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NORDEA BANK FOR THE YEAR ENDED 31 DECEMBER 2011, INCLUDING THE AUDITOR'S REPORT AND NOTES RELATING THERETO

Income statement, Group

EURm	Note	2011	2010
Operating income			
Interest income		11,955	9,687
Interest expense		–6,499	–4,528
Net interest income	G3	**5,456**	**5,159**
Fee and commission income		3,122	2,955
Fee and commission expense		–727	–799
Net fee and commission income	G4	**2,395**	**2,156**
Net result from items at fair value	G5	1,517	1,837
Profit from companies accounted for under the equity method	G20	42	66
Other operating income	G6	91	116
Total operating income		**9,501**	**9,334**
Operating expenses			
General administrative expenses:			
Staff costs	G7	–3,113	–2,784
Other expenses	G8	–1,914	–1,862
Depreciation, amortisation and impairment charges of tangible and intangible assets	G9, G21, G22	–192	–170
Total operating expenses		**–5,219**	**–4,816**
Profit before loan losses		**4,282**	**4,518**
Net loan losses	G10	–735	–879
Operating profit		**3,547**	**3,639**
Income tax expense	G11	–913	–976
Net profit for the year		**2,634**	**2,663**
Attributable to:			
Shareholders of Nordea Bank AB (publ)		2,627	2,657
Non-controlling interests		7	6
Total		**2,634**	**2,663**
Basic earnings per share, EUR	G12	0.65	0.66
Diluted earnings per share, EUR	G12	0.65	0.66

Statement of comprehensive income, Group

EURm	2011	2010
Net profit for the year	**2,634**	**2,663**
Currency translation differences during the year	–28	669
Currency hedging of net investments in foreign operations	0	–407
Tax on currency hedging of net investments in foreign operations	0	107
Available-for-sale investments:[1]		
Valuation gains/losses during the year	5	3
Tax on valuation gains/losses during the year	–1	–1
Cash flow hedges:		
Valuation gains/losses during the year	166	1
Tax on valuation gains/losses during the year	–43	0
Other comprehensive income, net of tax	**99**	**372**
Total comprehensive income	**2,733**	**3,035**
Attributable to:		
Shareholders of Nordea Bank AB (publ)	2,726	3,029
Non-controlling interests	7	6
Total	**2,733**	**3,035**

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

Balance sheet, Group

EURm	Note	31 Dec 2011	31 Dec 2010
Assets			
Cash and balances with central banks		3,765	10,023
Treasury bills	G13	11,105	13,112
Loans to credit institutions	G14	51,865	15,788
Loans to the public	G14	337,203	314,211
Interest-bearing securities	G15	81,268	69,137
Financial instruments pledged as collateral	G16	8,373	9,494
Shares	G17	20,167	17,293
Derivatives	G18	171,943	96,825
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G19	–215	1,127
Investments in associated undertakings	G20	591	554
Intangible assets	G21	3,321	3,219
Property and equipment	G22, G23	469	454
Investment property	G24	3,644	3,568
Deferred tax assets	G11	169	278
Current tax assets	G11	185	262
Retirement benefit assets	G34	223	187
Other assets	G25	19,425	22,857
Prepaid expenses and accrued income	G26	2,703	2,450
Total assets		**716,204**	**580,839**
Liabilities			
Deposits by credit institutions	G27	55,316	40,736
Deposits and borrowings from the public	G28	190,092	176,390
Liabilities to policyholders	G29	40,715	38,766
Debt securities in issue	G30	179,950	151,578
Derivatives	G18	167,390	95,887
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G19	1,274	898
Current tax liabilities	G11	154	502
Other liabilities	G31	43,368	38,590
Accrued expenses and prepaid income	G32	3,496	3,390
Deferred tax liabilities	G11	1,018	885
Provisions	G33	483	581
Retirement benefit obligations	G34	325	337
Subordinated liabilities	G35	6,503	7,761
Total liabilities		**690,084**	**556,301**
Equity			
Non-controlling interests		86	84
Share capital		4,047	4,043
Share premium reserve		1,080	1,065
Other reserves		–47	–146
Retained earnings		20,954	19,492
Total equity		**26,120**	**24,538**
Total liabilities and equity		**716,204**	**580,839**
Assets pledged as security for own liabilities	G36	146,894	149,117
Other assets pledged	G37	6,090	5,972
Contingent liabilities	G38	24,468	23,963
Commitments	G39	86,970	91,426

Statement of changes in equity, Group

	Attributable to shareholders of Nordea Bank AB (publ)[2]								
			Other reserves:						
EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2011	**4,043**	**1,065**	**–148**	**—**	**2**	**19,492**	**24,454**	**84**	**24,538**
Net profit for the year	—	—	—	—	—	2,627	2,627	7	2,634
Currency translation differences during the year	—	—	–28	—	—	—	–28	—	–28
Currency hedging of net investments in foreign operations	—	—	0	—	—	—	0	—	0
Tax on currency hedging of net investments in foreign operations	—	—	0	—	—	—	0	—	0
Available-for-sale investments:									
Valuation gains/losses during the year	—	—	—	—	5	—	5	—	5
Tax on valuation gains/losses during the year	—	—	—	—	–1	—	–1	—	–1
Cash flow hedges:									
Valuation gains/losses during the year	—	—	—	166	—	—	166	—	166
Tax on valuation gains/losses during the year	—	—	—	–43	—	—	–43	—	–43
Other comprehensive income, net of tax	—	—	–28	123	4	—	99	—	99
Total comprehensive income	—	—	–28	123	4	2,627	2,726	7	2,733
Issued C-shares[3]	4	—	—	—	—	—	4	—	4
Repurchase of C-shares[3]	—	—	—	—	—	–4	–4	—	–4
Share-based payments	—	—	—	—	—	11	11	—	11
Dividend for 2010	—	—	—	—	—	–1,168	–1,168	—	–1,168
Purchases of own shares[4]	—	—	—	—	—	–4	–4	—	–4
Other changes	—	15[5]	—	—	—	—	15	–5	10
Balance at 31 Dec 2011	**4,047**	**1,080**	**–176**	**123**	**6**	**20,954**	**26,034**	**86**	**26,120**

1) Total shares registered were 4,047 million.
2) Restricted capital was 4,047m, unrestricted capital was EUR 21,987m.
3) Refers to the Long Term Incentive Programme (LTIP). LTIP 2011 was hedged by issuing 4,730,000 C-shares. The shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 18.2 million.
4) 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 were 20.7 million.
5) In connection to the rights issue in 2009 an assessment was made on the VAT Nordea would have to pay on the transaction costs. This assessment has been changed in 2011 based on a new tax case law.

	Attributable to shareholders of Nordea Bank AB (publ)[2]								
			Other reserves:						
EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2010	**4,037**	**1,065**	**–517**	**–1**	**—**	**17,756**	**22,340**	**80**	**22,420**
Net profit for the year	—	—	—	—	—	2,657	2,657	6	2,663
Currency translation differences during the year	—	—	669	—	—	—	669	—	669
Currency hedging of net investments in foreign operations	—	—	–407	—	—	—	–407	—	–407
Tax on currency hedging of net investments in foreign operations	—	—	107	—	—	—	107	—	107
Available-for-sale investments:									
Valuation gains/losses during the year	—	—	—	—	3	—	3	—	3
Tax on valuation gains/losses during the year	—	—	—	—	–1	—	–1	—	–1
Cash flow hedges:									
Valuation gains/losses during the year	—	—	—	1	—	—	1	—	1
Tax on valuation gains/losses during the year	—	—	—	0	—	—	0	—	0
Other comprehensive income, net of tax	—	—	369	1	2	—	372	—	372
Total comprehensive income	—	—	369	1	2	2,657	3,029	6	3,035
Issued C-shares[3]	6	—	—	—	—	—	6	—	6
Repurchase of C-shares[3]	—	—	—	—	—	–6	–6	—	–6
Share-based payments	—	—	—	—	—	17	17	—	17
Dividend for 2009	—	—	—	—	—	–1,006	–1,006	—	–1,006
Divestment of own shares[4]	—	—	—	—	—	74	74	—	74
Other changes	—	—	—	—	—	—	—	–2	–2
Balance at 31 Dec 2010	**4,043**	**1,065**	**–148**	**—**	**2**	**19,492**	**24,454**	**84**	**24,538**

1) Total shares registered were 4,043 million.
2) Restricted capital was 4,043m, unrestricted capital was EUR 20,411m.
3) Refers to the Long Term Incentive Programme (LTIP). LTIP 2010 was hedged by issuing 5,125,000 C-shares. The shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 15.4 million.
4) 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 were 16.9 million.

Dividends per share

See Statement of changes in equity for the parent company, page 165.

Cash flow statement, Group

EURm	2011	2010
Operating activities		
Operating profit	3,547	3,639
Adjustment for items not included in cash flow	537	1,619
Income taxes paid	–981	–1,045
Cash flow from operating activities before changes in operating assets and liabilities	**3,103**	**4,213**
Changes in operating assets		
Change in treasury bills	3,400	1,156
Change in loans to credit institutions	–20,784	4,476
Change in loans to the public	–23,749	–18,960
Change in interest-bearing securities	–19,900	–15,672
Change in financial assets pledged as collateral	1,100	2,118
Change in shares	–2,776	–3,563
Change in derivatives, net	–2,151	1,610
Change in investment properties	–77	–63
Change in other assets	3,438	–8,563
Changes in operating liabilities		
Change in deposits by credit institutions	14,307	–12,863
Change in deposits and borrowings from the public	13,341	16,076
Change in liabilities to policyholders	1,587	2,353
Change in debt securities in issue	27,205	12,472
Change in other liabilities	5,686	13,012
Cash flow from operating activities	**3,730**	**–2,198**
Investing activities		
Acquisition of business operations	0	–38
Sale of business operations	0	0
Acquisition of associated undertakings	–16	–18
Sale of associated undertakings	4	10
Acquisition of property and equipment	–157	–146
Sale of property and equipment	35	48
Acquisition of intangible assets	–192	–181
Sale of intangible assets	0	0
Net investments in debt securities, held to maturity	7,876	1,991
Purchase/sale of other financial fixed assets	15	1
Cash flow from investing activities	**7,565**	**1,667**
Financing activities		
Issued subordinated liabilities	891	1,750
Amortised subordinated liabilities	–2,232	–1,556
New share issue	4	6
Divestment of own shares incl change in trading portfolio	—	74
Repurchase of own shares incl change in trading portfolio	–4	—
Dividend paid	–1,168	–1,006
Cash flow from financing activities	**–2,509**	**–732**
Cash flow for the year	**8,786**	**–1,263**
Cash and cash equivalents at the beginning of year	13,706	13,962
Translation difference	114	1,007
Cash and cash equivalents at the end of year	22,606	13,706
Change	**8,786**	**–1,263**

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Adjustment for non-cash items includes:

EURm	2011	2010
Depreciation	190	166
Impairment charges	2	4
Loan losses	811	957
Unrealised gains/losses	–2,419	–931
Capital gains/losses (net)	–4	–2
Change in accruals and provisions	–225	236
Translation differences	62	–718
Change in bonus potential to policyholders	–575	159
Change in fair value of the hedge items, assets/liabilities (net)	1,842	–346
Other	853	2,094
Total	**537**	**1,619**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

EURm	2011	2010
Interest payments received	11,896	9,933
Interest expenses paid	6,376	4,542

Investing activities

Investing activities include acquisitions and disposals of non-current assets, like property and equipment, intangible and financial assets. Aggregated cash flows arising from acquisition and sale of business operations are presented separately and consist of:

EURm	2011	2010
Acquisition of business operations		
Cash and cash equivalents	—	7
Property & equipment and intangible assets	—	2
Other assets	—	2
Total assets	**—**	**11**
Other liabilities and provisions	—	–2
Total liabilities	**—**	**–2**
Purchase price paid	**—**	**–9**
Cash and cash equivalents in acquired business operations	—	7
Payment of the remaining settlement from the Fionia acquisition in 2009	—	–36
Net effect on cash flow	**—**	**–38**

Financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, dividends and issued/amortised subordinated liabilities.

Cash and cash equivalents

The following items are included in Cash and cash equivalents:

EURm	31 Dec 2011	31 Dec 2010
Cash and balances with central banks	3,765	10,023
Loans to credit institutions, payable on demand	18,841	3,683
	22,606	**13,706**

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.

Quarterly development, Group

EURm	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	2011	2010
Net interest income	1,427	1,379	1,326	1,324	1,365	1,310	1,249	1,235	5,456	5,159
Net fee and commission income	588	582	623	602	618	525	538	475	2,395	2,156
Net result from items at fair value	506	111	356	544	504	446	339	548	1,517	1,837
Profit from companies accounted for under the equity method	15	–4	13	18	5	29	7	25	42	66
Other income	22	23	24	22	15	53	28	20	91	116
Total operating income	**2,558**	**2,091**	**2,342**	**2,510**	**2,507**	**2,363**	**2,161**	**2,303**	**9,501**	**9,334**
General administrative expenses:										
Staff costs	–714	–887	–744	–768	–675	–721	–701	–687	–3,113	–2,784
Other expenses	–502	–474	–485	–453	–543	–436	–445	–438	–1,914	–1,862
Depreciation, amortisation and impairment charges of tangible and intangible assets	–50	–52	–46	–44	–52	–39	–40	–39	–192	–170
Total operating expenses	**–1,266**	**–1,413**	**–1,275**	**–1,265**	**–1,270**	**–1,196**	**–1,186**	**–1,164**	**–5,219**	**–4,816**
Profit before loan losses	**1,292**	**678**	**1,067**	**1,245**	**1,237**	**1,167**	**975**	**1,139**	**4,282**	**4,518**
Net loan losses	–263	–112	–118	–242	–166	–207	–245	–261	–735	–879
Operating profit	**1,029**	**566**	**949**	**1,003**	**1,071**	**960**	**730**	**878**	**3,547**	**3,639**
Income tax expense	–243	–160	–249	–261	–301	–249	–191	–235	–913	–976
Net profit	**786**	**406**	**700**	**742**	**770**	**711**	**539**	**643**	**2,634**	**2,663**
Diluted earnings per share (DEPS), EUR	0.19	0.10	0.18	0.18	0.19	0.18	0.13	0.16	0.65	0.66
DEPS, rolling 12 months up to period end, EUR	0.65	0.65	0.73	0.68	0.66	0.58	0.55	0.57	0.65	0.66

5 year overview, Group

Income statement

EURm	2011	2010	2009	2008	2007
Net interest income	5,456	5,159	5,281	5,093	4,282
Net fee and commission income	2,395	2,156	1,693	1,883	2,140
Net result from items at fair value	1,517	1,837	1,946	1,028	1,209
Profit from companies accounted for under the equity method	42	66	48	24	41
Other income	91	116	105	172	217
Total operating income	**9,501**	**9,334**	**9,073**	**8,200**	**7,889**
General administrative expenses:					
Staff costs	–3,113	–2,784	–2,724	–2,568	–2,388
Other expenses	–1,914	–1,862	–1,639	–1,646	–1,575
Depreciation, amortisation and impairment charges of tangible and intangible assets	–192	–170	–149	–124	–103
Total operating expenses	**–5,219**	**–4,816**	**–4,512**	**–4,338**	**–4,066**
Profit before loan losses	**4,282**	**4,518**	**4,561**	**3,862**	**3,823**
Net loan losses	–735	–879	–1,486	–466	60
Operating profit	**3,547**	**3,639**	**3,075**	**3,396**	**3,883**
Income tax expense	–913	–976	–757	–724	–753
Net profit for the year	**2,634**	**2,663**	**2,318**	**2,672**	**3,130**

Balance sheet

EURm	31 Dec 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007
Treasury bills and interest-bearing securities	92,373	82,249	69,099	51,375	43,975
Loans to credit institutions	51,865	15,788	18,555	23,903	24,262
Loans to the public	337,203	314,211	282,411	265,100	244,682
Derivatives	171,943	96,825	75,422	86,838	31,498
Other assets	62,820	71,766	62,057	46,858	44,637
Total assets	**716,204**	**580,839**	**507,544**	**474,074**	**389,054**
Deposits by credit institutions	55,316	40,736	52,190	51,932	30,077
Deposits and borrowings from the public	190,092	176,390	153,577	148,591	142,329
Liabilities to policyholders	40,715	38,766	33,831	29,238	32,280
Debt securities in issue	179,950	151,578	130,519	108,989	99,792
Derivatives	167,390	95,887	73,043	85,538	33,023
Subordinated liabilities	6,503	7,761	7,185	8,209	7,556
Other liabilities	50,118	45,183	34,779	23,774	26,837
Equity	26,120	24,538	22,420	17,803	17,160
Total liabilities and equity	**716,204**	**580,839**	**507,544**	**474,074**	**389,054**

Ratios and key figures, Group

	2011	2010	2009	2008	2007
Basic earnings per share, EUR	0.65	0.66	0.60	0.79	0.93
Diluted earnings per share, EUR	0.65	0.66	0.60	0.79	0.93
Share price[1], EUR	5.98	8.16	7.10	3.90	8.90
Total shareholders' return, %	–24.4	3.7	78.6	–46.9	6.4
Proposed / actual dividend per share, EUR	0.26	0.29	0.25	0.20	0.50
Equity per share[1], EUR	6.47	6.07	5.56	5.29	5.09
Potential shares outstanding[1,2], million	4,047	4,043	4,037	2,600	2,597
Weighted average number of diluted shares[3], million	4,028	4,022	3,846	3,355	3,352
Return on equity, %	10.6	11.5	11.3	15.3	19.7
Assets under management[1], EURbn	187.4	191.0	158.1	125.6	157.1
Cost/income ratio, %	55	52	50	53	52
Loan loss ratio, basis points	23	31	56	19	–3
Core tier 1 capital ratio, excluding transition rules[1], %	11.2	10.3	10.3	8.5	7.5
Tier 1 capital ratio, excluding transition rules[1], %	12.2	11.4	11.4	9.3	8.3
Total capital ratio, excluding transition rules[1], %	13.4	13.4	13.4	12.1	10.9
Core tier 1 capital ratio[1], %	9.2	8.9	9.3	6.7	6.3
Tier 1 capital ratio[1], %	10.1	9.8	10.2	7.4	7.0
Total capital ratio[1], %	11.1	11.5	11.9	9.5	9.1
Core tier 1 capital[1], EURm	20,677	19,103	17,766	14,313	12,821
Tier 1 capital[1], EURm	22,641	21,049	19,577	15,760	14,230
Risk-weighted assets, incl transition rules[1], EURbn	224	215	192	213	205
Number of employees (full-time equivalents)[1]	33,068	33,809	33,347	34,008	31,721
Risk-adjusted profit, EURm	2,714	2,622	2,786	2,279	2,239
Economic profit, EURm	1,145	936	1,334	1,015	1,231
Economic capital[1], EURbn	17.7	17.5	16.7	15.8	13.4
EPS, risk-adjusted, EUR	0.67	0.65	0.72	0.68	0.67
RAROCAR, %	15.5	15.0	17.3	15.6	17.8
MCEV, EURm	2,714	3,655	3,244	2,624	3,189

1) End of the year.
2) Increase between 2008 and 2009 due to Nordea's rights issue.
3) 2007–2009 restated due to the rights issue.

Business definitions

These definitions apply to the descriptions in the Annual Report.

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

Basic earnings per share Net profit for the year divided by the weighted average number of outstanding shares, non-controlling interests excluded.

Capital base Capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans, after deduction of the carrying amount of the shares in wholly owned insurance companies and the potential deduction for expected shortfall.

Cost of equity (%) Required return by investors on the Nordea share, measured as the long risk free euro rate plus required average risk premium to invest in equities multiplied by Beta, which reflects the Nordea share's volatility and correlation with market volatility.

Cost of equity in EUR is defined as Cost of equity (%) times Economic capital. The Cost of equity is set by management once a year as a parameter to manage risk appetite and investment level.

Cost/income ratio Total operating expenses divided by total operating income.

Diluted earnings per share Net profit for the year divided by the weighted average number of outstanding shares after full dilution, non-controlling interests excluded.

Economic capital (EC) Internal estimate of required capital and measures the capital required to cover unexpected losses in the course of its business with a certain probability. EC uses advanced internal models to provide a consistent measurement for Credit Risk, Market Risk, Operational Risk, Business Risk and Life Insurance Risk arising from activities in Nordea's various business areas.

The aggregation of risks across the group gives rise to diversification effects resulting from the differences in risk drivers and the improbability that unexpected losses occur simultaneously.

Economic profit Deducting Cost of equity from Risk-adjusted profit.

Equity per share Equity as shown in the balance sheet after full dilution and non-controlling interests excluded divided by the number of shares after full dilution.

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

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

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

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

MCEV (Market Consistent Embedded Value) Estimate of the value a shareholder would put on a portfolio of in-force life and pension business based on objective market return. No franchise value or other additional value is included in MCEV.

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

Price to Book Nordea's stock market value relative to its book value.

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

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

Risk-adjusted profit Total income minus total operating expenses, minus Expected losses and standard tax (26 % 2011). In addition, Risk-adjusted profit excludes major non-recurring items.

Risk-weighted assets Total assets and off-balance-sheet items valued on the basis of the credit and market risks, as well as operational risks of the Group's undertakings, in accordance with regulations governing capital adequacy, excluding assets in insurance companies, carrying amount of shares which have been deducted from the capital base and intangible assets.

Tier 1 capital Proportion of the capital base, which includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, deferred tax assets, intangible assets in the banking operations and half of the expected shortfall deduction, – the negative difference between expected losses and provisions. Subsequent to the approval of the supervisory authorities, Tier 1 capital also includes qualified forms of subordinated loans (Tier 1 capital contributions and hybrid capital loans).

The Core tier 1 capital constitutes the Tier 1 capital excluding hybrid capital loans.

Tier 1 capital ratio Tier 1 capital as a percentage of risk-weighted assets. The Core tier 1 ratio is calculated as Core tier 1 capital as a percentage of risk-weighted assets.

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

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

Total capital ratio Capital base as a percentage of risk-weighted assets.

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

G1 Accounting policies

1. Basis for presentation

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

The disclosures, required in the standards, recommendations and legislation above, have been included in the notes, the Risk, Liquidity and Capital management section or in other parts of the "Financial statements".

On 8 February 2012 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 22 March 2012.

2. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2010 Annual Report, except for the categorisation of lending related commissions within "Net fee and commission income" and the recognition of repurchase and reverse repurchase agreements. These changes are further described below. Below follows also a section covering other changes in IFRSs implemented in 2011, which have not had any significant impact on Nordea.

Categorisation of lending related commissions

The categorisation of lending related commissions within "Net fee and commission income" (Note G4) has been changed, in order to be better aligned with the purpose for which the fees are received. The change mainly relates to syndicated transactions. The comparable figures have been restated accordingly and the impact is disclosed in the below table.

	2010	
EURm	New policy	Old policy
Lending	397	323
Other commission income	217	291

Recognition of repurchase agreements and reverse repurchase agreements

Repurchase agreements and reverse repurchase agreements have previously been recognised on the balance sheet on trade date, but are as from 2011 recognised on settlement date. This has not had any impact on the income statement. The comparative figures have not been restated as the impact is insignificant. The impact on the balance sheet as per 31 December 2011 and the impact, that has not been restated for, as per 31 December 2010 are disclosed in the below table.

	31 Dec 2011		31 Dec 2010	
EURm	New policy	Old policy	New policy	Old policy
Reverse repurchase agreements				
Loans to credit institutions	51,865	53,212	15,268	15,788
Loans to the public	337,203	346,273	313,630	314,211
Other liabilities	43,368	53,785	37,489	38,590
Repurchase agreements				
Deposits by credit institutions	55,316	59,145	38,264	40,736
Deposits and borrowings from the public	190,092	194,416	175,245	176,390
Other assets	19,425	27,578	19,240	22,857

Changes in IFRSs implemented 2011

The IASB has amended IAS 24 "Related Party Disclosures" (Relationships with the state), IAS 32 "Financial Instruments: Presentation" (Rights issues) and IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" as well as published "Improvements to IFRSs 2010" and IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". These amended and published standards and improvements are effective for Nordea as from 1 January 2011, but have not had any significant impact on 2011. The amendment of IAS 32 may affect possible future rights issues involving different currencies, whilst the amendments to IAS 24 and IFRIC 14 as well as the published "Improvements to IFRSs 2010" and IFRIC 19 are not expected to have a significant impact on subsequent periods.

3. Changes in IFRSs not yet effective for Nordea

IFRS 9 "Financial instruments" (Phase 1)

In 2009 the IASB published a new standard on financial instruments. The standard is the first step in the replacement of IAS 39 "Financial instruments: Recognition and Measurement" and this first phase covers the classification and measurement of financial assets and liabilities. The effective date for Nordea is as from 1 January 2015, but earlier application is permitted. The EU commission has not endorsed this standard for implementation in 2011.

The tentative assessment is that there will be an impact on the financial statements as the new standard will decrease the number of measurements categories and therefore have an impact on the presentation and disclosures covering financial instruments. The new standard is, on the other hand, not expected to have a significant impact on Nordea's income statement and balance sheet as the mixed measurement model will be maintained. No significant reclassifications between fair value and amortised cost or impact on the capital adequacy are expected, but this is naturally dependent on the financial instruments in Nordea's balance sheet at transition.

Nordea has, due to the fact that the standard is not yet endorsed by the EU commission, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in Other entities", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"

The IASB has published three new standards relating to consolidation, IFRS 10, IFRS 11 and IFRS 12, as well as amended IAS 27 and IAS 28. The effective date for these standards and amendments for Nordea is as from 1 January 2013, but earlier application is permitted. The EU commission has not endorsed these standards and amendments for implementation in 2011.

The tentative assessment is that the new standards and amendments are not expected to have any significant impact on Nordea's income statement. The main potential impact is that the new definition of control can potentially lead to consolidation of funds, for instance mutual funds. A potential consolidation of mutual funds would increase assets and liabilities in the balance sheet and reduce equity to the extent the consolidated fund holds shares in Nordea (Treasury shares). The new standards furthermore include more extensive disclosure requirements which will have an impact on Nordea's disclosures covering consolidated and unconsolidated entities. It is not expected that the new standards and amendments will have a significant impact on the capital adequacy.

Nordea has, due to the fact that the standards and amendments are not yet endorsed by the EU commission, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IFRS 13 "Fair Value Measurement"

The IASB has published IFRS 13. The effective date for Nordea is as from 1 January 2013, but earlier application is permitted. The EU commission has not endorsed this standard for implementation in 2011.

The tentative assessment is that the new standard will not have a significant impact on Nordea's financial statements nor on its capital adequacy.

Nordea has, due to the fact that the standard is not yet endorsed by the EU commission, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IAS 19 "Employee Benefits"

The IASB has amended IAS 19. The effective date for Nordea is as from 1 January 2013, but earlier application is permitted. The EU commission has not endorsed this amendment for implementation in 2011.

The tentative assessment is that the amended standard will have an impact on the financial statements in the period of initial application, as well as in subsequent periods. This is mainly related to defined benefit plans. The amended IAS 19 states that actuarial gains/losses shall be recognised immediately in equity through other comprehensive income, which will lead to higher volatility in equity compared to the current corridor approach.

The amended IAS 19 furthermore states that the expected return on plan assets shall be recognised using the same interest rate as the discount rate used when measuring the pension obligation. This will lead to higher pension expenses in the income statement as Nordea currently expects a higher return than the discount rate. Any difference between the actual return and the expected return will be a part of the actuarial gains/losses recognised immediately in equity through other comprehensive income.

The unrecognised actuarial losses as per 31 December 2011 amounts to EUR 534m excluding special wage tax and before deduction of income tax. If Nordea has unrecognised actuarial losses at transition there will be a negative impact on equity. See Note G34 "Retirement benefit obligations" for more information.

The Swedish Financial Reporting Board has furthermore withdrawn UFR 4 "Accounting for special wage tax and yield tax". It is expected that this will lead to an increase in the total obligation when the amended IAS 19 is implemented.

As the amended IAS 19 has an impact on equity it is expected that there will be an impact also on the capital adequacy.

Other forthcoming changes in IFRSs

IAS 1 "Presentation of Financial Statements" has been amended. The amended standard changes the presentation of other comprehensive income. The effective date for Nordea is as from 1 January 2013, but earlier application is permitted. The EU commission has not endorsed this standard for implementation in 2011.

IFRS 7 "Financial instruments: Disclosures" has been amended and will lead to additional disclosures around transferred assets. The effective date for Nordea is as from 1 January 2012, but earlier application is permitted. The EU commission has endorsed this standard for implementation in 2011.

IAS 32 "Financial Instruments: Presentation" has been amended. The change relates to offsetting of financial assets and financial liabilities. The amendment is not intended to change the criteria for offsetting, but to give additional guidance on how to apply the existing criteria. IFRS 7 "Financial instruments: Disclosures" has furthermore been amended and will lead to additional disclosures around offsetting of financial assets and financial liabilities. The effective date for Nordea is as from 1 January 2014 for amendments to IAS 32 and from 1 January 2013 for amendments to IFRS 7, but earlier application is permitted. The EU commission has not endorsed these amendments for implementation in 2011.

The IASB has furthermore amended IFRS 1 "First-time Adoption of International Financial Reporting Standards" (Hyperinflation/Fixed dates) and IAS 12 "Income taxes" (Recovery of underlying asset) and published IFRIC 20 "Stripping costs". The effective date for Nordea is as from 1 January 2012, but earlier application is permitted. The EU commission has not endorsed the amended standards and published interpretation for implementation in 2011.

The abovementioned amended standards and interpretation not yet adopted, within the section "Other forthcoming changes in IFRSs", are not, in the period of initial application or in subsequent periods, expected to have any significant impact on the financial statements, apart from on disclosures, nor on the capital adequacy.

4. Critical judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and off-balance sheet items, as well as income and expenses in the financial statements presented. Actual outcome can later, to some extent, differ from the estimates and the assumptions made.

Certain accounting policies are considered to be particularly important to the financial position of Nordea, since they require management to make difficult, complex or subjective judgements and estimates, the majority of which relate to matters that are inherently uncertain. These critical judgements and estimates are in particular associated with:

- the fair value measurement of certain financial instruments.
- the impairment testing of:
  – goodwill and
  – loans to the public/credit institutions.
- the actuarial calculations of pension liabilities and plan assets related to employees.
- the actuarial calculations of liabilities to policyholders.
- the valuation of deferred tax assets.
- the valuation of investment properties.
- claims in civil lawsuits.

Fair value measurement of certain financial instruments
Critical judgement is exercised when determining fair value of OTC derivatives and other financial instruments that lack quoted prices or recently observed market prices in the following areas:

- The choice of valuation techniques
- The determination of when quoted prices fail to represent fair value (including the judgement of whether markets are active)
- The construction of fair value adjustments in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk
- The judgement of which market parameters that are observable

In all of these instances, decisions are based upon professional judgement in accordance with Nordea's accounting and valuation policies. In order to ensure proper governance, Nordea has a Group Valuation Committee that on an ongoing basis reviews critical judgements that are deemed to have a significant impact on fair value measurements.

See also the separate section 11 "Determination of fair value of financial instruments" and Note G43 "Assets and liabilities at fair value".

Impairment testing
Goodwill
Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. This consists of an analysis to assess whether the carrying amount of goodwill is fully recoverable. The determination of the recoverable amount involves establishing the value in use, measured as the present value of the cash flows expected from the cash-generating unit, to which the goodwill has been allocated.

The forecasts of future cash flows are based on Nordea's best estimates of future revenues and expenses for the cash-generating units to which goodwill has been allocated. A number of assumptions and estimates have significant impact on these calculations and include parameters like macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these parameters, following changes in market conditions, competition, strategy or other, affects the forecasted cash flows. Under current market conditions such changes are not expected to lead to any significant impairment charges of goodwill, but may do so in subsequent periods.

See also the separate section 16 "Intangible assets" and Note G21 "Intangible assets".

Loans to the public/credit institutions
When testing individual loans for impairment, the most critical judgement, containing the highest uncertainty, relates to the estimation of the most probable future cash flows generated from the customer.

When testing a group of loans collectively for impairment, the key aspect is to identify the events and/or the observable data that indicate that losses have been incurred in the group of loans. Assessing the net present value of the cash flows generated by the customers in the group contains a high degree of uncertainty when using historical data and the acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

See also the separate section 14 "Loans to the public/credit institutions" and Note G14 "Loans and impairment".

Actuarial calculations of pension liabilities and plan assets related to employees
The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial parameter is the discount rate. Other parameters like assumptions about salary increases and inflation are based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in Note G34 "Retirement benefit obligations".

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at quoted prices at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations on the return on the different asset classes. The expected return is also disclosed in Note G34 "Retirement benefit obligations".

See also the separate section 22 "Employee benefits" and Note G34 "Retirement benefit obligations".

Actuarial calculations for liabilities to policyholders
The liabilities to policyholders consist of long-term obligations with some insurance contracts having long durations. A valuation of these liabilities includes estimations and assumptions, both financial and actuarial. One of the important financial assumptions is the interest rate used for discounting future cash flows. Other important actuarial assumptions are mortality and disability assumptions, which affect the size and timing of the future cash flows. The financial and actuarial assumptions are, to a large extent, stipulated in local legislation and therefore not under Nordea's discretion. Also assumptions about future administrative and tax expenses have an impact on the calculation of policyholder liabilities.

See also the separate section 19 "Liabilities to policyholders" and Note G29 "Liabilities to policyholders".

Valuation of deferred tax assets
The valuation of deferred tax assets is influenced by management's assessment of Nordea's future profitability. This assessment is updated and reviewed at each balance sheet date, and is, if necessary, revised to reflect the current situation.

See also the separate section 20 "Taxes" and Note G11 "Taxes".

Valuation of investment properties
Investment properties are measured at fair value as described in section 18 "Investment property". As there normally are no active markets for investment properties, the fair values are estimated based on discounted cash flow models. These models are based on assumptions on future rents, vacancy levels, operating and maintenance costs, yield requirements and interest rates.

See also the separate section 18 "Investment property" and Note G24 "Investment property".

Claims in civil lawsuits
Within the framework of the normal business operations, Nordea faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently none of these disputes are considered likely to have any significant adverse effect on Nordea or its financial position. See also Note G33 "Provisions" and Note G38 "Contingent liabilities".

5. Principles of consolidation

Consolidated entities
The consolidated financial statements include the accounts of the parent company Nordea Bank AB (publ), and those entities that the parent company controls. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All Group undertakings are consolidated using the purchase method, except for the forming of Nordea in 1997–98 when the holding in Nordea Bank Finland Plc was consolidated using the pooling method. Under the purchase method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group's acquisition cost is established in a purchase price allocation analysis. In such analysis, the cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for the identifiable net assets acquired. Costs directly attributable to the business combination are expensed. When the cost of the business combination exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is recognised immediately in the income statement.

Intra-group transactions and balances between the consolidated group undertakings are eliminated.

The Group undertakings are included in the consolidated accounts as from the date on which control is transferred to Nordea and are no longer consolidated as from the date on which control ceases.

Equity and net income attributable to non-controlling interests are separately disclosed in the balance sheet, income statement and statement of comprehensive income.

In the consolidation process the reporting from the subsidiaries is adjusted to ensure consistency with the IFRS principles applied by Nordea.

Investments in associated undertakings
The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where Nordea has significant influence. Investments within Nordea's investment activities, which are classified as a venture capital organisation within Nordea, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39. Further information on the equity method is disclosed in section 6 "Recognition of operating income and impairment".

Profits from companies accounted for under the equity method are reported post-taxes in the income statement. Consequently, the tax expense related to these profits is not included in the income tax expense for Nordea.

Internal transactions, in the income statement, between Nordea and its associated companies are not eliminated. Nordea does not have any transactions including sales of assets with associated companies.

Special Purpose Entities (SPE)
In accordance with IFRS Nordea does not consolidate SPEs' assets and liabilities beyond its control. In order to determine whether Nordea controls a SPE or not, Nordea has to make judgements about risks and rewards and assess the ability to make operational decisions for the SPE in question.

When assessing whether Nordea shall consolidate a SPE, a range of factors are evaluated. These factors include whether the activities of the SPE are being in substance conducted on Nordea's behalf or if Nordea has in substance the decision making powers, the rights to obtain the majority of the benefits or the majority of the residual- or ownership risks. Nordea consolidates all SPEs, where Nordea has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that Nordea does not have any significant risks or rewards on these assets and liabilities.

Nordea has created a number of SPEs to allow clients to invest in assets invested in by the SPEs. Some SPEs invest in tradable financial instruments, such as shares and bonds (mutual funds). Other SPEs invest in structured credit products or acquire assets from customers of Nordea. Nordea is generally the investment manager and has sole discretion about investments and other administrative decisions. Typically, Nordea will receive service and commission fees in connection to the creation of the SPEs, or because it acts as investment manager, custodian or in some other function. This in itself does not constitute a beneficial interest triggering consolidation. In some SPEs Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these SPEs Nordea has a beneficial interest and retains the majority of the risks and rewards, which is why these SPEs are consolidated. Note P21 "Investments in group undertakings" lists the major subsidiaries in the Nordea Group, including consolidated SPEs.

Currency translation of foreign entities
The consolidated financial statements are prepared in euro (EUR), the presentation currency of the parent company Nordea Bank AB (publ). The current method is used when translating the financial statements of foreign entities into EUR from their functional currency. The assets and liabilities of foreign entities have been translated at the closing rates, while items in the income statements and statements of comprehensive income are translated at the average exchange rate for the year. Translation differences are accounted for in other comprehensive income and are accumulated in the translation reserve in equity.

Goodwill and fair value adjustments arising from the acquisition of group undertakings are treated as items in the same functional currency as the cash generating unit to which they belong and are also translated at the closing rate.

Information on the most important exchange rates is disclosed in the separate section 27 "Exchange rates".

6. Recognition of operating income and impairment

Net interest income
Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Interest income and interest expense related to all balance sheet items in Markets and Nordea Life & Pensions are recognised in the income statement on the line "Net result from

items at fair value". Interest income and expense connected to internal placements by and internal funding of Markets are replaced with the related Group external interest income and interest expense and recognised on the line "Net result from items at fair value".

Interest on derivatives used for hedging is also recognised in "Net interest income", as well as fees that are considered to be an integral part of the effective interest rate of a financial instrument.

Net fee and commission income
Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan, as well as other fees received as payments for certain acts, are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

Commission expenses are transaction based and recognised in the period when the services are received.

Income from issued financial guarantees and expenses from bought financial guarantees, including fees paid to state guarantees, are amortised over the duration of the instruments and classified as "Fee and commission income" and "Fee and commission expense" respectively.

Net result from items at fair value
Realised and unrealised gains and losses on financial instruments measured at fair value through profit or loss are recognised in the item "Net result from items at fair value". Realised and unrealised gains and losses derive from:

- Shares/participations and other share-related instruments
- Interest-bearing securities and other interest-related instruments
- Other financial instruments, which contain credit derivatives as well as commodity instruments/derivatives
- Foreign exchange gains/losses
- Investment properties, which include realised and unrealised income, for instance revaluation gains and losses. This line also includes realised results from disposals as well as the running property yield stemming from the holding of investment properties.

Interest income and interest expense related to all balance sheet items in Markets and Nordea Life & Pensions, including the funding of these operations, are recognised in "Net result from items at fair value".

Also the ineffective portion of cash flow hedges and net investment hedges as well as recycled gains and losses on financial instruments classified into the category Available for sale are recognised in "Net result from items at fair value".

This item also includes realised gains and losses from financial instruments measured at amortised cost, such as interest compensation received and realised gains/losses on buy-backs of issued own debt.

"Net result from items at fair value" includes also losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale. Impairment losses from instruments within other categories are recognised in the items "Net loan losses" or "Impairment of securities held as financial non-current assets" (see also the sub-sections "Net loan losses" and "Impairment of securities held as financial non-current assets" below).

Dividends received are recognised in the income statement as "Net result from items at fair value" and classified as "Shares/participations and other share-related instruments" in the note. Income is recognised in the period in which the right to receive payment is established.

The income recognition and descriptions of the lines relating to life insurance are described in section 7 "Income recognition life insurance" below.

Profit from companies accounted for under the equity method
The profit from companies accounted for under the equity method is defined as the post-acquisition change in Nordea's share of net assets in the associated companies. Nordea's share of items accounted for in other comprehensive income in the associated companies is accounted for in other comprehensive income in Nordea. Profits from companies accounted for under the equity method are, as stated in section 5 "Principles of consolidation", reported in the income statement post-taxes. Consequently the tax expense related to these profits is excluded from the income tax expense for Nordea.

Fair values are, at acquisition, allocated to the associated company's identifiable assets, liabilities and contingent liabilities. Any difference between Nordea's share of the fair values of the acquired identifiable net assets and the purchase price is goodwill or negative goodwill. Goodwill is included in the carrying amount of the associated company. Subsequently the investment in the associated company increases/decreases with Nordea's share of the post-acquisition change in net assets in the associated company and decreases through received dividends and impairment. An impairment charge can be reversed in a subsequent period.

The change in Nordea's share of the net assets is generally based on monthly reporting from the associated companies. For some associated companies not individually significant the change in Nordea's share of the net assets is based on the external reporting of the associated companies and affects the financial statements of Nordea in the period in which the information is available. The reporting from the associated companies is, if applicable, adjusted to comply with Nordea's accounting policies.

Other operating income
Net gains from divestments of shares in subsidiaries and associated companies and net gains on sale of tangible assets as well as other operating income, not related to any other income line, are generally recognised when it is probable that the benefits associated with the transaction will flow to Nordea and if the significant risks and rewards have been transferred to the buyer (generally when the transactions are finalised).

Net loan losses
Impairment losses from financial assets classified into the category Loans and receivables (see section 13 "Financial instruments"), in the items "Loans to credit institutions" and "Loans to the public" in the balance sheet, are reported as "Net loan losses" together with losses from financial guarantees (including state guarantees in Denmark). Losses are reported net of any collateral and other credit enhancements. Nordea's accounting policies for the calculation of impairment losses on loans can be found in section 14 "Loans to the public/credit institutions".

Counterparty losses on instruments classified into the category Financial assets at fair value through profit or loss, including credit derivatives, as well as impairment on financial assets classified into the category Available for sale are reported under "Net result from items at fair value".

Impairment of securities held as financial non-current assets
Impairment on investments in interest-bearings securities, classified into the categories Loans and receivables or Held to maturity, and on investments in associated companies are classified as "Impairment of securities held as financial non-current assets" in the income statement. The policies covering impairment of financial assets classified into the categories Loans and receivables and Held to maturity are disclosed in section 13 "Financial instruments" and section 14 "Loans to the public/credit institutions".

Investments in associated companies are assessed for impairment annually. If observable indicators (loss events) indicate that an associated company is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associate is compared with the recoverable amount (higher of value in use and fair value less cost to sell) and the carrying amount is written down to the recoverable amount if required.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

7. Income recognition life insurance

Premiums received, and repayments to policyholders, related to the saving part of the life insurance contracts are reported as increases or decreases of liabilities to policyholders. See further information in section 19 "Liabilities to policyholders".

The total income from life insurance mainly consists of the following components:

- Cost result
- Insurance risk result
- Risk and performance margin
- Investment return on additional capital in life insurance

The result from these components is, except for the cost result and the risk and performance margin relating to Unit Linked and Investment contracts, included in "Net result from items at fair value".

The cost result is the result of expense loading from policyholders and is included in the item "Fee and commission income", together with the risk and performance margin relating to Unit Linked and Investment contracts. The related expenses are included in the items "Fee and commission expense" and "Operating expenses". The policyholder's part of a positive or negative cost result (profit sharing) is included in the note line "Change in technical provisions, Life" within Note G5 "Net result from items at fair value".

The insurance risk result consists of income from individual risk products and from unbundled life insurance contracts as well as Health and personal accident insurance. The risk premiums are amortised over the coverage period as the provisions are reduced when insurance risk is released. A large part of the unbundled risk result from traditional life insurance is subject to profit sharing, which means that the policyholders receive a part of a net income or a net deficit. The risk income and the risk expenses are presented gross on the lines "Insurance risk income, Life" and "Insurance risk expense, Life" in Note G5 "Net result from items at fair value". The policyholder's part of the result is included in the line "Change in technical provisions, Life" in the note.

Gains and losses derived from investments in Nordea Life & Pensions are split on the relevant lines in Note G5 "Net result from items at fair value" as for any other investments in Nordea. The lines include investment return on assets held to cover liabilities to policyholders and return on the additional capital allocated to Nordea Life & Pensions (Shareholders capital in the Nordea Life & Pensions group).

The note line "Change in technical provisions, Life" in Note G5 "Net result from items at fair value" includes:

- Investment returns on assets held to cover liabilities to policyholders (including liabilities from traditional life insurance, unit linked insurance and investment contracts), individually transferred to policyholders' accounts according to the contracts.
- Additional bonus (discretionary participation feature) to policyholders concerning traditional life insurance contracts or any other transfers to the policyholders to cover a periodical deficit between the investment result and any agreed minimum benefit to the policyholders.
- Risk and performance margin regarding traditional life insurance products according to local allocation rules in each Nordea Life & Pensions unit and according to contracts with policyholders. The recognition of a risk and performance margin in the income statement is mainly conditional on a positive result for traditional life insurance contracts. Risk and performance margins not possible to recognise in the current period due to poor investment results, can, in some countries, partly or wholly be deferred to years with higher returns.
- The policyholders' part of the cost- and risk result regarding traditional life insurance contracts or unit linked contracts.

The note line "Change in collective bonus potential, Life" in Note G5 "Net result from items at fair value" relates only to traditional life insurance contracts. The line includes policyholders' share of investment returns not yet individualised. The line includes also additional bonus (discretionary participation feature) and amounts needed to cover a periodical deficit between the investment result and any minimum benefits to the policyholders.

8. Recognition and derecognition of financial instruments in the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised (reclassified to the items "Other assets" or "Other liabilities" in the balance sheet between trade date and settlement date) from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards from the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the balance sheet. If Nordea's counterpart can sell or repledge the transferred assets, the assets are reclassified to the item "Financial instruments pledged as collateral" in the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when Nordea performs, for example when Nordea repays a deposit to the counterpart, i.e. on settlement date. Financial

liabilities under trade date accounting are generally reclassified to "Other liabilities" in the balance sheet on trade date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within 13 "Financial instruments", as well as Note G44 "Obtained collaterals which are permitted to be sold or repledged".

9. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates. The parent company Nordea Bank AB (publ) uses two functional currencies, SEK and EUR, for reporting in consolidated accounts, based on the different activities in the underlying business.

Foreign currency is defined as any currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the item "Net result from items at fair value".

Translation differences on financial instruments that are designated hedging instruments in a hedge of a net investment in a group undertaking are recognised in other comprehensive income, to the extent the hedge is effective. This is performed in order to offset the translation differences affecting other comprehensive income when consolidating the group undertaking into Nordea. Any ineffectiveness is recognised in the income statement in the item "Net result from items at fair value".

10. Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so-called hedge accounting. Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities. The EU carve out macro hedging enables a group of derivatives (or proportions thereof) to be viewed in combination and designated as the hedging instrument and removes some of the limitations in fair value hedge accounting relating to hedging core deposits and under-hedging strategies.

The hedge accounting policy within Nordea has been developed to fulfil the requirements set out in IAS 39. Nordea uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments as well as to hedge the exposure to variability in future cash flows and the exposure to net investments in foreign operations. The overall purpose is to have a true and fair presentation of Nordea's economical hedges in the financial statements. The overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

There are three forms of hedge accounting:

- Fair value hedge accounting
- Cash flow hedge accounting
- Hedges of net investments

Fair value hedge accounting

Fair value hedge accounting is used when derivatives are hedging changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged will be recognised separately in the income statement in the item "Net result from items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in the item "Fair value changes of the hedged items in portfolio hedge of interest rate risk" in the balance sheet.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. Any ineffectiveness is recognised in the income statement under the item "Net result from items at fair value".

Hedged items

A hedged item in a fair value hedge can be a recognised single asset or liability, an unrecognised firm commitment, or a portion thereof. The hedged item can also be a group of assets, liabilities or firm commitments with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets and/or liabilities.

Hedging instruments

The hedging instruments used in Nordea are predominantly interest rate swaps and cross currency interest rate swaps, which are always held at fair value. Cash instruments are only used in a few transactions as hedging instruments when hedging currency risk.

Cash flow hedge accounting

Cash flow hedge accounting can be used for the hedging of exposure to variations in future interest payments on instruments with variable interest rates and for the hedging of currency exposures. The portion of the gain or loss on the hedging instrument, that is determined to be an effective hedge, is recognised directly in other comprehensive income and accumulated in the fair value reserve (related to cash flow hedges) in equity. The ineffective portion of the gain or loss on the hedging instrument is recycled to the item "Net result from items at fair value" in the income statement.

Gains or losses on hedging instruments recognised in the fair value reserve (related to cash flow hedges) in equity through other comprehensive income are recycled and recognised in the income statement in the same period as the cash flow, normally the interest income or interest expense from the hedged asset or liability.

Hedged items

A hedged item in a cash flow hedge can be a recognised asset or liability or a highly probable forecast transaction. Nordea uses cash flow hedges when hedging currency risk in future payments of interest and principal in foreign currency.

Hedging instruments

The hedging instruments used in Nordea are predominantly cross currency interest rate swaps, which are always held at fair value, where the currency component is designated as a cash flow hedge of currency risk and the interest component as a fair value hedge of interest rate risk.

Hedges of net investments
See separate section 9 "Translation of assets and liabilities denominated in foreign currencies".

Hedge effectiveness
The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life it can be expected that changes in fair value of the hedged item as regards the hedged risk can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent. When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will, prospectively from the last time it was last proven effective, be accounted for in the income statement. For fair value hedges, the change in the fair value on the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item. In cash flow hedges, the cumulative gain or loss on the hedging instrument that has been recognised in the fair value reserve (related to cash flow hedges) in equity through other comprehensive income from the period when the hedge was effective is reclassified from equity to "Net result from items at fair value" in the income statement if the hedged item is derecognised, cancelled or the expected transaction no longer is expected to occur. If the expected transaction no longer is highly probable, but is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective remains in other comprehensive income until the transaction occurs or is no longer expected to occur.

11. Determination of fair value of financial instruments
Financial assets and liabilities classified into the categories Financial assets/liabilities at fair value through profit or loss (including derivative instruments) are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement in the item "Net result from items at fair value".

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:
- Treasury bills
- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)
- Debt securities in issue (issued mortgage bonds in Nordea Kredit Realkreditaktieselskab)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:
- Treasury bills (when quoted prices in an active market are not available)
- Loans to the public (mortgage loans in the Danish subsidiary Nordea Kredit Realkreditaktieselskab)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

Fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counterparty credit risk and liquidity risk. An important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

The portfolio adjustment for uncertainties associated with model assumptions comprises two components (The calculation principles are defined as part of the internal approval process for valuation models):
- Benchmarking of the model output (market values) against market information or against results from alternative models, where available
- Sensitivity calculations where unobservable parameters are changed to other reasonable values

The portfolio adjustment for counterparty risk in OTC-derivatives is based on the current exposure towards each counterpart, the estimated potential future exposure as well as an estimate of the cost of hedging the counterparty risk. This cost of hedging is either based directly on market prices (where available) or on a theoretical calculation based on the internal credit rating of the counterpart.

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. By data from observable markets, Nordea considers data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the instrument. The deferred upfront gains are subsequently released to income if the non-observable data becomes observable.

Note G43 "Assets and liabilities at fair value" provides a breakdown of fair values of financial instruments measured on the basis of:
- quoted prices in active markets for the same instrument (level 1),
- valuation techniques using observable data (level 2), and
- valuation techniques using non-observable data (level 3).

The valuation models applied by Nordea are consistent with accepted economic methodologies for pricing financial instruments and incorporate the factors that market participants consider when setting a price.

New valuation models are subject to approval by Group Risk Management and all models are reviewed on a regular basis.

For further information, see Note G43 "Assets and liabilities at fair value".

12. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:

- The central bank is domiciled in a country where Nordea is operating under a banking licence
- The balance is readily available at any time

Cash and cash equivalents are financial instruments classified into the category Loans and receivables, see section 13 "Financial instruments".

Loans to credit institutions payable on demand are also recognised as "Cash and cash equivalents" in the cash flow statement.

13. Financial instruments

Classification of financial instruments

Each financial instrument has been classified into one of the following categories:

Financial assets:

- Financial assets at fair value through profit or loss:
  - Held for trading
  - Designated at fair value through profit or loss (Fair Value Option)
- Loans and receivables
- Held to maturity
- Available for sale

Financial liabilities:

- Financial liabilities at fair value through profit or loss:
  - Held for trading
  - Designated at fair value through profit or loss (Fair Value Option)
- Other financial liabilities

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured in the balance sheet and how changes in its value are recognised. In Note G42 "Classification of financial instruments" the classification of the financial instruments in Nordea's balance sheet into different categories is presented.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. All changes in fair values are recognised directly in the income statement in the item "Net result from items at fair value".

The category consists of two sub-categories; Held for trading and Designated at fair value through profit or loss (Fair value option).

The sub-category Held for trading mainly contains derivative instruments that are held for trading purposes, interest-bearing securities and shares within Markets and Treasury. It also contains trading liabilities such as short-selling positions.

The major parts of the financial assets/liabilities classified into the category Designated at fair value through profit or loss are mortgage loans and related issued bonds in the Danish subsidiary Nordea Kredit Realkreditaktieselskab and interest-bearing securities, shares and investment contracts in Nordea Life & Pensions. Assets and liabilities in Nordea Kredit Realkreditaktieselskab are classified into the category Designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. Interest-bearing securities, shares and investment contracts in Nordea Life & Pensions also belong to this category, as a consequence of that these assets and liabilities are managed on a fair value basis.

Nordea also applies the Fair value option on certain financial assets and financial liabilities related to Markets. The classification stems from that Markets is managing and measuring all its financial assets and liabilities to fair value. Consequently, all financial assets and financial liabilities in Markets are classified into the categories Financial assets/ Financial liabilities at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 14 "Loans to the public/ credit institutions".

Held to maturity

Financial assets that Nordea has chosen to classify into the category Held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that Nordea has the positive intent and ability to hold to maturity. Financial assets classified into the category Held-to-maturity are initially recognised in the balance sheet at the acquisition price, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

If more than an insignificant amount of the Held to maturity portfolio is sold or transferred the Held to maturity category is tainted, except for if the sale or transfer either occur close to maturity, after substantially all of the original principal is already collected, or due to an isolated non-recurring event beyond the control of Nordea.

Nordea assesses at each reporting date whether there is any objective evidence that the asset is impaired. If there is such evidence, an impairment loss is recorded. The loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows and is recognised as "Impairment of securities held as financial non-current assets" in the income statement. See section 14 "Loans to the public/credit institutions" for more information on the identification and measurement of objective evidence of impairment, which is applicable also for interest-bearings securities classified into the category Held to maturity.

Available for sale

Financial instruments classified into the category Available for sale are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised in the fair value reserve in equity through other comprehensive income. Interest is recognised in the item "Interest income" and foreign exchange effects and impairment losses in the item "Net result from items at fair value" in the income statement.

When an instrument classified into the category Available for sale is disposed of, the fair value changes that previously have been accumulated in the fair value reserve (related to Available for sale investments) in other comprehensive income are removed from equity and recognised in the income statement in the item "Net result from items at fair value".

Financial assets classified into the category Available for sale are assessed at least annually in order to determine any need for impairment losses. If there is objective evidence of impairment, the accumulated loss that has been recognised in other comprehensive income is removed from equity and recognised as "Net result from items at fair value" in the income statement. The amount of the accumulated loss that is recycled from equity is the difference between the asset's acquisition cost and current fair value. For equity investments a prolonged and significant decline in the fair value, compared to the acquisition cost, is considered to be objective evidence of impairment. Objective evidence of impairment for a debt instrument is rather connected to a loss event, such as an issuer's financial difficulty.

Other financial liabilities
Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interest from Other financial liabilities is recognised in the item "Interest expense" in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Group Treasury are considered to be part of the funding activities. The zero coupon bond, is measured at amortised cost. The embedded derivatives in those instruments are separated from the host contract and accounted for as stand-alone derivatives at fair value, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the embedded derivative meets the definition of a derivative instrument. Changes in fair values, of the embedded derivatives, are recognised in the income statement in the item "Net result from items at fair value".

Index-linked bonds issued by Markets as part of the trading portfolio are classified into the category Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item "Net result from items at fair value".

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not recognised on or derecognised from the balance sheet. In the cases where the counterpart is entitled to resell or repledge the securities, the securities are reclassified to the balance sheet item "Financial instruments pledged as collateral".

Securities in securities lending transactions are also disclosed in the item "Assets pledged as security for own liabilities".

Cash collateral advanced (securities borrowing) to the counterparts is recognised on the balance sheet as "Loans to credit institutions" or as "Loans to the public". Cash collateral received (securities lending) from the counterparts is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public".

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are reclassified to the balance sheet line "Financial instruments pledged as collateral".

Securities delivered under repurchase agreements are also disclosed in the item "Assets pledged as security for own liabilities".

Cash received under repurchase agreements is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public". Cash delivered under reverse repurchase agreements is recognised on the balance sheet as "Loans to credit institutions" or as "Loans to the public".

Additionally, the sale of securities received in reverse repurchase agreements trigger the recognition of a trading liability (short sale).

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item "Derivatives" on the asset side. Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item "Derivatives" on the liability side.

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item "Net result from items at fair value".

14. Loans to the public/credit institutions
Financial instruments classified as "Loans to the public/credit institutions" in the balance sheet and into the category Loans and receivables are measured at amortised cost (see also the separate section 8 "Recognition and derecognition of financial instruments in the balance sheet" as well as Note G42 "Classification of financial instruments").

Nordea monitors loans as described in the separate section on Risk, Liquidity and Capital management. Loans attached to individual customers or groups of customers are identified as impaired if the impairment tests indicate an objective evidence of impairment.

Also interest-bearings securities classified into the categories Loans and receivables and Held to maturity are held at amortised cost and the description below is valid also for the identification and measurement of impairment on these assets. Possible impairment losses on interest-bearing securities classified into the categories Loans and receivables and Held to maturity are recognised as "Impairment of securities held as non-current financial assets" in the income statement.

Impairment test of individually assessed loans
Nordea tests significant loans for impairment on an individual basis. The purpose of the impairment tests is to find out if the loans have become impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators of impairment (loss event) and whether these loss events represent objective evidence of impairment. More information on the identification of loss events can be found in the Risk, Liquidity and Capital management section.

In the process to conclude whether there is objective evidence of impairment, an assessment is performed to estimate the most probable future cash flows generated by the customer. These cash flows are then discounted by the effective interest rate giving the net present value. Collaterals received to mitigate the credit risk will be assessed at fair value. If the

carrying amount of the loan is higher than the net present value of the estimated future cash flows, including the fair value of the collaterals, the loan is impaired.

Loans that are not individually impaired will be transferred to a group of loans with similar risk characteristics for a collective impairment test.

Impairment test of collectively assessed loans
All loans not impaired on an individual basis are collectively assessed for impairment, including individually insignificant loans. This means that significant loans not impaired on an individual level and insignificant loans that have not been tested on an individual level are collectively tested for impairment. The loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms. Nordea monitors its portfolio through rating migrations, the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes Nordea identifies loss events indicating incurred losses in a group. A loss event is an event resulting in a deterioration of the expected future cash flows. Only loss events incurred up to the reporting date are included when performing the assessment of the group.

The objective for the group assessment process is to evaluate if there is a need to make a provision due to the fact that a loss event has occurred, which has not yet been identified on an individual basis. This period between the date when the loss event occurred and the date when it is identified on an individual basis is called "Emergence period". The impairment remains related to the group of loans until the losses have been identified on an individual basis. The identification of the loss is made through a default of the engagement or by other indicators.

For corporate customers and bank counterparts, Nordea uses the existing rating system as a basis when assessing the credit risk. Nordea uses historical data on probability of default to estimate the risk for a default in a rating class. These loans are rated and grouped mostly based on type of industry and/or sensitivity to certain macro parameters, e.g. dependency to oil prices etc.

Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on Risk, Liquidity and Capital management.

The collective assessment is performed through a netting principle, i.e. when rated engagements are up-rated due to estimated increases in cash flows, this improvement will be netted against losses on loans that are down-rated due to estimated decreases in cash-flows. Netting is only performed within groups with similar risk characteristics where Nordea assesses that the customers' future cash flows are insufficient to serve the loans in full.

Impairment loss
If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows, including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses are accounted for as changes in the allowance account and as "Net loan losses" in the income statement (see also section 6 "Recognition of operating income and impairment").

If the impairment loss is regarded as final, it is reported as a realised loss. A realised loss is recognised and the value of the loan and the related allowance for impairment loss are derecognised with a corresponding gain or loss recognised in the line item "Net loan losses" in the income statement. An impairment loss is regarded as final when the obligor is filed for bankruptcy and the administrator has declared the economic outcome of the bankruptcy procedure, or when Nordea forgives its claims either through a legal based or voluntary reconstruction or when Nordea, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate
The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans. If considered appropriate, the discount rate can be based on a method that results in an impairment that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Restructured loans
In this context a restructured loan is defined as a loan where Nordea has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for Nordea. After a reconstruction the loan is normally regarded as not impaired if it performs according to the new conditions. Concessions made in reconstructions are regarded as final losses unless Nordea retains the possibility to regain the realised loan losses incurred. In the event of a recovery the payment is reported as a recovery of realised loan losses.

Assets taken over for protection of claims
In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea's own use, is reported together with other investment properties.

At initial recognition, all assets taken over for protection of claims are recognised at fair value and the possible difference between the carrying amount of the loan and the fair value of the assets taken over is recognised as "Net loan losses". The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified into the categories Available for sale or Designated at fair value through profit or loss (Fair Value Option) (see section 13 "Financial instruments") and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line "Net result from items at fair value".

Any change in value, after the initial recognition of the asset taken over, is presented in the income statement in line with the Group's presentation policies for the appropriate asset. "Net loan losses" in the income statement is, after the initial recognition of the asset taken over, consequently not affected by any subsequent remeasurement of the asset.

15. Leasing

Nordea as lessor

Finance leases

Nordea's leasing operations mainly comprise finance leases. A finance lease is reported as a receivable from the lessee in the balance sheet item "Loans to the public" at an amount equal to the net investment in the lease. The lease payment, excluding cost of services, is recorded as repayment of principal and interest income. The income allocation is based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of the finance lease.

Operating leases

Assets subject to operating leases in the balance sheet are reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straight-line basis over the lease term and classified as "Net interest income". The depreciation of the leased assets is calculated on the basis of Nordea's depreciation policy for similar assets and reported as "Depreciation, amortisation and impairment charges of tangible and intangible assets" in the income statement.

Nordea as lessee

Finance leases

Finance leases are recognised as assets and liabilities in the balance sheet at the amount equal to the fair value, or if lower, the present value of the minimum lease payments of the leased assets at the inception of the lease. The assets are reported in accordance with the nature of the assets. Lease payments are apportioned between finance charge and reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease also gives rise to a depreciation expense for the leased asset. The depreciation policy is consistent with that of the assets in own use. Impairment testing of leased assets is performed following the same principles as for similar owned assets.

Operating leases

Operating leases are not recognised on Nordea's balance sheet. For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of Nordea's benefit. The original lease terms range between 3 to 25 years.

Operating leasing is mainly related to office premises contracts and office equipment contracts normal to the business.

The central district properties in Finland, Norway and Sweden that Nordea has divested are leased back. The duration of the lease agreements was initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, nor any economic benefits from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets' economic life. These leases are thus classified as operating leases. The rental expense for these premises is recognised on the basis of the time-pattern of Nordea's economic benefit which differs from the straight-line basis and better resembles an ordinary rental arrangement.

Embedded leases

Agreements can contain a right to use an asset in return for a payment, or a series of payments, although the agreement is not in the legal form of a leasing contract. If applicable, these assets are separated from the contract and accounted for as leased assets.

16. Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. The assets are under Nordea's control, which means that Nordea has the power and rights to obtain the future economic benefits flowing from the underlying resource. The intangible assets in Nordea mainly consist of goodwill, IT-development/computer software and customer related intangible assets.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is not recognised as a separate asset, but included in "Investments in associated undertakings". Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill cannot be reversed in subsequent periods. Goodwill related to associated companies is not tested for impairment separately, but included in the total carrying amount of the associated company. The policies covering impairment testing of associated companies is disclosed in section 6 "Recognition of operating income and impairment".

As part of its transition to IFRS, Nordea elected to restate only those business combinations that occurred on or after 1 January 2004. In respect to acquisitions prior to that date, goodwill represents the amount recognised under Nordea's previous accounting framework (Swedish generally accepted accounting principles) less any amortisation and impairment losses.

IT-development/Computer software

Costs associated with maintaining computer software programs are expensed as incurred. Costs directly associated with major software development investments, with a useful life of three years or more and the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and overhead expenditures directly attributable to preparing the asset for use. Computer software includes also acquired software licenses not related to the function of a tangible asset.

Amortisation is calculated on a straight-line basis over the useful life of the software, generally a period of 3 to 10 years.

Customer related intangible assets

In business combinations a portion of the purchase price is normally allocated to a customer related intangible asset, if the asset is identifiable and under Nordea's control. An intangible asset is identifiable if it arises from contractual or legal rights, or is separable. The asset is amortised over its useful life.

Impairment

Goodwill and other intangible assets with indefinite useful lives are not amortised but tested for impairment annually irrespective of any indications of impairment. Impairment testing is also performed more frequently if required due to any indication of impairment. The impairment charge is calculated as the difference between the carrying amount and the recoverable amount.

At each balance sheet date, all intangible assets with definite useful lives are reviewed for indications of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the intangible asset is fully recoverable.

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash generating units are defined as the operating segments. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a rate based on the long-term risk free interest rate plus a risk premium (post tax). If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See Note G21 "Intangible assets" for more information on the impairment testing.

17. Property and equipment

Property and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment comprise its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Property and equipment is depreciated on a straight-line basis over the estimated useful life of the assets. The estimates of the useful life of different assets are reassessed on a yearly basis. Below follows the current estimates:

Buildings	30–75 years
Equipment	3–5 years
Leasehold improvements	Changes within buildings the shorter of 10 years and the remaining leasing term. New construction the shorter of the principles used for owned buildings and the remaining leasing term. Fixtures installed in leased properties are depreciated over the shorter of 10–20 years and the remaining leasing term.

At each balance sheet date, Nordea assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any impairment loss is recognised.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

18. Investment property

Investment properties are primarily properties held to earn rent and/or capital appreciation. The majority of the properties in Nordea are attributable to Nordea Life & Pensions. Nordea applies the fair value model for subsequent measurement of investment properties. The best evidence of a fair value is normally given by quoted prices in an active market for similar property in the same location and condition. As these prices are rarely available discounted cash flow projection models based on reliable estimates of future cash flows are also used.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as "Net result from items at fair value".

19. Liabilities to policyholders

Liabilities to policyholders include obligations according to insurance contracts and investment contracts with policyholders.

An insurance contract is defined as "a contract under which one party (the insurer) accepts significant insurance risks from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder".

Investment contracts are contracts with policyholders that have the legal form of insurance contracts but where the insurance risk transfer has been assessed to be insignificant.

The insurance risk is generally calculated as the risk sum payable as a percentage of the reserve behind the contract at the beginning of the contract period. It is Nordea's assessment that a risk percentage of five or higher is a significant insurance risk.

The contracts can be divided into the following classes:

- Insurance contracts:
  - Traditional life insurance contracts with and without discretionary participation feature
  - Unit-Linked contracts with significant insurance risk
  - Health and personal accident
- Investment contracts:
  - Investment contracts with discretionary participation feature
  - Investment contracts without discretionary participation feature

Insurance contracts

The measurement principles under local GAAP have been maintained consequently resulting in a non-uniform accounting policies method on consolidation.

Traditional life insurance provisions represent consolidated provisions for all the companies in Nordea Life & Pensions, including companies in Sweden, Norway, Finland, Denmark, Poland, Luxembourg, Isle of Man, Estonia and Lithuania.

In Denmark, Sweden and Finland the measurements are prepared by calculating the present value of future benefits, to which the policyholders are entitled. The calculation includes assumptions about market consistent discounting rates as well as expenses and life risk. The discount rate is based on the liabilities' current term. In Denmark, the provision, in addition, includes bonus potential on paid policies and on future premiums.

In Norway the provisions are mainly calculated on the basis of a prospective method. The discount rate used is equal to the original tariff rates and assumptions about expenses and risk.

The accounting policy for each company is based on the local structure of the business and is closely related to solvency rules and national regulation concerning profit sharing and other requirements about collective bonus potential.

Unit-Linked contracts represent life insurance provisions relating to Unit-Linked policies written either with or without an investment guarantee. Unit-Linked contracts classified as insurance contracts include the same insurance risk elements as traditional insurance contracts. These contracts are mainly recognised and measured at fair value on the basis of:

- the fair value of the assets linked to the Unit-Linked contracts, and
- the estimated present value of the insurance risk which is calculated in the same way as traditional insurance contracts considering the impact on every risk element included in the cash flows.

Health and personal accident provisions include premium reserves and claims outstanding. This item is recognised and measured on deferred basis in the same way as general insurance contracts.

Investment contracts
Investment contracts are contracts with policyholders, which do not transfer sufficient insurance risk to be classified as insurance contracts.

However, investment contracts with discretionary participation features are, in line with IFRS 4, accounted for as insurance contracts using local accounting principles. Nordea Life & Pension has only a small number of these contracts.

Investment contracts without discretionary participation features are recognised and measured at fair value in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", equal to fair value of the assets linked to these contracts. These assets are classified into the category Designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Discretionary participating features (DPF)
Some traditional life insurance contracts and investment contracts include a contractual right for the policyholder to receive significant benefits in addition to guaranteed benefits. Nordea has discretion to pay these additional benefits as bonus on risk result, expense result and interest rate. These DPF-features (Collective bonus potential) are classified as liabilities in the balance sheet.

Collective bonus potential includes amounts allocated but not attributed to the policyholders. In Finland, collective bonus potential includes the policyholder's part of the total unrealised investment gains and bonus potential on paid policies and future premiums (the difference between retrospective and market consistent prospective measurement principles of the insurance contracts). In Norway, collective bonus potential includes the policyholder's part of both the total unrealised investment gains and additional reserves. In Sweden and Denmark, the main valuation principle is fair value (insurance contracts). The policyholder's part of both realised and unrealised investment gains is therefore included in the balance sheet representing either Change in technical provisions, Life and/or Change in collective bonus potentials, Life, depending on whether the investment result is allocated or not. Both the mentioned lines are included in the balance sheet line "Liabilities to policyholders".

Liability adequacy test
The adequacy of insurance provisions is assessed at each reporting date to ensure that the carrying amount of the liabilities is higher than the best estimate of future cash flows discounted with current interest rates. If needed, additional provisions are accounted for and recognised in the income statement.

20. Taxes
The item "Income tax expense" in the income statement comprises current- and deferred income tax. The income tax expense is recognised in the income statement, except to the extent the tax effect relates to items recognised in other comprehensive income or directly in equity, in which case the tax effect is recognised in other comprehensive income or in equity respectively.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, nor for differences relating to investments in subsidiaries and associated companies to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities.

21. Earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of Nordea Bank AB by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, consisting of rights to performance shares in the long term incentive programmes.

The potential ordinary shares are only considered to be dilutive, on the balance sheet date, if all performance conditions are fulfilled and if a conversion to ordinary shares would decrease earnings per share. The rights are furthermore considered dilutive only when the exercise price, with the addition of future services, is lower than the period's average share price.

22. Employee benefits
All forms of consideration given by Nordea to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed. Post-employment benefits are benefits payable after the termination of the employment. Post-employment benefits in Nordea consist only of pensions. Termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy.

Short-term benefits
Short term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees have performed services to Nordea. Nordea has also issued share-based payment programmes, which are further described in section 25 "Share-based payment".

More information can be found in Note G7 "Staff costs".

Post-employment benefits

Pension plans

The companies within Nordea have various pension plans, consisting of both defined benefit plans and defined contribution plans, reflecting national practices and conditions in the countries where Nordea operates. Defined benefit plans are predominantly sponsored in Sweden, Norway and Finland. The major defined benefit plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation, the net amount is, after adjusting for unrecognised actuarial gains/losses, recognised as a liability (defined benefit obligation). If not, the net amount is recognised as an asset (defined benefit asset). Non-funded pension plans are recognised as defined benefit obligations.

Most pensions in Denmark, but also plans in other countries, are based on defined contribution arrangements that hold no pension liability for Nordea. Nordea also contributes to public pension systems.

Pension costs

The pension calculations are carried out by country and by pension plan in accordance with IAS 19.

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. Nordea's net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service cost and the fair value of any plan assets are deducted and unrecognised actuarial gains/losses adjusted for. Actuarial calculations, performed annually, are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note G34 "Retirement benefit obligations").

When establishing the present value of the obligation and the fair value of any plan assets, actuarial gains and losses may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The actuarial gains and losses are not recognised immediately in the income statement. Rather, only when the net cumulative unrecognised actuarial gain or loss exceeds a "corridor" equal to 10 percent of the greater of either the present value of the defined benefit obligation or the fair value of the plan assets, the excess is recognised in the income statement over the expected average remaining service period of the employees participating in the plan. Otherwise, actuarial gains and losses are not recognised.

When the calculation results in a benefit to the Nordea entity, the recognised asset is limited to the net total of any unrecognised actuarial losses, unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan.

Discount rate in Defined Benefit Plans

The discount rate is determined by reference to high quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In countries where no such market exists the discount rate is determined by reference to government bond yields. In Sweden, Finland and Denmark the discount rate is determined with reference to corporate bonds and in Norway with reference to government bonds.

Termination benefits

As mentioned above termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy. Termination benefits do not arise if the employees have to continue performing services and the termination benefits can be considered to be normal compensation for those services.

Termination benefits are expensed when Nordea has an obligation to make the payment. An obligation arises when there is a formal plan committed to on the appropriate organisational level and when Nordea is without realistic possibility of withdrawal, which normally occurs when the plan has been communicated to the group affected or to their representatives.

Termination benefits can include both short-term benefits, for instance a number of months' salary, and post-employment benefits, normally in the form of early retirement. Short-term benefits are classified as "Salaries and remuneration" and post-employment benefits as "Pension costs" in Note G7 "Staff costs".

23. Equity

Non-controlling interests

Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank AB (publ).

Share premium reserve

The share premium reserve consists of the difference between the subscription price and the quota value of the shares in Nordea's rights issue. Transaction costs in connection to the rights issue have been deducted.

Other reserves

Other reserves comprise income and expenses, net after tax effects, which are reported in equity through other comprehensive income in accordance with IFRS. These reserves include fair value reserves for cash flow hedges and financial assets classified into the category Available for sale as well as a reserve for translation differences.

Retained earnings

Apart from undistributed profits from previous years, retained earnings include the equity portion of untaxed reserves. Untaxed reserves according to national rules are recorded as equity net of deferred tax at prevailing tax rates in the respective country.

In addition, Nordea's share of the earnings in associated companies, after the acquisition date, that have not been distributed is included in retained earnings.

Treasury shares

Treasury shares are not accounted for as assets. Acquisitions of treasury shares are classified as deductions of "Retained earnings" in the balance sheet. Also own shares in trading portfolios are classified as treasury shares. Divested treasury shares are recognised as an increase of "Retained earnings".

Contracts on Nordea shares that can be settled net in cash are either a financial asset or financial liability.

24. Financial guarantee contracts and credit commitments

Upon initial recognition, premiums received in issued financial guarantee contracts and credit commitments are recognised as prepaid income on the balance sheet. The guarantees and irrevocable credit commitments are subsequently measured, and recognised on the balance sheet, at the higher of

either the received fee less amortisation, or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Changes in provisions are recognised in the income statement in the item "Net loan losses".

Premiums received for financial guarantees are, as stated in section 6 "Recognition of operating income and impairment", amortised over the guarantee period and recognised as "Fee and commission income" in the income statement. Premiums received on credit commitments are generally amortised over the loan commitment period. The contractual amounts are recognised off-balance sheet, financial guarantees in the item "Contingent liabilities" and irrevocable credit commitments in the item "Commitments".

25. Share-based payment

Equity-settled programmes

Nordea has annually issued Long Term Incentive Programmes from 2007 through 2011. Employees participating in these programmes are granted share-based and equity-settled rights, i.e. rights to receive shares for free or to acquire shares in Nordea at a significant discount compared to the share price at grant date. The value of such rights shall be expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date, and is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights/Performance Share II are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

Social security costs are also allocated over the vesting period, in accordance with statement UFR 7 issued by the Swedish Financial Reporting Board: "IFRS 2 and social security contributions for listed enterprises". The provision for social security costs is reassessed on each reporting occasion to ensure that the provision is based on the rights' fair value at the reporting date.

For more information see Note G7 "Staff costs".

Cash-settled programmes

Nordea has to defer payment of variable salaries under Nordic FSA's regulations and general guidelines. The deferred amounts are to some extent indexed using Nordea's TSR (Total Shareholders' Return) and these "programmes" are cash-settled share-based programmes under IFRS. These programmes are fully vested when the variable salaries are initially deferred and the fair value of the obligation is remeasured on a continuous basis. The remeasurements are, together with the related social charges, recognised in the income statement in the item "Net result from items at fair value".

For more information see Note G7 "Staff costs".

26. Related party transactions

Nordea defines related parties as:

- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Key management personnel
- Other related parties

All transactions with related parties are made on an arm's length basis.

Shareholders with significant influence

Shareholders with significant influence are shareholders that, by any means, have a significant influence over Nordea.

Group undertakings

For the definition of Group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the Nordea Group is found in Note P21 "Investments in group undertakings".

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing. These transactions are eliminated in the consolidated accounts.

Associated undertakings

For the definition of Associated undertakings see section 5 "Principles of consolidation".

Further information on the associated undertakings included in the Nordea Group is found in Note G20 "Investments in associated undertakings".

Key management personnel

Key management personnel includes the following positions:

- The Board of Directors
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM)

For information about compensation, pensions and other transactions with key management personnel, see Note G7 "Staff costs".

Other related parties

Other related parties comprise close family members to individuals in key management personnel. Other related parties also include companies significantly influenced by key management personnel in Nordea Group as well as companies significantly influenced by close family members to these key management personnel. Other related parties also include Nordea's pension foundations.

Information concerning transactions between Nordea and other related parties is found in Note G47 "Related-party transactions".

27. Exchange rates

EUR 1 = SEK	Jan–Dec 2011	Jan–Dec 2010
Income statement (average)	9,0293	9,5463
Balance sheet (at end of period)	8,9120	8,9655
EUR 1 = DKK		
Income statement (average)	7,4506	7,4472
Balance sheet (at end of period)	7,4342	7,4535
EUR 1 = NOK		
Income statement (average)	7,7946	8,0080
Balance sheet (at end of period)	7,7540	7,8000
EUR 1 = PLN		
Income statement (average)	4,1203	3,9957
Balance sheet (at end of period)	4,4580	3,9750
EUR 1 = RUB		
Income statement (average)	40,8809	40,2749
Balance sheet (at end of period)	41,7650	40,8200

G2 Segment reporting

Operating segments

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 business area reporting are that the information to CODM is prepared using plan rates and to that different allocations principles between operating segments have been applied.

Changes in basis of segmentation

A new organisation has been established, developed around the three main business areas Retail Banking, Wholesale Banking and Wealth Management. In addition a business unit called Group Operations & Other Lines of Business has been established. As from the third quarter 2011 the segment reporting has been changed as a consequence of these organisational changes. Group Corporate Centre and the separate divisions within the three main business areas and within the business unit Group Operations & Other Lines of Business have, based on the new organisation, been identified as operating segments. The changes compared to the previous segment reporting are mainly that Nordic Banking has been renamed Retail Banking Nordic, that the banking activities in Russia, that were previously included in New European Markets, are now reported as an own operating segment within the main business area Wholesale Banking and that the service units and support functions within the main business areas Retail Banking and Wholesale Banking are now disclosed separately as operating segments named Retail Banking Other and Wholesale Banking Other. A new operating segment named Corporate & Institutional Banking has been established, including the former division Corporate Merchant Banking, previously included in Nordic Banking, and the former operating segment Financial Institutions. Capital Markets unallocated and Group Corporate Centre are furthermore disclosed separately as operating segments. Other operating segments, below the quantitative thresholds in IFRS 8, are included in Other operating segments. Comparative information has been restated accordingly.

Reportable Operating segments

Retail Banking conducts a full service banking operation and offers a wide range of products. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic markets (Retail Banking Nordic) as well as in Poland and the Baltic countries (Retail Banking Poland & Baltic countries). Wholesale Banking provides banking and other financial solutions to large Nordic and international corporate, institutional and public companies. The division Corporate & Institutional Banking is a customer oriented organisation serving the largest globally operating corporates. This division is also responsible for Nordea's customers within the financial sector, and offers single products such as funds, equity products etcetera as well as consulting services within asset allocation and fund sales. The division Shipping, Oil Services & International is responsible for Nordea's customers within the shipping, offshore and oil services industries and provides tailor made solutions and syndicated loan transactions. Nordea Bank Russia offers a full range of bank services to corporate and private customers in Russia. Capital Markets unallocated includes the result in Capital Markets which is not allocated to the main business areas. Group Corporate Centre's main objective is to manage the Group's funding and to support the management and control of the Nordea Group. The main income in Group Corporate Centre originates from Group Treasury.

	Retail Banking		Wholesale Banking		Group Corporate Centre		Other Operating segments[1]		Total operating segments		Reconciliation		Total Group	
Income statement, EURm	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income	3,883	3,396	1,288	1,231	359	488	–178	–64	5,352	5,051	104	108	5,456	5,159
Net fee and commission income	1,406	1,335	544	496	–11	–7	571	593	2,510	2,417	–115	–261	2,395	2,156
Net result from items at fair value	426	423	820	1,004	10	–13	287	291	1,543	1,705	–26	132	1,517	1,837
Profit from companies accounted for under the equity method	22	29	0	0	0	1	19	32	41	62	1	4	42	66
Other income	22	35	5	35	0	7	118	137	145	214	–54	–98	91	116
Total operating income	**5,759**	**5,218**	**2,657**	**2,766**	**358**	**476**	**817**	**989**	**9,591**	**9,449**	**–90**	**–115**	**9,501**	**9,334**
Staff costs	–1,353	–1,348	–723	–681	–61	–65	–671	–621	–2,808	–2,715	–305	–69	–3,113	–2,784
Other expenses	–1,944	–1,926	–130	–166	–116	–129	39	–74	–2,151	–2,295	237	433	–1,914	–1,862
Depreciation, amortisation and impairment charges of tangible and intangible assets	–52	–52	–8	–4	0	0	–62	–69	–122	–125	–70	–45	–192	–170
Total operating expenses	**–3,349**	**–3,326**	**–861**	**–851**	**–177**	**–194**	**–694**	**–764**	**–5,081**	**–5,135**	**–138**	**319**	**–5,219**	**–4,816**
Profit before loan losses	**2,410**	**1,892**	**1,796**	**1,915**	**181**	**282**	**123**	**225**	**4,510**	**4,314**	**–228**	**204**	**4,282**	**4,518**
Net loan losses	–586	–682	–170	–221	0	—	–16	–8	–772	–911	37	32	–735	–879
Operating profit	**1,824**	**1,210**	**1,626**	**1,694**	**181**	**282**	**107**	**217**	**3,738**	**3,403**	**–191**	**236**	**3,547**	**3,639**
Income tax expense	–486	–342	–419	–441	–47	–73	–32	–60	–984	–916	71	–60	–913	–976
Net profit for the year	**1,338**	**868**	**1,207**	**1,253**	**134**	**209**	**75**	**157**	**2,754**	**2,487**	**–120**	**176**	**2,634**	**2,663**
Balance sheet, EURbn														
Loans to the public[2]	221	225	48	49	—	—	0	0	269	274	68	40	337	314
Deposits and borrowings from the public[2]	111	113	35	29	—	—	0	0	146	142	44	34	190	176

1) Including the main business area Wealth Management.
2) The volumes are only disclosed separately for operating segments if separately reported to the Chief Operating Decision Maker.

G2 Segment reporting, cont.

Break-down of Retail Banking and Wholesale Banking

	Retail Banking Nordic[1]		Retail Banking Poland & Baltic countries[1]		Retail Banking Other[2]		Retail Banking	
Income statement, EURm	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income	3,528	3,071	293	254	62	71	3,883	3,396
Net fee and commission income	1,346	1,286	75	74	–15	–25	1,406	1,335
Net result from items at fair value	371	374	56	53	–1	–4	426	423
Profit from companies accounted for under the equity method	22	29	—	—	0	0	22	29
Other income	4	12	8	8	10	15	22	35
Total operating income	**5,271**	**4,772**	**432**	**389**	**56**	**57**	**5,759**	**5,218**
Staff costs	–1,012	–1,025	–83	–72	–258	–251	–1,353	–1,348
Other expenses	–2,012	–1,991	–113	–104	181	169	–1,944	–1,926
Depreciation, amortisation and impairment charges of tangible and intangible assets	–35	–33	–9	–11	–8	–8	–52	–52
Total operating expenses	**–3,059**	**–3,049**	**–205**	**–187**	**–85**	**–90**	**–3,349**	**–3,326**
Profit before loan losses	**2,212**	**1,723**	**227**	**202**	**–29**	**–33**	**2,410**	**1,892**
Net loan losses	–509	–579	–68	–97	–9	–6	–586	–682
Operating profit	**1,703**	**1,144**	**159**	**105**	**–38**	**–39**	**1,824**	**1,210**
Income tax expense	–446	–310	–48	–41	8	9	–486	–342
Net profit for the year	**1,257**	**834**	**111**	**64**	**–30**	**–30**	**1,338**	**868**
Balance sheet, EURbn								
Loans to the public	208	204	13	21	—	—	221	225
Deposits and borrowings from the public	107	107	4	6	—	—	111	113

	Corporate & Institutional Banking		Shipping, Offshore & Oil Services		Nordea Bank Russia		Capital Markets unallocated		Wholesale Banking Other[3]		Wholesale Banking	
Income statement, EURm	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income	777	756	320	300	185	165	2	11	4	–1	1,288	1,231
Net fee and commission income	537	536	81	62	14	13	–92	–118	4	3	544	496
Net result from items at fair value	421	463	28	32	13	13	358	492	0	4	820	1,004
Profit from companies accounted for under the equity method	0	0	—	—	0	0	0	0	—	0	0	0
Other income	0	0	0	0	1	1	1	1	3	33	5	35
Total operating income	**1,735**	**1,755**	**429**	**394**	**213**	**192**	**269**	**386**	**11**	**39**	**2,657**	**2,766**
Staff costs	–39	–35	–25	–20	–57	–55	–401	–374	–201	–197	–723	–681
Other expenses	–422	–416	–40	–37	–34	–31	179	131	187	187	–130	–166
Depreciation, amortisation and impairment charges of tangible and intangible assets	0	0	0	0	–6	–2	–1	–1	–1	–1	–8	–4
Total operating expenses	**–461**	**–451**	**–65**	**–57**	**–97**	**–88**	**–223**	**–244**	**–15**	**–11**	**–861**	**–851**
Profit before loan losses	**1,274**	**1,304**	**364**	**337**	**116**	**104**	**46**	**142**	**–4**	**28**	**1,796**	**1,915**
Net loan losses	–31	–174	–133	–45	–7	–4	0	0	1	2	–170	–221
Operating profit	**1,243**	**1,130**	**231**	**292**	**109**	**100**	**46**	**142**	**–3**	**30**	**1,626**	**1,694**
Income tax expense	–296	–296	–87	–77	–27	–24	–12	–37	3	–7	–419	–441
Net profit for the year	**947**	**834**	**144**	**215**	**82**	**76**	**34**	**105**	**0**	**23**	**1,207**	**1,253**
Balance sheet, EURbn												
Loans to the public	43	45	—	—	5	4	—	—	—	—	48	49
Deposits and borrowings from the public	34	28	—	—	1	1	—	—	—	—	35	29

1) Retail Banking Nordic includes banking operations in Denmark, Finland, Norway and Sweden, while Retail Banking Poland & Baltic countries includes banking operations in Estonia, Latvia, Lithuania and Poland.
2) Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT within the main business area Retail Banking.
3) Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT within the main business area Wholesale Banking.

G2 Segment reporting, cont.

Reconciliation between total operating segments and financial statements

	Total operating income, EURm		Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	2011	2010	2011	2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Total Operating segments	9,591	9,449	3,738	3,403	269	274	146	142
Group functions[1]	7	6	–40	–80	0	0	0	0
Unallocated items	28	124	–335	155	60	45	27	30
Eliminations	–180	–180	—	—	—	—	—	—
Differences in accounting policies[2]	55	–65	184	161	8	–5	17	4
Total	**9,501**	**9,334**	**3,547**	**3,639**	**337**	**314**	**190**	**176**

1) Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources, Board of Directors and Executive Management.
2) Impact on operating profit from internally developed and bought software expensed as incurred in the operating segments, but capitalised as required by IAS 38 in the Group's balance sheet, EUR 172m (EUR 165m). Impact on total operating income EUR 55m (EUR –65m) and on operating profit EUR 12m (EUR –4m) from plan rates used in the segment reporting.

Total operating income split on product groups

EURm	2011	2010[1]
Banking products	5,951	5,367
Capital Markets products	1,986	2,012
Savings products & Asset management	691	670
Life & Pensions	417	556
Other	456	729
Total	**9,501**	**9,334**

1) Restated due to the organisational changes described above.

Banking products consists of three different product types. Account products includes account based products such as lending, deposits and cards and Netbank services. Transaction products consists of cash management, trade and project finance services. Financing products includes asset based financing through leasing, hire purchase and factoring as well as offering sales to finance partners such as dealers, vendors and retailers. Capital Markets products contains financial instruments, or arrangement for a financial instrument, that are available in the financial marketplace, including currencies, commodities, stocks, bonds, and existing arrangements. Savings products & Asset management includes Investment funds, Discretionary Management, Portfolio Advice and Pension Accounts. Investment Funds is a bundled product where the fund company invests in stocks, bonds, derivatives or other standardised products on behalf of the fund's shareholders. Discretionary Management is a service providing the management of an investment portfolio on behalf of the customer and Portfolio Advise is a service provided to support the customers investment decision. Life & Pensions includes life insurance and pension products and services.

Geographical information

	Total operating income, EURm		Assets, EURbn	
	2011	2010	31 Dec 2011	31 Dec 2010
Sweden	2,290	1,968	146	133
Finland	1,573	1,363	78	94
Norway	1,983	1,753	89	71
Denmark	2,680	3,245	320	220
Baltic countries	28	158	1	8
Poland	252	218	9	7
Russia	180	223	6	4
Other	515	406	67	44
Total	**9,501**	**9,334**	**716**	**581**

Nordea's main geographical market comprises the Nordic countries, the Baltic countries, Poland and Russia. Revenues and assets are distributed to geographical areas based on the location of the operations. Goodwill is allocated to different countries based on the location of the business activities of the acquired entities.

G3 Net interest income

EURm	2011	2010
Interest income		
Loans to credit institutions	282	231
Loans to the public	10,318	7,961
Interest-bearing securities	904	1,107
Other interest income	451	388
Interest income	**11,955**	**9,687**
Interest expense		
Deposits by credit institutions	–240	–166
Deposits and borrowings from the public	–2,158	–1,437
Debt securities in issue	–3,586	–3,040
Subordinated liabilities	–330	–285
Other interest expenses[1]	–185	400
Interest expense	**–6,499**	**–4,528**
Net interest income	**5,456**	**5,159**

1) The net interest income from derivatives, measured at fair value and related to Nordea's funding. This can have both a positive and negative impact on other interest expense, for further information see Note G1.

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 9,178m (EUR 6,955m). Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR –4,819m (EUR –3,387m).

Net interest income

EURm	2011	2010
Interest income	11,662	9,429
Leasing income, net	293	258
Interest expense	–6,499	–4,528
Total	**5,456**	**5,159**

G4 Net fee and commission income

EURm	2011	2010
Asset management commissions	754	698
Life insurance	306	305
Brokerage	200	198
Custody	90	77
Deposits	44	45
Total savings related commissions	**1,394**	**1,323**
Payments	421	412
Cards	446	397
Total payment commissions	**867**	**809**
Lending	437	397
Guarantees and documentary payment	214	209
Total lending related to commissions	**651**	**606**
Other commission income	210	217
Fee and commission income	**3,122**	**2,955**
Life insurance	–68	–62
Payment expenses	–305	–300
State guarantee fees	–55	–162
Other commission expenses	–299	–275
Fee and commission expense	**–727**	**–799**
Net fee and commission income	**2,395**	**2,156**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounts to EUR 468m (EUR 345m).

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amount to EUR 1,260m (EUR 1,202m). The corresponding amount for fee expenses is EUR –67m (EUR –62m).

G5 Net result from items at fair value

EURm	2011	2010
Shares/participations and other share-related instruments	–518	2,394
Interest-bearing securities and other interest-related instruments	1,452	2,051
Other financial instruments	163	–230
Foreign exchange gains/losses	546	–20
Investment properties	158	161
Change in technical provisions, Life[2]	–937	–2,423
Change in collective bonus potential, Life	607	–160
Insurance risk income, Life	217	312
Insurance risk expense, Life	–171	–248
Total	**1,517**	**1,837**

Net result from categories of financial instruments[1]

EURm	2011	2010
Available for sale assets, realised	0	49
Financial instruments designated at fair value through profit or loss	20	132
Financial instruments held for trading[3]	988	1,088
Financial instruments under hedge accounting	10	24
– of which net gains/losses on hedging instruments	1,940	–330
– of which net gains/losses on hedged items	–1,930	354
Financial assets measured at amortised cost	10	18
Financial liabilities measured at amortised cost	–8	—
Foreign exchange gains/losses excl currency hedges	317	220
Other	1	1
Financial risk income, net Life[2]	132	241
Insurance risk income, net Life	47	64
Total	**1,517**	**1,837**

1) The figures disclosed for Life (financial risk income and insurance risk income) are disclosed on gross basis, ie before eliminations of intra-group transactions.
2) Premium income amounts to EUR 2,544m (EUR 1,733m).
3) Of which amortised deferred day one profits amounts to EUR 14m (EUR 16m).

G6 Other operating income

EURm	2011	2010
Sale of global custody operations	2	30
Income from real estate	3	8
Disposal of tangible and intangible assets	10	2
Other	76	76
Total	**91**	**116**

G7 Staff costs

EURm	2011	2010
Salaries and remuneration (specification below)[1]	–2,343	–2,130
Pension costs (specification below)	–299	–262
Social security contributions	–388	–333
Other staff costs	–83	–59
Total[2]	**–3,113**	**–2,784**
Salaries and remuneration		
To executives[3]		
– Fixed compensation and benefits	–20	–18
– Performance-related compensation	–7	–5
– Allocation to profit sharing	0	0
Total	**–27**	**–23**
To other employees	–2,316	–2,107
Total	**–2,343**	**–2,130**

1) Of which allocation to profit-sharing 2011 EUR 37m (EUR 19m) consisting of a new allocation of EUR 43m (EUR 24m) and a release related to prior years of EUR 6m (EUR 5m).
2) Of which EUR 111m related to New Normal in 2011.
3) Executives include the Board of Directors (including deputies), CEO, deputy CEO, executive vice presidents and Group Executive Management in the parent company as well as the Board of Directors (including deputies), managing directors and executive vice presidents in operating subsidiaries. Former board members (including deputies), CEOs, deputy CEOs, managing directors and executive vice presidents, in the parent company and operating subsidiaries, are included. Executives amount to 315 (282) positions. Comparative figures for compensation to executives and number of executives have been restated as a consequence of a widened definition of executives.

EURm	2011	2010
Pension costs[1]		
Defined benefits plans (Note G34)[2]	–104	–27
Defined contribution plans[3]	–195	–235
Total	**–299**	**–262**

1) Pension cost for executives as defined in footnote 3 above, amounts to EUR 8m (EUR 5m) and pension obligations to EUR 56m (EUR 54m).
2) Excluding social security contributions. Including social security contributions EUR 124m (EUR 37m).
3) Last year the pension cost for defined contribution plans included an expense of EUR 46m for contributions payable to the Avtalefestet Pensjon plan in Norway.

Additional disclosures on remuneration under Nordic FSAs' regulations and general guidelines

The qualitative disclosures under these regulations can be found in the separate section on remuneration in the Board of Directors' Report, while the quantitative disclosures will be published in a separate report on Nordea's homepage (www.nordea.com) in due time before the Annual General Meeting 2012.

Remuneration to the Board of Directors, CEO and Group Executive Management

Board remuneration

The remuneration for the Board was decided to be unchanged by the Annual General Meeting (AGM) 2011. The remuneration was EUR 252,000 for the Chairman, EUR 97,650 for the Vice Chairman and EUR 75,600 for other members. The annual remuneration for committee meetings is as from the AGM 2011 EUR 16,600 for the chairman of the committee and EUR 12,900 for other members. Board members employed by Nordea do not receive separate compensation for their Board membership. There are no commitments for severance pay, pension or other compensation to the members of the Board, except for pension commitments to one board member previously employed by Nordea.

Pension to the former Chairman of the Board, Hans Dalborg, is fully covered by an external pension institute and paid in full by Nordea. Hence Nordea does not have any pension obligation towards Hans Dalborg.

Salary and benefits

CEO

The fixed salary, variable salary part and contract terms for the CEO are proposed by the Board Remuneration Committee (BRC) and approved by the Board. Variable salary part, which is based on agreed, specific targets, can amount to a maximum of 35% of the fixed salary.

The fixed salary was increased to EUR 1,162,884 (SEK 10,500,000) as from 1 January 2011, which was announced at the AGM in 2011. The increase followed a period of close to three years, from April 2008 until the end of 2010, where the CEO had taken a voluntary initiative prolonged by the requirements in the rights issue of new shares to keep the fixed salary unchanged and abstain from the variable salary part in 2009 and 2010. From 2011 the CEO has earned variable salary part and the fixed salary has been adjusted to be in line with market levels in accordance with Nordea´s remuneration guidelines approved by the AGM. The CEO takes part of the Long Term Incentive Programmes as described in the separate section on remuneration in the Board of Directors' report and below. Benefits for the CEO include primarily car and housing.

Group Executive Management (GEM)

The BRC prepares alterations in salary levels and outcome of variable salary part as well as other changes in the compensation package for members of GEM, for resolution by the Board. Variable salary part, which is based on agreed, specific targets, can be a maximum of 35% of the fixed salary.

Also most GEM members have been part of the voluntary initiative prolonged by the requirements in the rights issue of new shares to abstain from variable salary part 2009 and 2010 and to keep fixed salary unchanged from April 2008 until the end of 2010. The increase from 2010 to 2011 is explained by the adjustment of the fixed salary levels as from 1 January 2011, the possibility for all members of GEM to earn variable salary part in accordance with Nordea´s remuneration guidelines and the increased number of GEM members. As for the CEO, GEM members take part of the Long Term Incentive Programmes. Benefits include primarily car and/or housing.

G7 Staff costs, cont.

	Fixed salary/ Board fee[1]		Variable salary part		Long Term Incentive Programmes[2]		Benefits		Total	
EUR	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Chairman of the Board:										
Björn Wahlroos[3]	–227,219	–103,998	—	—	—	—	—	—	–227,219	–103,998
Vice Chairman of the Board:										
Marie Ehrling[4]	–112,839	–91,244	—	—	—	—	—	—	–112,839	–91,244
Former chairman of the Board:										
Hans Dalborg[5]	–74,199	–275,427	—	—	—	—	—	—	–74,199	–275,427
Other Board members:[6]										
Tom Knutzen	–93,278	–85,890	—	—	—	—	—	—	–93,278	–85,890
Lars G Nordström	–87,767	–83,927	—	—	—	—	—	—	–87,767	–83,927
Björn Savén[7]	–93,278	–85,890	—	—	—	—	—	—	–93,278	–85,890
Svein Jacobsen	–98,201	–95,960	—	—	—	—	—	—	–98,201	–95,960
Stine Bosse	–89,590	–80,286	—	—	—	—	—	—	–89,590	–80,286
Sarah Russell	–93,278	–60,030	—	—	—	—	—	—	–93,278	–60,030
Kari Stadigh	–96,089	–66,305	—	—	—	—	—	—	–96,089	–66,305
Timo Peltola[7]	—	–26,818	—	—	—	—	—	—	—	–26,818
Heidi M Petersen[7]	—	–23,043	—	—	—	—	—	—	—	–23,043
CEO:										
Christian Clausen[8]	–1,162,884	–860,564	–308,164	—	–144,782	–232,178	–22,411	–30,817	–1,638,241	–1,123,559
Group Executive Management (GEM):										
7 (6) individuals excluding CEO[9]	–4,637,433	–3,663,331	–1,084,710	–588,563	–507,492	–734,778	–222,780	–273,739	–6,452,415	–5,260,411
Total	**–6,866,055**	**–5,602,713**	**–1,392,874**	**–588,563**	**–652,274**	**–966,956**	**–245,191**	**–304,556**	**–9,156,394**	**–7,462,788**

1) The Board fee is a fixed annual fee as from the Annual General Meeting (AGM) 2011. These are accounted for in SEK and translated into EUR based on the average exchange rate each year.
2) CEO and members of GEM hold 12,253 A-rights, 12,253 B-rights and 4,901 D-rights in LTIP 2009, have a conditional right to maximum 61,158 matching shares, 122,316 performance shares I and 61,158 performance shares II in LTIP 2010 and 110,711 matching shares, 221,422 performance shares I and 110,711 performance shares II in LTIP 2011. For more information on the valuation of the Long Term Incentive Programmes, see below. The disclosed expense is calculated in accordance with IFRS 2 "Share-based Payment".
3) New Chairman of the Board as from the AGM 2011.
4) New Vice Chairman of the Board as from the AGM 2011.
5) Resigned as Chairman of the Board as from the AGM 2011.
6) Employee representatives excluded.
7) Resigned as Board member during 2010 or 2011.
8) The increase in 2011 is due to an actual salary increase of EUR 254,727, as communicated at the AGM 2011, and exchange rate effects. In 2010 the CEO abstained from variable salary part. Benefits are included at taxable values after salary reduction.
9) GEM members included for the period they have been appointed. As disclosed in the Annual Report 2010 two members of GEM earned variable salary part in 2010 and the variable salary part also included a guaranteed variable salary part for one new GEM member. Benefits are included at taxable values.

Pension

CEO

The retirement age for the CEO is 60 and his pension amounts to 50% of the pensionable income for life. From 1 January 2011 fixed salary is the pensionable income while variable salary part is no longer included in pensionable income. The maximum pensionable income is from 1 January 2011 increased from 190 to 200 Swedish Income Base Amounts. This has led to a retroactive adjustment affecting pension cost in 2011, but the impact on the pension cost as from 2012 will be significantly lower. The pension obligation is fully funded, meaning that it is covered in full by plan assets. At retirement the pension risk is transferred to the CEO. Pension payments are to be made in accordance with local legislations and pension insurance conditions.

Group Executive Management (GEM)

The pension agreements vary due to local country practices.

GEM members are entitled to retire with pension at the age of 60, 62 or 70. Pension agreements are Defined Benefit Plans (DBP), Defined Contribution Plans (DCP) or a combination of such plans.

Two members have DBPs not based on collective agreements. One of these DBPs provides retirement pension amounting to 50% of pensionable income for life from age 62, including national pension benefits. The second DBP not based on a collective agreement provides a retirement pension from age 60, including both national pension benefits and previously earned pension. The retirement pension benefit in this plan decreased from 70% to 66% of pensionable income for future earnings as from 1 January 2011. Two members have DBPs in accordance with the Swedish collective agreement and complementing DCPs. Three members have DCPs only. Fixed salary is pensionable income for all GEM-members. Variable salary part is included for two members.

G7 Staff costs, cont.

EUR	2011 Pension cost[4]	2011 Pension obligation[5]	2010 Pension cost[4]	2010 Pension obligation[5]
Board members[1]:				
Lars G Nordström	—	430,549	—	419,686
CEO:				
Christian Clausen[2]	–1,514,941	11,466,681	–652,473	8,805,485
Group Executive Management:				
7 (6) individuals excluding CEO[3]	–2,184,289	4,606,923	–1,926,401	13,813,359
Former Chairman of the Board and CEOs:				
Vesa Vainio and Thorleif Krarup[6]	—	18,271,060	—	17,382,662
Total	**–3,699,230**	**34,775,213**	**–2,578,874**	**40,421,192**

1) Employee representatives excluded.
2) The main reason behind the increase in pension obligation and pension cost is the increase of the maximum pensionable income, from 190 Swedish Income Base Amounts to 200 Swedish Income Base Amounts. The main effect is in Past service cost which explains EUR 838,042 of the pension cost for 2011 (Past service cost zero in 2010). The Past service cost constitutes the retroactive adjustment of the pension earned in earlier periods following the increase in the maximum pensionable income. A change in the exchange rate has had an increasing impact on the new pension rights earned in 2011, affecting pension cost, and changed actuarial assumptions (mainly the discount rate) have had an increasing impact on the pension obligation.
3) Members of GEM included for the period they have been appointed. The pension obligation is the obligation towards the members of GEM as of 31 December. The increase in pension costs 2011 is partly due to exchange rate effects.
4) Pension costs are related to pension premiums paid in DCP agreements and pension rights earned during the year in DBP agreements (Service cost, Past service cost and Curtailments and settlements as defined in IAS 19). Of the total pension cost EUR 1,029,988 relates to DCP agreements.
5) Pension obligations calculated in accordance with IAS 19. These obligations are dependent of changes in actuarial assumptions and inter annual variations can therefore be significant. IAS 19 includes an assumption about future increases in salary, which leads to that the pension obligations disclosed are the earned pension rights calculated using the expected salary levels at retirement. The pension plans are funded, meaning that these obligations are backed with plan assets with fair value generally on a similar level as the obligations. The main reason behind the decrease in pension obligation is that the composition of GEM has changed, with a larger portion of the members having DCPs.
6) The pension obligation for Vesa Vainio and Thorleif Krarup is mainly due to pension rights earned in, and funded by, banks forming Nordea. The increase in 2011 is related to changes in actuarial assumptions.

Notice period and severance pay

In accordance with their employment contracts CEO and three GEM members have a notice period of 12 months and a severance pay equal to 12 months' salary to be reduced by the salary the executive receives as a result of any other employment during these 12 months. Four GEM members are entitled to 6 months' salary during the notice period, and with regard to severance pay 18 months' salary to be reduced by the salary they receive as a result of any other employment during these 18 months.

Loans to key management personnel

Loans to key management personnel, as defined in Note G1 section 26, amounts to EUR 4m (EUR 5m). Interest income on these loans amounts to EUR 0m (EUR 0m).

For key management personnel who are employed by Nordea the same credit terms apply as for other employees, except for key management personnel in Denmark whose loans are granted on the same term as for external customers. In Norway the employee interest rate for loans is 100 basis points lower than the best corresponding interest rate for external customers, with a cap on the loan amount of 3 times salary grade 55 plus NOK 100,000. In Finland the employee interest rate for loans corresponds to Nordea's funding cost with a margin of 10 basis points up to EUR 400,000, and 30 basis points for loans over EUR 400,000. In Sweden the employee interest rate on fixed- and variable interest rate loans is 215 basis points lower than the corresponding interest rate for external customers (with a lower limit of 50 basis points for variable interest rate loans and 150 basis points for fixed interest rate loans). There is currently a cap of 57 Swedish price base amounts both on fixed- and variable interest rate loans. Interest on loans above the defined caps are set on market terms. Loans to family members of key management personnel are granted on normal market terms, as well as loans to key management personnel who are not employed by Nordea.

Long Term Incentive Programmes

	2011		
Conditional rights LTIP 2011	Matching Share	Performance Share I	Performance Share II
Granted	950,056	1,900,112	950,056
Forfeited	—	—	—
Outstanding at end of year	**950,056**	**1,900,112**	**950,056**
– of which currently exercisable	—	—	—

	2011			2010		
Conditional rights LTIP 2010	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	896,645	1,793,290	896,645	—	—	—
Granted	—	—	—	903,490	1,806,980	903,490
Forfeited	–7,482	–14,964	–7,482	–6,845	–13,690	–6,845
Outstanding at end of year	**889,163**	**1,778,326**	**889,163**	**896,645**	**1,793,290**	**896,645**
– of which currently exercisable	—	—	—	—	—	—

G7 Staff costs, cont.

	2011			2010		
Conditional rights LTIP 2009	A-rights	B-C-rights	D-rights	A-rights	B-C-rights	D-rights
Outstanding at the beginning of year	959,006	959,006	383,602	981,332	1,962,664	981,332
Forfeited	—	—	—	–22,326	–1,003,658	–597,730
Exercised[1]	–642,508	–652,666	–263,658	—	—	—
Outstanding at end of year	**316,498**	**306,340**	**119,944**	**959,006**	**959,006**	**383,602**
– of which currently exercisable	316,498	306,340	119,944	—	—	—

	2011			2010		
Conditional rights LTIP 2008	A-rights	B-C-rights	D-rights	A-rights	B-C-rights	D-rights
Outstanding at the beginning of year	98,255	100,383	80,695	485,466	485,466	388,373
Forfeited	–500	–500	–500	–4,461	–4,461	–3,569
Exercised[1]	–45,101	–45,532	–36,622	–382,750	–380,622	–304,109
Outstanding at end of year	**52,654**	**54,351**	**43,573**	**98,255**	**100,383**	**80,695**
– of which currently exercisable	52,654	54,351	43,573	98,255	100,383	80,695

	2011			2010		
Conditional rights LTIP 2007	A-rights	B-C-rights	D-rights	A-rights	B-C-rights	D-rights
Outstanding at the beginning of year	51,542	32,327	47,979	141,575	134,139	160,390
Forfeited	–1,274	–1,274	–1,274	—	—	—
Exercised[1]	–50,268	–31,053	–46,705	–90,033	–101,812	–112,411
Outstanding at end of year	—	—	—	**51,542**	**32,327**	**47,979**
– of which currently exercisable	—	—	—	51,542	32,327	47,979

1) Weighted average share price during the exercise period amounts to EUR 7.45 (EUR 7.34).

Participation in the Long Term Incentive Programmes (LTIPs) requires that the participants take direct ownership by investing in Nordea shares.

	LTIP 2011		
	Matching Share	Performance Share I	Performance Share II
Ordinary share per right	1.00	1.00	1.00
Exercise price	—	—	—
Grant date	13 May 2011	13 May 2011	13 May 2011
Vesting period	36 months	36 months	36 months
Contractual life	36 months	36 months	36 months
Allotment	April/May 2014	April/May 2014	April/May 2014
Fair value at grant date	EUR 8.21	EUR 8.21	EUR 2.97

	LTIP 2010			LTIP 2009		
	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price	—	—	—	EUR 0.77	EUR 0.38	EUR 0.38
Grant date	13 May 2010	13 May 2010	13 May 2010	14 May 2009	14 May 2009	14 May 2009
Vesting period	36 months	36 months	36 months	24 months	24 months	24 months
Contractual life	36 months	36 months	36 months	48 months	48 months	48 months
Allotment/First day of exercise	April/May 2013	April/May 2013	April/May 2013	29 April 2011	29 April 2011	29 April 2011
Fair value at grant date	EUR 6.75	EUR 6.75	EUR 2.45	EUR 4.66	EUR 5.01	EUR 1.75

	LTIP 2008[1]			LTIP 2007[1]		
	A-rights	B-C-rights	D-rights	A-rights	B-C-rights	D-rights
Ordinary share per right	1.30	1.30	1.30	1.30	1.30	1.30
Exercise price	EUR 2.30	EUR 1.53	EUR 1.53	EUR 2.53	EUR 1.00	EUR 1.00
Grant date	13 May 2008	13 May 2008	13 May 2008	17 May 2007	17 May 2007	17 May 2007
Vesting period	24 months	24 months	24 months	24 months	24 months	24 months
Contractual life	48 months	48 months	48 months	48 months	48 months	48 months
First day of exercise	29 April 2010	29 April 2010	29 April 2010	30 April 2009	30 April 2009	30 April 2009
Fair value at grant date	EUR 7.53	EUR 8.45	EUR 4.14	EUR 8.76	EUR 10.49	EUR 7.76

1) The new rights issue, which was resolved on an extra ordinary general meeting on 12 March 2009, triggered recalculations of some of the parameters in LTIP 2007 and LTIP 2008, in accordance with the agreements of the programmes. The recalculations were performed with the purpose of putting the participants in an equivalent financial position as the one being at hand immediately prior to the new rights issue.

G7 Staff costs, cont.

Conditions and requirements

For each ordinary share the participants lock in to the LTIPs, they are granted a conditional A-right/Matching Share to acquire or receive ordinary shares based on continued employment, with certain exemptions, and the conditional B-D-rights/Performance Share I and II to acquire or receive additional ordinary shares also based on fulfilment of certain performance conditions. The performance conditions for B- and C-rights and for Performance Share I comprise a target growth in risk adjusted profit per share (RAPPS). Should the reported earnings per share (EPS) be lower than a predetermined level the participants are not entitled to exercise any B- or C-rights or Performance Share I. The performance conditions for D-rights and Performance Share II are market related and comprise growth in total shareholder return (TSR) in comparison with a peer group's TSR.

When the performance conditions are not fulfilled in full, the rights that are no longer exercisable are shown as forfeited in the previous tables, together with shares forfeited due to participants leaving the Nordea Group.

The exercise price, where applicable, for the ordinary shares is adjusted for dividends, however never adjusted below a predetermined price. Furthermore the profit for each right is capped.

	LTIP 2011	LTIP 2010	LTIP 2009[1]	LTIP 2008[1]	LTIP 2007[1]
Service condition, A-D-rights/Matching Share/Performance Share I and II	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the two year vesting period.	Employed, with certain exemptions, within the Nordea Group during the two year vesting period.	Employed, with certain exemptions, within the Nordea Group during the two year vesting period.
Performance condition, B-rights/Performance Share I	Compound Annual Growth Rate in RAPPS from year 2010 (base year) to and including year 2013. Full right to exercise will be obtained if the Compound Annual Growth Rate amounts to or exceed 10%.	Compound Annual Growth Rate in RAPPS from year 2009 (base year) to and including year 2012. Full right to exercise will be obtained if the Compound Annual Growth Rate amounts to or exceed 9%.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2007 compared to 2006. Full right to exercise was obtained if RAPPS increased by 15% or more.
EPS knock out, B-rights/Performance Share I	Average reported EPS for 2011-2013 lower than EUR 0.26.	Average reported EPS for 2010–2012 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.26.	Reported EPS for 2008 lower than EUR 0.80.	Reported EPS for 2007 lower than EUR 0.80.
Performance condition, C-rights	—	—	Increase in RAPPS 2010 compared to 2009. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.
EPS knock out, C-rights	—	—	Reported EPS for 2010 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.52.	Reported EPS for 2008 lower than EUR 0.80.
Performance condition, D-rights/Performance Share II	TSR during 2011-2013 in comparison with a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.	TSR during 2010–2012 in comparison with a peer group. Full right to exercise will be obtained if Nordea is ranked number 1–5.	TSR during 2009–2010 in comparison with a peer group. Full right to exercise was obtained if Nordea was ranked number 1.	TSR during 2008–2009 in comparison with a peer group. Full right to exercise was obtained if Nordea was ranked number 1.	TSR during 2007–2008 in comparison with a peer group. Full right to exercise was obtained if Nordea's TSR exceeded peer group index by 10% or more.
Cap	The market value of the allotted shares is capped to the participants' annual salary for year-end 2010.	The market value of the alloted shares is capped to the participants' annual salary for year-end 2009.	The profit per A-D-right is capped to EUR 9.59 per right.	The profit per A-D-right is capped to EUR 21.87 per right.	The profit per A-D-right is capped to EUR 19.18 per right.
Exercise price adjustments	—	—	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the vesting and the exercise period, however never adjusted below EUR 0.10.

1) RAPPS for the financial year 2008 and 2009 used for LTIP 2008 (C-rights) and LTIP 2009 (B- and C-rights), EPS knock out in LTIP 2008 (C-rights) and LTIP 2009 (B- and C-rights) and the cap in LTIP 2009, LTIP 2008 and LTIP 2007 have been adjusted due to the financial effects of the new rights issue in 2009.

G7 Staff costs, cont.

Fair value calculations

The fair value is measured through the use of generally accepted valuation models with the following input factors:

	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Weighted average share price	EUR 8.39	EUR 6.88	EUR 5.79	EUR 11.08	EUR 12.23
Right life	3.0 years	3.0 years	2.5 years	2.5 years	3.0 years
Deduction of expected dividends	No	No	Yes	Yes	Yes
Risk free rate	1.48%	1.99%	1.84%	3.83%	4.20%
Expected volatility	36%	40%	29%	21%	20%

Expected volatility is based on historical values. As the exercise price (zero for LTIP 2010 and LTIP 2011) is significantly below the share price at grant date, the value has a limited sensitivity to expected volatility and risk-free interest. The fair value calculations are also based on estimated early exercise behaviour during the programmes' exercise windows, however not applicable for LTIP 2010 and LTIP 2011.

The value of the D-rights/Performance Share II are based on market related conditions and fulfilment of the TSR targets have been taken into consideration when calculating the rights' fair value at grant date. When calculating the impact from the TSR targets it has been assumed that all possible outcomes have equal possibilities.

Expenses1

EURm	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Expected expense	–16	–10	–11	–10	–12
Maximum expense	–26	–20	–11	–10	–12
Total expense 2011	–3	–4	–2	—	—
Total expense 2010	—	–2	–6	–3	—

1) All amounts excluding social security contribution.

When calculating the expected expense an expected annual employee turnover of 5% has been used in LTIP 2010 and LTIP 2011. The expected expense is recognised over the vesting period of 36 months (LTIP 2010 and LTIP 2011) and 24 months (LTIP 2009, 2008 and 2007).

Cash-settled share-based payment transactions

Nordea operates share-linked deferrals on parts of variable compensation for certain employee categories, indexed with Nordea Total Shareholder Returns (TSR) and either vesting after three years or vesting in equal instalments over a three to five year period. Since 2011 Nordea also operates TSR-linked retention on part of variable compensation for certain employee categories. The below table only includes deferred amounts indexed with Nordea TSR. Nordea also operates deferrals not being TSR-linked, which are not included in the table below. Further information regarding all deferred amounts can be found in the separate report on remuneration published on Nordea's homepage (www.nordea.com).

EURm	2011	2010
Deferred TSR-linked compensation at beginning of the year	13	—
Accrued deferred/retained TSR-linked compensation during the year[1]	5	11
TSR indexation during the year	–3	1
Payments during the year[2]	–4	—
Translation differences	–1	1
Deferred TSR-linked compensation at end of year	**10**	**13**

1) Of which EUR 4m is available for disposal by the employees in 2012. Additional deferrals not being TSR-linked amount to EUR 13m (EUR 0m). Due to that the allocation of variable compensation is not finally decided during the current year, the deferred amount during the year relates to variable compensation earned the previous year.
2) There have been no adjustments due to forfeitures in 2011.

G7 Staff costs, cont.

Average number of employees

	Total		Men		Women	
	2011	2010	2011	2010	2011	2010
Full-time equivalents						
Denmark	8,475	8,881	4,248	4,042	4,227	4,839
Finland	7,785	7,957	1,957	1,913	5,828	6,044
Sweden	7,530	7,654	3,320	3,344	4,210	4,310
Norway	3,536	3,548	1,896	1,905	1,640	1,643
Poland	2,118	2,099	664	725	1,454	1,374
Russia	1,659	1,659	593	692	1,066	967
Estonia	469	452	76	106	393	346
Latvia	433	504	99	127	334	377
Luxembourg	354	399	336	249	18	150
Lithuania	345	368	91	106	254	262
United States	89	81	46	44	43	37
United Kingdom	71	67	42	40	29	27
Singapore	59	58	23	24	36	34
Germany	39	43	20	22	19	21
Other countires	21	21	9	9	12	12
Total average	**32,983**	**33,791**	**13,420**	**13,348**	**19,563**	**20,443**
Total number of employees (FTEs), end of period	**33,068**	**33,809**				

Gender distribution
In the Board of Directors of the Nordea Group companies, 84% (84%) were men and 16% (16%) were women. The corresponding numbers for Other executives were 68% (85%) men and 32% (15%) women. Internal Boards consist mainly of management in Nordea.

G8 Other expenses

EURm	2011	2010
Information technology	–647	–639
Marketing and entertainment	–131	–144
Postage, transportation, telephone and office expenses	–232	–227
Rents, premises and real estate	–444	–400
Other[1]	–460	–452
Total	**–1,914**	**–1,862**

1) Including fees and remuneration to auditors distributed as follows.

Auditors' fee

EURm	2011	2010
KPMG		
Auditing assignments	–5	–4
Audit-related services	–2	–4
Tax advisory services	0	–1
Other assignments	–5	–2
PriceWaterhouseCoopers		
Auditing assignments	—	0
Audit-related services	—	0
Other assignments	—	0
Total	**–12**	**–11**

G9 Depreciation, amortisation and impairment charges of tangible and intangible assets

EURm	2011	2010
Depreciation/amortisation		
Property and equipment (Note G22)		
Equipment	–110	–98
Buildings	–1	–1
Intangible assets (Note G21)		
Computer software	–55	–43
Other intangible assets	–24	–24
Total	**–190**	**–166**
Impairment charges/Reversed impairment charges		
Property and equipment (Note G22)		
Equipment	—	—
Intangible assets (Note G21)		
Other intangible assets	–2	–4
Total	**–2**	**–4**
Total	**–192**	**–170**

G10 Net loan losses

EURm	2011	2010
Divided by class		
Loans to credit institutions	2	0
– of which provisions	–1	–1
– of which write-offs	–7	–3
– of which allowances to cover write-offs	7	3
– of which reversals	1	1
– of which recoveries	2	—
Loans to the public	–659	–738
– of which provisions	–1,154	–1,185
– of which write-offs	–800	–535
– of which allowances to cover write-offs	625	378
– of which reversals	596	531
– of which recoveries	74	73
Off-balance sheet items[1]	–78	–141
– of which provisions	–148	–156
– of which write-offs	–315	–52
– of which allowances to cover write-offs	315	52
– of which reversals	70	15
– of which recoveries	—	0
Total	**–735**	**–879**
Specification		
Changes of allowance accounts in the balance sheet	–636	–795
– of which Loans, individually assessed[2]	–761	–720
– of which Loans, collectively assessed[2]	203	66
– of which Off-balance sheet items, individually assessed[1]	–87	–143
– of which Off-balance sheet items, collectively assessed[1]	9	2
Changes directly recognised in the income statement	–99	–84
– of which realised loan losses, individually assessed	–175	–157
– of which realised recoveries, individually assessed	76	73
Total	**–735**	**–879**

1) Included in Note G33 Provisions as "Transfer risk, off-balance", "Individually assessed, guarantees and other commitments".
2) Included in Note G14 Loans and impairment.

G11 Taxes

Income tax expense

EURm	2011	2010
Current tax[1]	–709	–1,022
Deferred tax	–204	46
Total	**–913**	**–976**
1) Of which relating to prior years	27	–38

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate of Sweden as follows:

EURm	2011	2010
Profit before tax	3,547	3,639
Tax calculated at a tax rate of 26.3%	–933	–957
Effect of different tax rates in other countries	14	11
Tax not related to profit	–9	–10
Income from associated undertakings	9	12
Tax-exempt income	48	86
Non-deductible expenses	–69	–79
Adjustments relating to prior years	27	–38
Income tax due to tax assets previously not recognised	0	0
Change of tax rate	2	—
Not creditable foreign taxes	–2	–1
Tax charge	**–913**	**–976**
Average effective tax rate	26%	27%

Deferred tax

	Deferred tax assets		Deferred tax liabilities	
EURm	2011	2010	2011	2010
Deferred tax related to:				
Tax losses carry-forward	16	22	—	—
Untaxed reserves	—	—	139	122
Loans to the public	29	29	441	345
Derivatives	147	125	212	2
Intangible assets	5	—	85	71
Property and equipment	8	12	2	26
Investment property	—	—	176	192
Retirement benefit obligations	60	59	69	41
Hedge of net investments in foreign operations	57	54	14	43
Liabilities/provisions	70	32	103	98
Netting between deferred tax assets and liabilities	–223	–55	–223	–55
Total	**169**	**278**	**1,018**	**885**
– of which expected to be settled after more than 1 year	96	111	891	746

EURm	2011	2010
Movements in deferred tax assets/liabilities (net)		
Amount at beginning of year (net)	–607	–745
Deferred tax relating to items recognised in other comprehensive income	–44	106
Translation differences	6	–31
Acquisitions and others	0	17
Deferred tax in the income statement	–204	46
Amount at end of year (net)	**–849**	**–607**
Current and deferred tax recognised in other comprehensive income		
Deferred tax liabilitiy due to hedge of net investments in foreign operations	0	107
Deferred tax relating to available-for-sale investments	–1	–1
Deferred tax relating to cash flow hedges	–43	0
Total	**–44**	**106**

G11 Taxes, cont.

EURm	2011	2010
Current tax assets	**185**	**262**
– of which expected to be settled after more than 1 year	17	19
Current tax liabilities	**154**	**502**
– of which expected to be settled after more than 1 year	36	34
Unrecognised deferred tax assets		
Unused tax losses carry-forward	54	54
Unused tax credits	—	2
Total	**54**	**56**
Expire date 2011	—	1
Expire date 2012	1	1
Expire date 2013	0	0
No expiry date	53	54
Total	**54**	**56**

G12 Earnings per share

	2011	2010
Earnings:		
Profit attributable to shareholders of Nordea Bank AB (publ) (EURm)	2,627	2,657
Number of shares (in millions):		
Number of shares outstanding at beginning of year	4,043	4,037
Average number of issued C-shares[1]	3	3
Average number of repurchased own C-shares[1]	–3	–3
Average number of own shares in trading portfolio	–16	–16
Basic weighted average number of shares outstanding	**4,027**	**4,021**
Adjustment for diluted weighted average number of additional ordinary shares outstanding[1, 2]	1	1
Diluted weighted average number of shares outstanding	**4,028**	**4,022**
Basic earnings per share, EUR	0.65	0.66
Diluted earnings per share, EUR	0.65	0.66

1) Relates to the Long Term Incentive Programmes (LTIP).
2) Contingently issuable shares not included, that can potentially dilute basic earnings per share in future periods, exist in the Long Term Incentive Programmes.

G13 Treasury bills

EURm	31 Dec 2011	31 Dec 2010
State and sovereigns	10,827	18,140
Municipalities and other public bodies	1,637	25
Total	**12,464**	**18,165**
– of which Financial instruments pledged as collateral (Note G16)	1,359	5,053
Total	**11,105**	**13,112**

G14 Loans and impairment

EURm	Credit institutions 31 Dec 2011	Credit institutions 31 Dec 2010	The public[1] 31 Dec 2011	The public[1] 31 Dec 2010	Total 31 Dec 2011	Total 31 Dec 2010
Loans, not impaired	51,867	15,791	334,234	311,893	386,101	327,684
Impaired loans	26	33	5,412	4,816	5,438	4,849
– of which performing	—	4	3,287	2,834	3,287	2,838
– of which non-performing	26	29	2,125	1,982	2,151	2,011
Loans before allowances	**51,893**	**15,824**	**339,646**	**316,709**	**391,539**	**332,533**
Allowances for individually assessed impaired loans	–26	–33	–1,866	–1,719	–1,892	–1,752
– of which performing	—	–4	–1,080	–965	–1,080	–969
– of which non-performing	–26	–29	–786	–754	–812	–783
Allowances for collectively assessed impaired loans	–2	–3	–577	–779	–579	–782
Allowances	**–28**	**–36**	**–2,443**	**–2,498**	**–2,471**	**–2,534**
Loans, carrying amount	**51,865**	**15,788**	**337,203**	**314,211**	**389,068**	**329,999**

1) Finance leases, where Nordea Group is a lessor, are included in Loans to the public, see Note G23 Leasing.

Reconciliation of allowance accounts for impaired loans[1]

EURm	Credit institutions Individually assessed	Credit institutions Collectively assessed	Credit institutions Total	The public Individually assessed	The public Collectively assessed	The public Total	Total Individually assessed	Total Collectively assessed	Total Total
Opening balance at 1 Jan 2011	**–33**	**–3**	**–36**	**–1,719**	**–779**	**–2,498**	**–1,752**	**–782**	**–2,534**
Provisions	0	0	0	–1,065	–90	–1,155	–1,065	–90	–1,155
Reversals	0	1	1	304	292	596	304	293	597
Changes through the income statement	**0**	**1**	**1**	**–761**	**202**	**–559**	**–761**	**203**	**–558**
Allowances used to cover write-offs	7	—	7	625	—	625	632	—	632
Translation differences	0	0	0	–11	0	–11	–11	0	–11
Closing balance at 31 Dec 2011	**–26**	**–2**	**–28**	**–1,866**	**–577**	**–2,443**	**–1,892**	**–579**	**–2,471**
Opening balance at 1 Jan 2010	**–35**	**–3**	**–38**	**–1,350**	**–835**	**–2,185**	**–1,385**	**–838**	**–2,223**
Provisions	0	0	0	–966	–220	–1,186	–966	–220	–1,186
Reversals	0	1	1	246	285	531	246	286	532
Changes through the income statement	**0**	**1**	**1**	**–720**	**65**	**–655**	**–720**	**66**	**–654**
Allowances used to cover write-offs	3	—	3	378	—	378	381	—	381
Reclassification	—	—	—	12	—	12	12	—	12
Translation differences	–1	–1	–2	–39	–9	–48	–40	–10	–50
Closing balance at 31 Dec 2010	**–33**	**–3**	**–36**	**–1,719**	**–779**	**–2,498**	**–1,752**	**–782**	**–2,534**

1) See Note G10 Net loan losses.

Allowances and provisions

EURm	Credit institutions 31 Dec 2011	Credit institutions 31 Dec 2010	The public 31 Dec 2011	The public 31 Dec 2010	Total 31 Dec 2011	Total 31 Dec 2010
Allowances for items in the balance sheet	–28	–36	–2,443	–2,498	–2,471	–2,534
Provisions for off balance sheet items	–13	–20	–80	–311	–93	–331
Total allowances and provisions	**–41**	**–56**	**–2,523**	**–2,809**	**–2,564**	**–2,865**

Key ratios[1]

	31 Dec 2011	31 Dec 2010
Impairment rate, gross, basis points	139	146
Impairment rate, net, basis points	91	93
Total allowance rate, basis points	63	76
Allowances in relation to impaired loans, %	35	36
Total allowances in relation to impaired loans, %	45	52
Non-performing loans, not impaired, EURm	405	316

1) For definitions, see Business definitions on page 93.

G15 Interest-bearing securities

EURm	31 Dec 2011	31 Dec 2010
Issued by public bodies	8,715	11,118
Issued by other borrowers	78,917	61,940
Total	**87,632**	**73,058**
– of which Financial instruments pledged as collateral (Note G16)	6,364	3,921
Total	**81,268**	**69,137**
Listed and unlisted securities incl Financial instruments pledged as collateral		
Listed securities	78,869	55,797
Unlisted securities	8,763	17,261
Total	**87,632**	**73,058**

G16 Financial instruments pledged as collateral

Financial instruments pledged as collateral

In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterpart receiving the collateral has the right to sell or repledge the assets, the assets are reclassified in the balance sheet to the item Financial instruments pledged as collateral.

EURm	31 Dec 2011	31 Dec 2010
Treasury bills	1,359	5,053
Interest-bearing securities	6,364	3,921
Shares	650	520
Total	**8,373**	**9,494**

Transferred assets that are still recognised in the balance sheet and associated liabilities

All assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since Nordea is still exposed to changes in the fair value of the assets. Therefore, these assets and its associated liabilities are included in the following tables.

G16 Financial instruments pledged as collateral, cont.

EURm	31 Dec 2011	31 Dec 2010
Repurchase agreements		
Treasury bills	1,359	5,053
Interest-bearing securities	6,364	3,921
Shares	650	32
Securities lending agreements		
Shares	—	488
Total	**8,373**	**9,494**

Liabilities associated with the assets

EURm	31 Dec 2011	31 Dec 2010
Repurchase agreements		
Deposits by credit institutions	3,821	7,421
Deposits and borrowings from the public	3,368	1,661
Securities lending agreements		
Other	1	—
Total	**7,190**	**9,082**

For information on reverse repos, see Note G44.

G17 Shares

EURm	31 Dec 2011	31 Dec 2010
Shares	10,509	10,858
Shares taken over for protection of claims	4	18
Fund units, equity related	5,034	5,961
Fund units, interest related	5,270	976
Total	**20,817**	**17,813**
– of which Financial instruments pledged as collateral (Note G16)	650	520
Total	**20,167**	**17,293**
– of which expected to be settled after more than 1 year	15,894	588
Listed and unlisted shares incl Financial instruments pledged as collateral		
Listed shares	15,283	13,413
Unlisted shares	5,534	4,400
Total	**20,817**	**17,813**

G18 Derivatives and Hedge accounting

31 Dec 2011, EURm	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	136,856	133,660	3,655,420
FRAs	76	92	79,776
Futures and forwards	1,084	873	1,451,249
Options	11,320	11,915	515,269
Other	0	—	15
Total	**149,336**	**146,540**	**5,701,729**
Equity derivatives			
Equity swaps	113	16	1,780
Futures and forwards	55	32	544
Options	470	640	14,820
Total	**638**	**688**	**17,144**
Foreign exchange derivatives			
Currency and interest rate swaps	15,140	15,466	859,021
Currency forwards	1,086	814	61,414
Options	301	255	33,758
Total	**16,527**	**16,535**	**954,193**
Credit derivatives			
Credit default swaps	1,483	1,493	61,889
Total	**1,483**	**1,493**	**61,889**
Commodity derivatives			
Swaps	1,228	1,152	13,182
Futures and forwards	79	76	1,137
Options	69	68	2,228
Total	**1,376**	**1,296**	**16,547**
Other derivatives			
Swaps	38	201	1,247
Futures and forwards	0	0	0
Options	3	3	98
Other	1	7	825
Total	**42**	**211**	**2,170**
Total derivatives held for trading	**169,402**	**166,763**	**6,753,672**
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	1,941	492	59,149
Options	0	1	954
Total	**1,941**	**493**	**60,103**
Foreign exchange derivatives			
Currency and interest rate swaps	600	134	10,505
Total	**600**	**134**	**10,505**
Total derivatives used for hedge accounting	**2,541**	**627**	**70,608**
Total derivatives	**171,943**	**167,390**	**6,824,280**

G18 Derivatives and Hedge accounting, cont.

31 Dec 2010, EURm	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	70,576	69,121	2,951,621
FRAs	574	605	1,192,366
Futures and forwards	495	87	69,145
Options	8,034	7,993	525,945
Other	4	4	22,102
Total	**79,683**	**77,810**	**4,761,179**
Equity derivatives			
Equity swaps	9	31	253
Futures and forwards	39	31	1,407
Options	731	742	20,343
Total	**779**	**804**	**22,003**
Foreign exchange derivatives			
Currency and interest rate swaps	5,797	6,092	326,883
Currency forwards	6,743	7,108	489,883
Options	629	648	41,924
Other	1	7	1,608
Total	**13,170**	**13,855**	**860,298**
Credit derivatives			
Credit default swaps	908	929	51,224
Total	**908**	**929**	**51,224**
Commodity derivatives			
Swaps	1,385	1,395	13,725
Futures and forwards	82	67	706
Options	67	63	1,392
Total	**1,534**	**1,525**	**15,823**
Other derivatives			
Swaps	21	276	750
Options	4	2	100
Other	0	25	2,054
Total	**25**	**303**	**2,904**
Total derivatives held for trading	**96,099**	**95,226**	**5,713,431**

G18 Derivatives and Hedge accounting, cont.

Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	461	417	29,001
Options	0	5	642
Total	**461**	**422**	**29,643**
Equity derivatives			
Options	0	1	9
Total	**0**	**1**	**9**
Foreign exchange derivatives			
Currency and interest rate swaps	265	238	4,526
Total	**265**	**238**	**4,526**
Total derivatives used for hedge accounting	**726**	**661**	**34,178**
Total derivatives	**96,825**	**95,887**	**5,747,609**

G19 Fair value changes of the hedged items in portfolio hedge of interest rate risk

EURm	31 Dec 2011	31 Dec 2010
Assets		
Carrying amount at beginning of year	1,127	763
Changes during the year		
Revaluation of hedged items	–1,343	335
Translation differences	1	29
Carrying amount at end of year	**–215**	**1,127**
Liabilities		
Carrying amount at beginning of year	898	874
Changes during the year		
Revaluation of hedged items	366	–33
Translation differences	10	57
Carrying amount at end of year	**1,274**	**898**

The carrying amount at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset respectively a liability. When the hedged item is an asset, the change in the fair value of the hedged item is presented within assets and when the hedged item is a liability, the change is presented as a liability.

G20 Investments in associated undertakings

EURm	31 Dec 2011	31 Dec 2010
Acquisition value at beginning of year	564	481
Acquisitions during the year	16	18
Sales during the year	–4	–10
Share in earnings[1]	60	72
Dividend received	–35	–51
Reclassifications	1	42
Translation differences	1	12
Acquisition value at end of year	**603**	**564**
Accumulated impairment charges at beginning of year	–10	–11
Impairment charges during the year	–1	0
Reclassifications	–1	0
Translation differences	0	1
Accumulated impairment charges at end of year	**–12**	**–10**
Total	**591**	**554**
– of which, listed shares	—	—

1) Share in earnings

EURm	2011	2010
Profit from companies accounted for under the equity method	42	66
Portfolio hedge, Eksportfinans ASA	6	–5
Associated undertakings in Life, reported as Net result from items at fair value	12	11
Share in earnings	**60**	**72**

The total amount is expected to be settled after more than 1 year.

Nordea's share of the associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2011	31 Dec 2010
Total assets	8,091	8,108
Total liabilities	6,664	7,506
Operating income	194	194
Operating profit	84	66

Nordea has issued contingent liabilities of EUR 940m (EUR 1,688m) on behalf of associated undertakings.

31 Dec 2011	Registration number	Domicile	Carrying amount 2011, EURm	Carrying amount 2010, EURm	Voting power of holding %
Eksportfinans ASA	816521432	Oslo	145	133	23
Ejendomspartnerskabet af 1/7 2003	27134971	Ballerup	190	180	49
Luottokunta	0201646-0	Helsinki	49	42	27
LR Realkredit A/S	26045304	Copenhagen	4	12	39
Oy Realinvest Ab	0680035-9	Helsinki	0	5	49
Realia Holding Oy	2106796-8	Helsinki	20	5	25
Samajet Nymøllevej 59-91	24247961	Ballerup	20	21	25
E-nettet Holding A/S	28308019	Copenhagen	1	2	20
Hovedbanens Forretningscenter K/S	16301671	Ballerup	14	14	50
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	9	9	33
Axel IKU Invest A/S	24981800	Copenhagen	1	1	33
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	8	8	33
KIFU-AX II A/S	25893662	Copenhagen	3	3	25
Bankernas Kontantservice A/S	33077599	Copenhagen	3	3	20
Multidata Holding A/S	27226027	Ballerup	9	10	29
Samejet Lautruphøj I/S	50857859	Ballerup	6	6	50
Nets Holding A/S	27225993	Ballerup	91	79	21
NorVega SGR S.p.A.	1060050156	Milano	3	4	40
Upplysningscentralen UC AB	556137-5113	Stockholm	0	3	26
BAB Bankernas Automatbolag AB	556817-9716	Stockholm	3	2	20
Other			12	12	
Total			**591**	**554**	

G21 Intangible assets

EURm	31 Dec 2011	31 Dec 2010
Goodwill allocated to cash generating units[1]		
Retail Banking Norway	909	904
Retail Banking Denmark	592	591
Retail Banking Sweden	230	229
Retail Banking Poland	60	68
Life & Pensions	306	311
Banking Russia	268	274
Shipping, Offshore & Oil services	210	208
Goodwill, total	**2,575**	**2,585**
Other intangible assets		
Computer software	651	515
Other intangible assets	95	119
Other intangible assets, total	**746**	**634**
Intangible assets, total	**3,321**	**3,219**

1) Excluding goodwill in associated undertakings.

Goodwill		
Acquisition value at beginning of year	2,586	2,447
Acquisitions during the year	—	3
Reclassifications	—	31
Translation differences	–10	105
Acquisition value at end of year	**2,576**	**2,586**
Accumulated impairment charges at beginning of year	–1	–1
Translation differences	0	0
Accumulated impairment charges at end of year	**–1**	**–1**
Total	**2,575**	**2,585**
Computer software		
Acquisition value at beginning of year	660	476
Acquisitions during the year	191	163
Sales/disposals during the year	–1	–5
Translation differences	4	26
Acquisition value at end of year	**854**	**660**
Accumulated amortisation at beginning of year	–140	–95
Amortisation according to plan for the year	–55	–43
Accumulated amortisation on sales/disposals during the year	0	4
Reclassifications	1	1
Translation differences	–1	–7
Accumulated amortisation at end of year	**–195**	**–140**
Accumulated impairment charges at beginning of year	–5	–6
Impairment charges during the year	–2	—
Translation differences	–1	1
Accumulated impairment charges at end of year	**–8**	**–5**
Total	**651**	**515**

G21 Intangible assets, cont.

EURm	31 Dec 2011	31 Dec 2010
Other intangible assets		
Acquisition value at beginning of year	221	208
Acquisitions during the year	1	17
Sales/disposals during the year	–1	–13
Translation differences	–5	9
Acquisition value at end of year	**216**	**221**
Accumulated amortisation at beginning of year	–98	–82
Amortisation according to plan for the year	–24	–24
Accumulated amortisation on sales/disposals during the year	1	13
Reclassifications	1	0
Translation differences	3	–5
Accumulated amortisation at end of year	**–117**	**–98**
Accumulated impairment charges at beginning of year	–4	—
Impairment charges during the year	—	–4
Accumulated impairment charges at end of year	**–4**	**–4**
Total	**95**	**119**

The total amount is expected to be settled after more than 1 year.

Impairment test

A cash generating unit, defined as the operating segment, is the basis for the goodwill impairment test.

The impairment test is performed for each cash generating unit by comparing the carrying amount of the net assets, including goodwill, with the recoverable amount. The recoverable amount is the value in use and is estimated based on discounted cash flows. Cash flows have been estimated for 30 years.

Cash flows in the near future (between 2-3 years) are based on financial forecasts, derived from forecasted margins, volumes, sales and cost development. These input variables are based on historical data adjusted to reflect Nordea's assumptions about the future. Cash flows for the period beyond the forecasting period are based on estimated sector growth rates. For impairment testing, a growth rate of 4% has been used for all cash generating units. Growth rates are based on historical data, updated to reflect the current situation. Cash flows are risk adjusted using normalised loan losses.

The derived cash flows are discounted at a rate based on the long-term risk free interest rate plus a risk premium. The post-tax discount rate used for the impairment test 2011 is 9% (9.5%), which equals a pre-tax rate of 11.9% (12.4%). For operations in Russia, an additional risk premium of 200 basis points has been applied. The impairment tests conducted in 2011 did not indicate any need for goodwill impairment. See Note G1 section 4 for more information. A reasonably possible change in key assumptions, an increase in the discount rate of 1 percentage point or a reduction in the future growth rate of 2 percentage points, would not result in an impairment in any of the cash generating units.

G22 Property and equipment

EURm	31 Dec 2011	31 Dec 2010
Property and equipment	469	454
– of which buildings for own use	72	70
Total	**469**	**454**
Equipment		
Acquisition value at beginning of year	891	857
Acquisitions during the year	154	143
Sales/disposals during the year	–70	–153
Reclassifications	–16	–7
Translation differences	1	51
Acquisition value at end of year	**960**	**891**
Accumulated depreciation at beginning of year	–497	–472
Accumulated depreciation on sales/disposals during the year	43	90
Reclassifications	18	10
Depreciations according to plan for the year	–110	–98
Translation differences	–5	–27
Accumulated depreciation at end of year	**–551**	**–497**
Accumulated impairment charges at beginning of year	–10	–22
Accumulated impairment charges on sales/disposals during the year	—	13
Reclassification	–2	—
Translation differences	0	–1
Accumulated impairment charges at end of year	**–12**	**–10**
Total	**397**	**384**
Land and buildings		
Acquisition value at beginning of year	79	97
Acquisitions during the year	3	3
Sales/disposals during the year	0	0
Reclassifications	0	–22
Translation differences	–1	1
Acquisition value at end of year	**81**	**79**
Accumulated depreciation at beginning of year	–9	–8
Accumulated depreciation on sales/disposals during the year	0	0
Depreciation according to plan for the year	–1	–1
Translation differences	1	0
Accumulated depreciation at end of year	**–9**	**–9**
Total	**72**	**70**

The total amount is expected to be settled after more than 1 year.

G23 Leasing

Nordea as a lessor

Finance leases

Nordea owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans to the public" (see Note G14) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments:

EURm	31 Dec 2011	31 Dec 2010
Gross investments	7,681	6,946
Less unearned finance income	–648	–444
Net investments in finance leases	**7,034**	**6,502**
Less unguaranteed residual values accruing to the benefit of the lessor	–29	–60
Present value of future minimum lease payments receivable	**7,005**	**6,442**
Accumulated allowance for uncollectible minimum lease payments receivable	7	8

As of 31 December 2011 the gross investment and the net investment by remaining maturity was distributed as follows:

	31 Dec, 2011	
EURm	Gross Investment	Net Investment
2012	1,630	1,541
2013	1,487	1,414
2014	1,400	1,331
2015	1,007	955
2016	636	598
Later years	1,521	1,195
Total	**7,681**	**7,034**

Operating leases

Assets subject to operating leases mainly comprise real estate, vehicles, aeroplanes and other equipment. In the balance sheet they are reported as tangible assets.

Carrying amount of leased assets, EURm	31 Dec 2011	31 Dec 2010
Acquisition value	102	125
Accumulated depreciations	–41	–43
Accumulated impairment charges	—	—
Carrying amount at end of year	**61**	**82**
– of which repossessed leased property, carrying amount	—	—
Carrying amount distributed on groups of assets, EURm		
Equipment	61	82
Carrying amount at end of year	**61**	**82**

Depreciation for 2011 amounted to EUR 18m (EUR 19m).

Under non-cancellable operating leases, the future minimum lease payments receivable are distributed as follows:

EURm	31 Dec 2011
2012	14
2013	7
2014	4
2015	2
2016	1
Later years	0
Total	**28**

Nordea as a lessee

Finance leases

Nordea has only to a minor extent entered into finance lease agreements. The carrying amount of assets subject to finance leases amounts to EUR 28m (EUR 8m).

Operating leases

Nordea has entered into operating lease agreements for premises and office equipment.

Leasing expenses during the year, EURm	31 Dec 2011	31 Dec 2010
Leasing expenses during the year	–295	–262
– of which minimum lease payments	–288	–259
– of which contingent rents	–7	–3
Leasing income during the year regarding sublease payments	7	6

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

EURm	31 Dec 2011
2012	249
2013	193
2014	149
2015	95
2016	75
Later years	203
Total	**964**

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 19m.

G24 Investment property

Movement in the balance sheet

EURm	31 Dec 2011	31 Dec 2010
Carrying amount at beginning of year	3,535	3,505
Acquisitions during the year	129	87
Sales/disposals during the year	–48	–60
Net gains or losses from fair value adjustments	–17	62
Transfers/reclassifications during the year	32	8
Translation differences	13	–34
Carrying amount at end of year	**3,644**	**3,568**
– of which expected to be settled after more than 1 year	3,591	3,538

Amounts recognised in the income statement[1]

EURm	2011	2010
Rental income	251	241
Direct operating expenses that generate rental income	–68	–65
Direct operating expenses that did not generate rental income	–11	–3

1) Together with fair value adjustments included in Net result from items at fair value.

The method applied when calculating fair value is a rate of return calculation, based on internal models. As a supplement to these values, appraisals were obtained from independent external valuers for parts of the investment property.

Approximately 80% of the investment properties are valued using internal models based on a rate of return calculation. For the remaining 20% of the investment properties, appraisals were obtained from independent external valuers.

Geographical information

EURm	Carrying amount
Denmark	1,909
Norway	899
Finland	759
Other	77
Total	**3,644**

Yield requirements, average	Denmark	Norway	Finland
Department stores, multi-storey, car parks and hotels	7.4%	6.1%	4.6%
Office buildings	6.1%	6.5%	5.6%
Apartment buildings	5.3%	6.2%	7.1%
Other	—	7.4%	5.9%

G25 Other assets

EURm	31 Dec 2011	31 Dec 2010
Claims on securities settlement proceeds	11,587	17,725
Reinsurance recoverables	4	4
Cash/margin receivables	6,273	3,130
Other	1,561	1,998
Total	**19,425**	**22,857**
– of which expected to be settled after more than 1 year	6	218

G26 Prepaid expenses and accrued income

EURm	31 Dec 2011	31 Dec 2010
Accrued interest income	1,552	1,518
Other accrued income	374	315
Prepaid expenses	777	617
Total	**2,703**	**2,450**
– of which expected to be settled after more than 1 year	541	615

G27 Deposits by credit institutions

EURm	31 Dec 2011	31 Dec 2010
Central banks	17,161	6,910
Other banks	34,515	32,221
Other credit institutions	3,640	1,605
Total	**55,316**	**40,736**

G28 Deposits and borrowings from the public

EURm	31 Dec 2011	31 Dec 2010
Deposits from the public	174,609	163,870
Borrowings from the public	15,483	12,520
Total	**190,092**	**176,390**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included. Portfolio schemes in Nordea Bank Danmark A/S of EUR 3,932m (EUR 3,868m) are also included in Deposits.

G29 Liabilities to policyholders

EURm	31 Dec 2011	31 Dec 2010
Traditional life insurance provisions	23,572	21,819
– of which guaranteed provisions	23,450	21,708
– of which non-guaranteed provisions	122	111
Unit-linked insurance provisions	4,899	5,202
– of which guaranteed provisions	1,061	609
– of which non-guaranteed provisions	3,838	4,593
Insurance claims provision	428	434
Provisions, Health & personal accident	277	181
Total insurance contracts	**29,176**	**27,636**
Investment contracts	10,226	9,339
– of which guaranteed provisions	3,319	2,953
– of which non-guaranteed provisions	6,907	6,386
Collective bonus potential	1,313	1,791
Total	**40,715**	**38,766**

Liabilities to policyholders are obligations related to insurance contracts. These contracts are divided into contracts containing insurance risk and contracts without insurance risk. The latter are pure investments contracts.

Insurance contracts consists of Life insurance provisions and other insurance related items.

Life insurance contracts are measured and recognised in accordance with IFRS 4, i.e. the measurement and recognition principle under previous GAAP has been maintained consequently resulting in non-uniform accounting policies method on consolidation. Each market represented by Nordic and European entities measure and recognises insurance contracts using local accounting policies.

31 Dec 2011, EURm	Traditional life insurance provisions	Unit–linked insurance provisions	Insurance claims provisions	Provisions, Health & personal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/ bonus potentials, beginning of year	**21,819**	**5,202**	**434**	**181**	**9,339**	**1,791**	**38,766**
Gross premiums written	2,153	781	—	—	2,626	—	5,560
Transfers	–177	126	—	—	–19	—	–70
Addition of interest/Investment return	702	–230	—	—	–355	—	117
Claims and benefits	–2,160	–343	–5	81	–1,269	—	–3,696
Expense loading including addition of expense bonus	–110	–40	—	—	–71	—	–221
Change in provisions/bonus potential	–92	—	—	14	—	–484	–562
Other	1,375	–591	—	—	—	—	784
Translation differences	62	–6	–1	1	–25	6	37
Provisions/ bonus potentials, end of year	**23,572**	**4,899**	**428**	**277**	**10,226**	**1,313**	**40,715**
Provision relating to bonus schemes/ discretionary participation feature:	98%				26%		

31 Dec 2010, EURm	Traditional life insurance provisions	Unit–linked insurance provisions	Insurance claims provisions	Provisions, Health & personal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/ bonus potentials, beginning of year	**21,166**	**4,480**	**394**	**179**	**6,178**	**1,434**	**33,831**
Gross premiums written	1,493	656	—	—	2,898	—	5,047
Transfers	–60	60	—	—	–23	—	–23
Addition of interest/Investment return	715	578	—	—	806	—	2,099
Claims and benefits	–1,869	–444	36	–4	–836	—	–3,117
Expense loading including addition of expense bonus	–142	–47	—	—	–64	—	–253
Change in provisions/bonus potential	—	—	—	6	—	275	281
Other	271	–98	—	—	–34	24	163
Translation differences	245	17	4	0	414	58	738
Provisions/ bonus potentials, end of year	**21,819**	**5,202**	**434**	**181**	**9,339**	**1,791**	**38,766**
Provision relating to bonus schemes/ discretionary participation feature:	99%				24%		

G29 Liabilities to policyholders, cont.

Insurance risks

Insurance risk is described in the Risk, Liquidity and Capital management section of the Board of Directors' Report. Additional quantitative information is found below.

Life insurance risk and market risks in the Life insurance operations

	31 Dec 2011		31 Dec 2010	
Sensitivites EURm	Effect on policyholders	Effect on Nordea's own account	Effect on policyholders	Effect on Nordea's own account
Mortality – increased living with 1 year	–148.1	–92.1	–133.1	–73.4
Mortality – decreased living with 1 year	226.9	18.3	189.5	8.1
Disability – 10% increase	–33.7	–6.5	–27.7	–5.0
Disability – 10% decrease	33.6	6.5	27.5	5.0
50 bp increase in interest rates	–207.5	83.3	–77.9	–0.2
50 bp decrease in interest rates	200.4	–97.2	32.1	0.2
12% decrease in all shareprices	–712.8	–81.7	–457.4	–5.7
8% decrease in property value	–194.4	–46.3	–262.7	–8.3
8% loss on counterparts	–39.0	–0.2	–32.7	0.0

Liabilities to policyholders divided in guarantee levels (technical interest rate)

31 Dec 2011, EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	10,867	3,647	13,627	10,380	176	38,697

31 Dec 2010, EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	11,089	3,267	11,665	10,169	170	36,360

Risk profiles on insurance

Product	Risk types	Material effect
Traditional	– Mortality	Yes
	– Disability	Yes
	– Return guaranties	Yes
Unit-Link	– Mortality	Yes
	– Disability	Yes
	– Return guaranties	No
Health and personal accident	– Mortality	No
	– Disability	Yes
	– Return guaranties	No
Financial contract	– Mortality	No
	– Disability	No
	– Return guaranties	No

G30 Debt securities in issue

EURm	31 Dec 2011	31 Dec 2010
Certificates of deposit	35,459	43,265
Commercial papers	31,381	12,792
Bond loans	112,954	95,369
Other	156	152
Total	**179,950**	**151,578**

G31 Other liabilities

EURm	31 Dec 2011	31 Dec 2010
Liabilities on securities settlement proceeds	14,355	17,516
Sold, not held, securities	13,539	14,048
Accounts payable	230	267
Cash/margin payable	4,374	2,896
Other	10,870	3,863
Total	**43,368**	**38,590**
– of which expected to be settled after more than 1 year	164	51

G32 Accrued expenses and prepaid income

EURm	31 Dec 2011	31 Dec 2010
Accrued interest	2,113	1,993
Other accrued expenses	1,027	1,074
Prepaid income	356	323
Total	**3,496**	**3,390**
– of which expected to be settled after more than 1 year	25	3

G33 Provisions

EURm	31 Dec 2011	31 Dec 2010
Reserve for restructuring costs	152	20
Transfer risk, off-balance	13	22
Individually assessed, guarantees and other commitments	80	309
Tax	112	111
Other	126	119
Total	**483**	**581**

	Restructuring	Transfer risk	Off-balance sheet	Tax	Other	Total
At beginning of year	20	22	309	111	119	581
New provisions made	155	1	86	0	57	299
Provisions utilised	–20	—	–247	—	–35	–302
Reversals	–3	–10	–60	—	–15	–88
Reclassifications	—	—	–8	—	0	–8
Discount effect	—	—	—	—	0	0
Translation differences	0	0	0	1	0	1
At end of year	**152**	**13**	**80**	**112**	**126**	**483**
– of which expected to be settled after more than 1 year	25	13	57	111	53	259

Provision for restructuring costs amounts to EUR 152m and relates mainly to New Normal. The New Normal provision relates to termination benefits (EUR 120m) as well as other provisions mainly related to redundant premises (EUR 20m) arising from the so called New Normal initiative. The New Normal initiative has been launched to reach the anticipated cost efficiency and profitability, and as a part of this Nordea plans to reduce the number of employees, partly through close down of branches. The majority of the provision is expected to be used during 2012. As with any other provision there is an uncertainty around timing and amount, which is expected to be decreased as the plan is being executed during 2012.

Provision for Transfer risk of EUR 13m is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note G14. Provision for transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed guarantees and other commitments amounted to EUR 80m. The significant decrease compared to the opening balance is due to that significant payments have been made in relation to Danish state guarantees.

Nordea has an on-going tax litigation related to the sales gain in respect of the divestment of Nordea's owner occupied properties in Sweden, which has been provided for with EUR 111m. Nordea is of the opinion that all tax rules and regulations have been complied with and is contesting the claim in court. The court procedures are expected to have a duration of several years.

Other provisions refers to the following provisions: Provision for premiums in Defined Contribution Plans EUR 44m (EUR 11m expected to be settled 2012), provision for state guarantee fees EUR 57m to be settled 2012 and other provisions amounting to EUR 25m (EUR 5m expected to be settled 2012). The provision related to Defined Contribution Plans is expected to be settled over the following 5–10 years.

G34 Retirement benefit obligations

EURm	31 Dec 2011	31 Dec 2010
Defined benefit plans, net	102	150
Total	**102**	**150**

Nordea has pension obligations from defined benefit plans (DBP) in all Nordic countries with the predominant share in Sweden, Norway and Finland. The plans in Finland, and Norway as from 2011, are closed to new employees and pensions for new employees are instead based on defined contribution plan (DCP) arrangements as is also the case in Denmark. DCPs are not reflected on the balance sheet, except when earned pensions rights have not yet been paid for. Nordea also contributes to public pension plans.

IAS 19 secures that the market based value of pension obligations net of plan assets backing these obligations will be reflected in the Group's balance sheet. The major plans in each country are funded schemes covered by assets in pension funds/foundations.

Funded schemes	Swe	Nor	Fin	Den
2011				
Members	22,191	5,191	18,988	57
Average member age	56	60	64	74
2010				
Members	21,979	6,068	19,208	59
Average member age	56	56	61	73

Changes in pension plans 2011

In 2010 the Norwegian Parliament decided to change the AFP (Avtalefestet Pensjon) plan in Norway as from 2011. The change gave rise to a new multiemployer DBP plan that cannot be calculated as DBP by year end 2011, as information on Nordea´s share of the liabilities and pension costs in the plan is not avaliable from Fellesordningen (the administrator). Consequently the new AFP plan has to be accounted for as a DCP in accordance with IAS 19. Information on the funded status in the plan is not avaliable. However, Fellesordningen has increased the premium rate from 1.60% of the salary basis in 2011 to 1.75% in 2012, and the rate is expected to increase further in the future.

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions fixed for each of the Group's pension plans.

Assumptions	Swe	Nor	Fin	Den
2011				
Discount rate	3.5%	3.0%	4.5%	3.5%
Salary increase	3.0%	3.0%	3.0%	3.5%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	4.5%	4.0%	5.5%	4.5%
2010				
Discount rate	4.0%	4.0%	4.5%	4.0%
Salary increase	3.5%	3.5%	3.5%	3.5%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	5.0%	5.0%	5.5%	5.0%

The expected return on assets is based on long term expectations for return on the different asset classes. On bonds, this is linked to the discount rate while equities and real estate have an added risk premium.

The discount rate has the most significant impact on the obligation and pension cost. If the discount rate is reduced the pension obligation will increase and vice versa. A one percentage point increase in the discount rate would lead to a decrease in pension obligation of 13% and in service cost of 22%. A one percentage point decrease in the discount rate would lead to an increase in pension obligation of 16% and in service cost of 29%.

Asset composition

The combined return on assets in 2011 was 3.5% (8.0%) mainly driven by the negative development in government bond holdings.

At the end of the year, the equity exposure in pension funds/foundations represented 17% (19%) of total assets.

G34 Retirement benefit obligations, cont.

Asset composition in funded schemes	Swe 2011	Nor 2011	Fin 2011	Den 2011	Total 2011	Total 2010
Equity	17%	17%	18%	8%	17%	19%
Bonds	82%	65%	70%	69%	74%	74%
Real estate	—	17%	10%	—	7%	5%
– of which Nordea real estate	—	—	3%	—	1%	1%
Other plan assets	1%	1%	2%	23%	2%	2%

Amounts recognised in the balance sheet

EURm	Swe 2011	Nor 2011	Fin 2011	Den 2011	Total 2011	Total 2010
Pension Benefit Obligation (PBO)	1,574	1,005	774	131	3,484	3,305
Plan assets	1,249	633	837	129	2,848	2,766
Total surplus/deficit (–)	**–325**	**–372**	**63**	**–2**	**–636**	**–539**
– of which unrecognised actuarial gains/losses (–)	–269	–205	–31	–29	–534	–389
Of which recognised in the balance sheet	**–56**	**–167**	**94**	**27**	**–102**	**–150**
– of which retirement benefit assets	64	7	121	31	223	187
– of which retirement benefit obligations	120	174	27	4	325	337
– of which related to unfunded plans (PBO)	137	207	20	4	368	346

Overview of surplus or deficit in the plans

EURm	Total 2011	Total 2010	Total 2009	Total 2008	Total 2007
PBO	3,484	3,305	3,087	2,830	2,775
Plan Assets	2,848	2,766	2,397	2,099	2,407
Surplus/deficit (–)	**–636**	**–539**	**–690**	**–731**	**–368**

Changes in the PBO

EURm	Swe 2011	Nor 2011	Fin 2011	Den 2011	Total 2011	Total 2010
PBO at 1 Jan	1,463	941	785	116	3,305	3,087
Service cost	35	25	3	0	63	73
Interest cost	57	35	34	5	131	132
Pensions paid	–67	–50	–41	–8	–166	–148
Curtailments and settlements	—	–16	—	—	–16	–106
Past service cost	14	17	—	0	31	3
Actuarial gains (–)/losses	66	48	–9	18	123	30
Translation differences	10	6	2	0	18	249
Change in provision for SWT/SSC[1]	–4	–1	—	—	–5	–15
PBO at 31 Dec	**1,574**	**1,005**	**774**	**131**	**3,484**	**3,305**

1) Change in provision for special wage tax (SWT) and social security contribution (SSC) in Sweden and Norway calculated on recognised amounts in the balance sheet.

Changes in the fair value of plan assets

EURm	Swe 2011	Nor 2011	Fin 2011	Den 2011	Total 2011	Total 2010
Assets at 1 Jan	1,155	614	872	125	2,766	2,397
Expected return on assets	53	31	45	5	134	120
Pensions paid	—	–49	–41	–7	–97	–83
Curtailments and settlements	—	–10	—	—	–10	0
Contributions	4	58	10	7	79	87
Actuarial gains/losses (–)	29	–15	–51	–1	–38	71
Translation differences	8	4	2	0	14	174
Plan assets at 31 Dec	**1,249**	**633**	**837**	**129**	**2,848**	**2,766**
Actual return on plan assets	**82**	**16**	**–6**	**4**	**96**	**191**

G34 Retirement benefit obligations, cont.

Overview of actuarial gains/losses

EURm	Total 2011	Total 2010	Total 2009	Total 2008	Total 2007
Effects of changes in actuarial assumptions	–130	–44	51	–337	230
Experience adjustments	–31	85	84	–268	–41
– of which on plan assets	–38	71	73	–225	–34
– of which on plan liabilities	7	14	11	–43	–7
Actuarial gains/losses	**–161**	**41**	**135**	**–605**	**189**

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year is EUR 124m (EUR 37m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans (see specification in Note G7).

Recognised net defined benefit cost, EURm	Swe 2011	Nor 2011	Fin 2011	Den 2011	Total 2011	Total 2010
Service cost	35	25	3	0	63	73
Interest cost	57	35	34	5	131	132
Expected return on assets	–53	–31	–45	–5	–134	–120
Curtailments and settlements[1]	—	–4	—	—	–4	–81
Recognised past service cost[2]	14	17	—	0	31	3
Recognised actuarial gains (–)/losses	10	6	1	0	17	20
SWT/SSC[3]	13	7	—	—	20	10
Pension cost on defined benefit plans	**76**	**55**	**–7**	**0**	**124**	**37**

1) Includes recognised actuarial losses of EUR 2m (EUR 25m) related to the curtailment.
2) Of which EUR 30m related to New Normal in 2011.
3) Cost related to special wage tax (SWT) in Sweden and social security contribution (SSC) in Norway.

The pension cost is higher than expected in the beginning of the year, mainly due to the New Normal initiative further described in the Board of Directors' report. The pension cost on defined benefit plans is expected to decrease in 2012, mainly as a consequense of that past service cost is expected to decrease.

The Group expects to contribute EUR 61m to its defined benefit plans in 2012.

Key management personnel

The Group's total pension obligations relating to key management personnel amounted to EUR 35m (EUR 40m) at the end of the year. These obligations are to a high degree covered by plan assets. Defined benefit pension costs (Service cost, Past service cost and Curtailments and settlements as defined in IAS 19) relating to key management personnel in 2011 were EUR 3m (EUR 2m). Complete information concerning key management personnel is disclosed in Note G7.

G35 Subordinated liabilities

EURm	31 Dec 2011	31 Dec 2010
Dated subordinated debenture loans	3,818	5,173
Undated subordinated debenture loans	658	626
Hybrid capital loans	2,027	1,962
Total	**6,503**	**7,761**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans and hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

G36 Assets pledged as security for own liabilities

EURm	31 Dec 2011	31 Dec 2010[3]
Assets pledged for own liabilities		
Lease agreements[1]	78	128
Securities etc[2]	23,239	23,533
Loans to the public	103,451	103,453
Other pledged assets	20,126	22,003
Total	**146,894**	**149,117**
The above pledges pertain to the following liabilities		
Deposits by credit institutions	10,263	18,728
Deposits and borrowings from the public	2,379	12,585
Derivatives	639	417
Debt securities in issue	78,208	67,756
Other liabilities and commitments	36,970	13,294
Total	**128,459**	**112,780**

1) The agreements are financial lease agreements where Nordea is the lessor. The associated assets are Loans to the public.
2) Relates only to securities recognised in the balance sheet. Securities borrowed or bought under reverse repurchase agreements are not recognised in the balance sheet and thus not included in the amount. Such transactions are disclosed in Note G44, Obtained collaterals which are permitted to be sold or repledged.
3) The comparative figures for 2010 have been restated to ensure consistency between years.

Assets pledged for own liabilities contain securities pledged as security in repurchase agreement and in securities lending. The transactions are conducted under standard agreements employed by financial markets participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months.

Securities in the Life operations are also pledged as security for the corresponding insurance liabilities.

Loans to the public have been registered as collateral for issued covered bonds and mortgage bonds in line with local legislation. In the event of the company´s insolvency, the holders of these bonds have priority to the assets registered as collateral.

Other relates to certificate of deposits pledged by Nordea to comply with authority requirements and assets funded by finance lease agreements.

G37 Other assets pledged

EURm	31 Dec 2011	31 Dec 2010
Other assets pledged[1]		
Lease agreements	0	0
Securities etc	6,063	5,951
Other assets pledged	27	21
Total	**6,090**	**5,972**

1) Collaterals pledged on behalf of other items other than the company's own liabilities, eg, on behalf of a third party or on behalf of the company's own contingent liabilities are accounted for under this item.

Securities etc. includes interest-bearing securities pledged as security for payment settlements within the Central bank of Sweden. The terms and conditions require day to day security and relate to liquidity intraday/over night. Other pledged assets relate to pledged deposits.

G38 Contingent liabilities

EURm	31 Dec 2011	31 Dec 2010
Guarantees		
– Loan guarantees	4,897	5,644
– Other guarantees	16,730	15,646
Documentary credits	2,626	2,515
Other contingent liabilities	215	158
Total	**24,468**	**23,963**

In the normal business of Nordea, the bank issues various forms of guarantees in favour of the bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are off-balance sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

Nordea Bank AB (publ) has issued a guarantee covering all commitments in Nordea Investment Management AB, org no 556060-2301 and Nordea Fastigheter AB, org no 556021-4917.

Nordea Bank AB (publ) has undertaken, in relation to certain individuals and on certain conditions, to be responsible for the potential payment liability against them in their capacity as managing directors or board member in subsidiaries to Nordea Bank AB (publ).

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age. For further disclosures, see Note G7.

Legal proceedings

Within the framework of the normal business operations, the Group faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently none of the current disputes is considered likely to have any significant adverse effect on the Group or its financial position.

G39 Commitments

EURm	31 Dec 2011	31 Dec 2010[2]
Future payment obligations	996	1,589
Credit commitments[1]	85,319	88,740
Other commitments	655	1,097
Total	**86,970**	**91,426**

1) Including unutilised portion of approved overdraft facilities of EUR 47,607m (EUR 50,522m).
2) The comparative figures for 2010 have been restated to ensure consistency between the years.

Reverse repurchase agreements are recognised on and derecognised from the balance sheet on settlement date. Nordea has as per 31 December 2011 signed reverse repurchase agreements that have not yet been settled and consequently are not recognised on the balance sheet. On settlement date these reverse repurchase agreements will, to the utmost extent, replace existing reverse repurchase agreements not yet derecognised as per 31 December 2011. The net impact on the balance sheet is minor. These instruments have not been disclosed as commitments.

For information about derivatives, see Note G18 and about reverse repos, see Note G44.

G40 Insurance activities[1]

Operating profit, insurance

EURm	2011	2010
Operating income[1]		
Fee and commission income	340	336
Fee and commission expense	–132	–126
Net fee and commission income	**208**	**210**
Net result on items at fair value	179	305
Operating income	**387**	**515**
Operating expenses		
Staff costs	–128	–124
Other expenses	–83	–81
Depreciation, amortisation and impairment charges of tangible and intangible assets	–6	–6
Total operating expenses	**–217**	**–211**
Operating profit, insurance	**170**	**304**

1) Before allocations and elimination of intra-group transactions.

Operating profit, insurance

EURm	2011	2010
Technical result		
Premiums written	5,576	5,113
Investment income, investment contracts	782	806
Investment income, insurance contracts	–354	1,984
Other technical income	139	–20
Claims paid	–3,823	–3,163
Change in technical provisions, investment contracts	–910	–2,778
Change in technical provisions, insurance contracts	–1,499	–1,180
Change in collective bonus potential	575	–159
Operating expenses	–350	–333
Technical result	**136**	**270**
Non-technical investment income	34	34
Operating profit	**170**	**304**

Balance sheet

EURm	31 Dec 2011	31 Dec 2010
Assets		
Cash and balances with central banks	1	66
Loans to the public	877	614
Loans to credit institutions	1,922	1,538
Interest bearing securities	25,789	25,591
Shares and participations	15,559	13,184
Derivatives	463	313
Participating interests	233	223
Intangible assets	335	341
Tangible assets	26	28
Investment property	3,523	3,506
Deferred tax assets	—	12
Current tax assets	—	3
Other assets	439	426
Prepaid expenses and accrued income	432	404
Total assets	**49,599**	**46,249**
– of which intra-group transactions	4,879	3,455
Liabilities		
Deposits by credit institutions and central banks	3,941	3,840
Deposits and borrowings from the public	630	173
Liabilities to Life insurance policyholders	40,715	38,766
Derivatives	117	356
Current tax liabilities	22	24
Other liabilities	1,766	680
Accrued expenses and deferred income	128	160
Deferred tax liabilities	282	266
Retirement benefit obligation	9	7
Subordinated liabilities	523	522
Total liabilities	**48,133**	**44,794**
Equity	**1,466**	**1,455**
Total liabilities and equity	**49,599**	**46,249**
– of which intra-group transactions	5,796	4,182

G41 Capital adequacy

Calculation of total capital base

EURm	31 Dec 2011	31 Dec 2010
Equity	26,120	24,538
Proposed/actual dividend	–1,048	–1,168
Hybrid capital loans	1,964	1,946
Deferred tax assets	–169	–266
Intangible assets	–2,986	–2,878
IRB provisions excess (+)/shortfall (–)	–243	–234
Deduction for investments in credit institutions (50%)	–117	–106
Other items, net	–880	–783
Tier 1 capital (net after deduction)	**22,641**	**21,049**
– of which hybrid capital	1,964	1,946
Tier 2 capital	**3,924**	**5,305**
– of which perpetual subordinated loans	723	710
IRB provisions excess (+)/shortfall (–)	–243	–234
Deduction for investments in credit institutions (50%)	–117	–106
Other deduction	–1,367	–1,280
Total	**24,838**	**24,734**

Capital requirements and RWA

	31 Dec 2011		31 Dec 2010	
EURm	Capital requirement	Basel II RWA	Capital requirement	Basel II RWA
Credit risk	**12,929**	**161,604**	**13,173**	**164,662**
IRB foundation	9,895	123,686	10,028	125,346
– of which corporate	6,936	86,696	7,204	90,047
– of which institutions	897	11,215	722	9,021
– of which retail	1,949	24,367	1,964	24,556
– of which other	113	1,408	138	1,722
Standardised	3,034	37,918	3,145	39,316
– of which sovereign	43	536	35	434
– of which retail	795	9,934	781	9,760
– of which corporate and institutions	2,196	27,448	2,329	29,122
Market risk[1]	**652**	**8,144**	**461**	**5,765**
– of which trading book, Internal Approach	390	4,875	105	1,317
– of which trading book, Standardised Approach	206	2,571	278	3,469
– of which banking book, Standardised Approach	56	698	78	979
Operational risk	**1,236**	**15,452**	**1,176**	**14,704**
– of which standardised	1,236	15,452	1,176	14,704
Sub total	**14,817**	**185,200**	**14,810**	**185,131**
Adjustment for transition rules				
Additional capital requirement according to transition rules	3,087	38,591	2,370	29,629
Total	**17,904**	**223,791**	**17,180**	**214,760**

1) Note that the comparison figures are not restated with respect to CRD III.

More Capital Adequacy information can be found in the Risk, Liquidity and Capital management section page 67.

Generally, Nordea Group has the ability to transfer capital within its legal entities without material restrictions. International transfers of capital between legal entities are normally possible after approval by of the local regulator and are of importance when governing the capital position within the Group. The guarantee schemes introduced within EU during 2008 has under certain circumstances limited the transferability of capital with impact on crossborder financial groups. There are no such restrictions directly affecting Nordea as per end of 2011.

G42 Classification of financial instruments

31 Dec 2011, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	3,765	—	—	—	—	—	—	3,765
Treasury bills	300	361	9,838	—	—	606	—	11,105
Loans to credit institutions	43,026	—	5,312	3,527	—	—	—	51,865
Loans to the public	264,272	—	23,718	49,213	—	—	—	337,203
Interest-bearing securities	100	7,532	33,300	21,138	—	19,198	—	81,268
Financial instruments pledged as collateral	—	—	8,373	—	—	—	—	8,373
Shares	—	—	4,474	15,683	—	10	—	20,167
Derivatives	—	—	169,402	—	2,541	—	—	171,943
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–215	—	—	—	—	—	—	–215
Investments in associated undertakings	—	—	—	—	—	—	591	591
Intangible assets	—	—	—	—	—	—	3,321	3,321
Property and equipment	—	—	—	—	—	—	469	469
Investment property	—	—	—	—	—	—	3,644	3,644
Deferred tax assets	—	—	—	—	—	—	169	169
Current tax assets	—	—	—	—	—	—	185	185
Retirement benefit assets	—	—	—	—	—	—	223	223
Other assets	12,548	—	—	6,854	—	—	23	19,425
Prepaid expenses and accrued income	2,124	—	169	36	—	—	374	2,703
Total	**325,920**	**7,893**	**254,586**	**96,451**	**2,541**	**19,814**	**8,999**	**716,204**

31 Dec 2011, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	12,934	7,204	—	35,178	—	55,316
Deposits and borrowings from the public	14,092	6,962	—	169,038	—	190,092
Liabilities to policyholders	—	10,226	—	—	30,489	40,715
Debt securities in issue	6,087	31,756	—	142,107	—	179,950
Derivatives	166,763	—	627	—	—	167,390
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	1,274	—	1,274
Current tax liabilities	—	—	—		154	154
Other liabilities	13,539	5,024	—	24,677	128	43,368
Accrued expenses and prepaid income	—	664	—	1,805	1,027	3,496
Deferred tax liabilities	—	—	—	—	1,018	1,018
Provisions	—	—	—	—	483	483
Retirement benefit obligations	—	—	—	—	325	325
Subordinated liabilities	—	—	—	6,503	—	6,503
Total	**213,415**	**61,836**	**627**	**380,582**	**33,624**	**690,084**

G42 Classification of financial instruments, cont.

31 Dec 2010, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	10,023	—	—	—	—	—	—	10,023
Treasury bills	—	638	9,776	2,698	—	—	—	13,112
Loans to credit institutions	7,619	—	7,413	756	—	—	—	15,788
Loans to the public	251,090	—	17,256	45,865	—	—	—	314,211
Interest-bearing securities	—	15,417	28,536	19,425	—	5,759	—	69,137
Financial instruments pledged as collateral	—	—	9,494	—	—	—	—	9,494
Shares	—	—	3,976	13,311	—	6	—	17,293
Derivatives	—	—	96,099	—	726	—	—	96,825
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,127	—	—	—	—	—	—	1,127
Investments in associated undertakings	—	—	—	—	—	—	554	554
Intangible assets	—	—	—	—	—	—	3,219	3,219
Property and equipment	—	—	—	—	—	—	454	454
Investment property	—	—	—	—	—	—	3,568	3,568
Deferred tax assets	—	—	—	—	—	—	278	278
Current tax assets	—	—	—	—	—	—	262	262
Retirement benefit assets	—	—	—	—	—	—	187	187
Other assets	19,208	—	55	3,573	—	—	21	22,857
Prepaid expenses and accrued income	2,086	—	8	41	—	—	315	2,450
Total	**291,153**	**16,055**	**172,613**	**85,669**	**726**	**5,765**	**8,858**	**580,839**

31 Dec 2010, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	11,827	7,545	—	21,364	—	40,736
Deposits and borrowings from the public	12,180	6,064	—	158,146	—	176,390
Liabilities to policyholders		9,339	—	—	29,427	38,766
Debt securities in issue	5,907	30,963	—	114,708	—	151,578
Derivatives	95,226	—	661	—	—	95,887
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	898	—	898
Current tax liabilities	—	—	—	—	502	502
Other liabilities	14,048	3,510	—	20,954	78	38,590
Accrued expenses and prepaid income	—	546	—	1,770	1,074	3,390
Deferred tax liabilities	—	—	—	—	885	885
Provisions	—	—	—	—	581	581
Retirement benefit obligations	—	—	—	—	337	337
Subordinated liabilities	—	—	—	7,761	—	7,761
Total	**139,188**	**57,967**	**661**	**325,601**	**32,884**	**556,301**

G42 Classification of financial instruments, cont.

Loans designated at fair value through profit or loss

EURm	31 Dec 2011	31 Dec 2010
Carrying amount	49,332	46,621
Maximum exposure to credit risk	49,332	46,621
Carrying amount of credit derivatives used to mitigate the credit risk	—	—

Financial liabilities designated at fair value through profit or loss

Changes in fair values attributable to changes in credit risk

The financial liabilities designated at fair value through profit or loss are issued bonds in the Danish subsidiary Nordea Kredit Realkreditaktieselskab, EUR 31,756m (EUR 30,963m), the funding of the Markets operation, EUR 19,852m (EUR 17,665m) and investment contracts in Life, EUR 10,226m (EUR 9,339m). The funding of Markets is generally of such a short term nature that the effect of changes in own credit risk is not significant. The value of the investment contracts in Life is directly linked to the assets in the contracts and there is consequently no effect from changes in own credit risk in these contracts.

The fair value of bonds issued by Nordea Kredit Realkreditaktieselskab decreased by EUR 210m (decreased EUR 289m) in 2011 due to changes in own credit risk. The cumulative change since designation is a decrease of EUR 718m (decrease EUR 508m). The calculation method of the fair value changes attributable to changes in market conditions are based on relevant benchmark interest rates, which are the average yields on Danish and German (EUR) government bonds. For the issued mortgage bonds a change in the liability's credit risk and price will have a corresponding effect on the value of the loans. The reason is that a change in the price of the bonds will be offset by the opposite change in the value of the prepayment option of the loan.

Comparison of carrying amount and contractual amount to be paid at maturity

2011, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	45,641	44,225

2010, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	57,967	57,954

Liabilities to policyholders have no fixed maturities and there is no fixed amount to be paid. The amount disclosed to be paid at maturity has been set to the carrying amount.

G43 Assets and liabilities at fair value

	31 Dec 2011		31 Dec 2010	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	3,765	3,765	10,023	10,023
Treasury bills	11,105	11,105	13,112	13,109
Loans to credit institutions	51,865	51,886	15,788	15,827
Loans to the public	337,203	337,354	314,211	314,212
Interest-bearing securities	81,268	81,530	69,137	69,119
Financial instruments pledged as collateral	8,373	8,373	9,494	9,494
Shares	20,167	20,247	17,293	17,293
Derivatives	171,943	171,943	96,825	96,825
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–215	–215	1,127	1,127
Investments in associated undertakings	591	591	554	554
Intangible assets	3,321	3,321	3,219	3,219
Property and equipment	469	469	454	454
Investment property	3,644	3,644	3,568	3,568
Deferred tax assets	169	169	278	278
Current tax assets	185	186	262	262
Retirement benefit assets	223	223	187	187
Other assets	19,425	19,425	22,857	22,857
Prepaid expenses and accrued income	2,703	2,703	2,450	2,450
Total assets	**716,204**	**716,719**	**580,839**	**580,858**
Liabilities				
Deposits by credit institutions	55,316	55,302	40,736	40,729
Deposits and borrowings from the public	190,092	190,047	176,390	176,418
Liabilities to policyholders	40,715	40,715	38,766	38,766
Debt securities in issue	179,950	179,902	151,578	152,088
Derivatives	167,390	167,390	95,887	95,887
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,274	1,274	898	898
Current tax liabilities	154	154	502	502
Other liabilities	43,368	43,368	38,590	38,590
Accrued expenses and prepaid income	3,496	3,496	3,390	3,390
Deferred tax liabilities	1,018	1,018	885	885
Provisions	483	483	581	581
Retirement benefit obligations	325	325	337	337
Subordinated liabilities	6,503	6,502	7,761	7,760
Total liabilities	**690,084**	**689,976**	**556,301**	**556,831**

G43 Assets and liabilities at fair value, cont.

Estimation of fair value for assets and liabilities

Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of loans, deposits and borrowings and issued securities.

The carrying amounts on loans, deposits and borrowings and issued securities are adjusted for the value of the fixed interest term, unless the interest risk is hedged, in order to estimate the fair values that are presented in the tables above. The value of the fixed interest term is a result of changes in the relevant market interest rates. The discount rates used are based on current market rates for each term. The fair value of the hedged interest rate risk is included in the balance sheet item "Fair value changes of the hedged items in portfolio hedge of interest rate risk".

Fair value is estimated to be equal to the carrying amount for short-term financial assets and financial liabilities. The carrying amount is a reasonable approximation of fair value due to limited credit risk and short time to maturity.

Fair value is set to carrying amount, in the tables above, for assets and liabilities for which no reliable fair value has been possible to estimate. This is valid for the line items investments in associated undertakings, investments in group undertakings, intangible assets, property and equipment and provisions.

Nordea holds very limited amounts of financial instruments with discretionary participating features in the Life business, which are recognised in the balance sheet in the line "Liabilities to policyholders". These instruments can not be reliably measured at fair value and consequently the fair value for these instruments are set to carrying amount.

Nordea holds very limited amounts of equity instruments measured at cost. Fair value is set to carrying amount for these instruments as the fair value can not be measured reliably.

For further information about valuation of items normally measured at fair value, see Note G1.

Deferred Day 1 profit or loss

In accordance with the Group's accounting policy as described in Note G1, if there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any trade date profit is deferred. 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 changes in the balance of this difference (movement of deferred Day 1 profit or loss).

EURm	31 Dec 2011	31 Dec 2010
Amount at beginning of year	42	44
Deferred profit/loss on new transactions	1	14
Recognised in the income statement during the year	–14	–16
Amount at end of year	**29**	**42**

Determination of fair value from quoted market prices or valuation techniques

Fair value measurements are categorised using a fair value hierarchy. The financial instruments carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy that reflects the significance of inputs. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. To categorise the instruments into the three levels, the relevant pricing models for each product is considered in combination with used input market data, the significance of derived input data, the complexity of the model and the accessible pricing data to verify model input. Although the complexity of the model is considered, a high complexity does not by default require that products are categorised into level 3. It is the use of model parameters and the extent of unobservability that defines the fair value hierarchy levels.

For bonds the categorisation into the three levels is based on the internal pricing methodology. The bonds can either be directly quoted in active markets (level 1) or measured using a methodology giving a quote based on observable inputs (level 2). Level 3 bonds are characterised by illiquidity.

Valuation of Private Equity Funds (PEF) and unlisted equities will in nature be more uncertain than valuations of more actively traded equity instruments. Emphasis is put on using a consistent approach across all assets and over time. The methods are consistent with the guideline "International Private Equity and Venture Capital Valuation Guidelines" issued by EVCA (European Venture Capital Association). The EVCA guidelines are considered as best practice in the PEF industry. For US based funds, similar methods are applied.

Level 1 consists of financial assets and financial liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes listed derivatives, listed equities, government bonds in developed countries, and most liquid mortgage bonds and corporate bonds where direct tradable price quotes exists.

Level 2 consists of financial assets and financial liabilities which do not have directly quoted market prices available from an active market. The fair values are estimated using a valuation technique or valuation model based on market prices or rates prevailing at the balance sheet date and any unobservable inputs are insignificant in the fair values. This is the case for the majority of Nordea's OTC derivatives, securities purchased/sold under resale/repurchase agreements, securities borrowed/loaned and other instruments where an active market supplies the input to the valuation technique or model.

Level 3 consists of those types of financial instruments which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for investments in unlisted securities, private equity funds, hedge funds, and both more complex or less active markets supplying input to the technique or model for OTC derivatives, certain complex or structured financial instruments such as CLNs and CDOs, and illiquid bonds.

The following table presents the valuation methods used to determine fair values of financial instruments carried at fair value.

G43 Assets and liabilities at fair value, cont

31 Dec 2011, EURm	Quoted prices in active markets for 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							
Loans to credit institutions	48	—	8,791	—	—	—	8,839
Loans to the public	—	—	72,931	—	—	—	72,931
Debt securities[1]	71,424	14,443	19,230	5,944	1,149	750	91,803
Shares[2]	15,893	12,134	3	—	4,921	3,425	20,817
Derivatives	551	3	170,435	11	957	—	171,943
Other assets	—	—	6,854	—	—	—	6,854
Prepaid expenses and accrued income	—	—	205	—	—	—	205
Liabilities							
Deposits by credit institutions	—	—	20,138	—	—	—	20,138
Deposits and borrowings from the public	—	—	21,054	—	—	—	21,054
Liabilities to policy holders	—	—	10,226	10,226	—	—	10,226
Debt securities in issue	31,756	—	6,087	—	—	—	37,843
Derivatives	396	38	165,748	17	1,246	5	167,390
Other liabilities	8,212	—	10,351	—	—	—	18,563
Accrued expenses and prepaid income	—	—	664	—	—	—	664

1) Of which EUR 10,444m Treasury bills and EUR 73,636m Interest-bearing securities (the portion held at fair value in Note G42). EUR 7,723m relates to the balance sheet item Financial instruments pledged as collateral.
2) EUR 650m relates to the balance sheet item Financial instruments pledged as collateral.

31 Dec 2010, EURm	Quoted prices in active markets for same instrument (Level 1)	– of which Life	Valuation technique using observable data (Level 2)	– of which Life	Valuation technique using non-observabledata (Level 3)	– of which Life	Total
Assets							
Loans to credit institutions	—	—	8,169	—	—	—	8,169
Loans to the public	—	—	63,121	—	—	—	63,121
Debt securities[1]	54,916	17,502	18,404	2,835	1,848	1,787	75,168
Shares[2]	13,483	10,674	93	85	4,237	2,425	17,813
Derivatives	700	7	93,928	17	2,197	—	96,825
Other assets	—	—	3,628	—	—	—	3,628
Prepaid expenses and accrued income	—	—	49	—	—	—	49
Liabilities							
Deposits by credit institutions	—	—	19,372	—	—	—	19,372
Deposits and borrowings from the public	—	—	18,244	—	—	—	18,244
Liabilities to policy holders	—	—	9,339	9,339	—	—	9,339
Debt securities in issue	30,963	—	5,907	—	—	—	36,870
Derivatives	421	2	93,204	15	2,262	—	95,887
Other liabilities	7,501	—	10,057	—	—	—	17,558
Accrued expenses and prepaid income	—	—	546	—	—	—	546

1) Of which EUR 12,474m Treasury bills and EUR 53,720m Interest-bearing securities (the portion held at fair value in Note G42). EUR 8,974m relates to the balance sheet item Financial instruments pledged as collateral.
2) EUR 520m relates to the balance sheet item Financial instruments pledged as collateral.

G43 Assets and liabilities at fair value, cont

Transfers between level 1 and 2

During the year, Nordea Group transferred debt securities of EUR 3,057m (EUR 31m) from level 1 to level 2 and EUR 496m (EUR 949m) from level 2 to level 1 of the fair value hierarchy for financial assets and liabilities at fair value. The reason for transfers from level 1 to level 2 was that the instruments ceased to be actively traded during the year and fair values have now been obtained using valuation techniques with observable market inputs. The reason for transfers from level 2 to level 1 was that the instruments have again been actively traded during the year and reliable quoted prices are obtained in the markets.

Movements in level 3

The following table shows a reconciliation of the opening and closing carrying amounts of level 3 financial assets and liabilities recognised at fair value.

		Fair value gains/losses recognised in the income statement during the year							
31 Dec 2011, EURm	1 Jan 2011	Realised	Unrealised[1]	Purchases	Sales	Settle-ments	Net transfers into/out of level 3	Translation differences	31 Dec 2011
Debt securities	1,848	–13	149	417	–671	—	–587	6	1,149
– of which Life	1,787	–13	–16	110	–536	—	–587	5	750
Shares	4,237	65	–79	1,819	–1,533	—	599	–187	4,921
– of which life	2,425	43	2	1,434	–1,084	—	599	6	3,425
Derivatives (net of assets and liabilities)	–65	485	–228	—	—	–485	4	0	–289

1) Relates to those assets and liabilities held at the end of the reporting period.

31 Dec 2010, EURm	1 Jan 2010	Realised	Unrealised[1]	Purchases	Sales	Settle-ments	Net transfers into/out of level 3	Translation differences	31 Dec 2010
Debt securities	1,556	42	145	997	–919	—	15	12	1,848
– of which Life	1,436	49	115	980	–821	—	29	–1	1,787
Shares	3,705	237	377	2,048	–2,139	—	—	9	4,237
– of which life	2,288	310	96	1,171	–1,450	—	—	10	2,425
Derivatives (net of assets and liabilities)	56	8	–121	—	—	–8	—	0	–65

1) Relates to those assets and liabilities held at the end of the reporting period.

Fair value gains/losses recognised in the income statement during the year are included in "Net result from items at fair value" (see Note G5).

G43 Assets and liabilities at fair value, cont

Sensitivity of level 3 financial instruments measured at fair value to changes in key assumptions

Included in the fair value of financial instruments carried at fair value on the balance sheet are those estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. Portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques (for further information see Note G1 section 11 "Determination of fair value of financial instruments").

This disclosure shows the potential impact from the relative uncertainty in the fair value of financial instruments for which the valuation is dependent on unobservable input parameters. The estimates disclosed below are likely to be greater than the true uncertainty in fair value of these instruments, as it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. The disclosure is neither predictive nor indicative of future movements in fair value.

The following table shows the sensitivity of the fair value of level 3 instruments to changes in key assumptions, by class of instruments. Where the exposure to an unobservable parameter is offset across different instruments only the net impact is disclosed in the table.

		Effect of reasonably possible alternative assumptions	
31 Dec 2011, EURm	Carrying amount	Favourable	Unfavourable
Debt securities	1,149	58	–58
– of which Life	750	28	–28
Shares	4,921	444	–444
– of which Life	3,425	342	–342
Derivatives	–289	20	–43
31 Dec 2010, EURm			
Debt securities	1,848	92	–92
– of which Life	1,787	89	–89
Shares	4,237	389	–389
– of which Life	2,425	242	–242
Derivatives	–65	22	–29

In order to calculate the effect on level 3 fair values, from altering the assumptions of the valuation technique or model, the sensitivity to unobservable input data is assessed. For the derivatives portfolio key inputs, that are based on pricing model assumptions or unobservability of market data inputs, are replaced by alternative estimates or assumptions and the impact on the valuation computed. The majority of the effect on the derivatives is related to various types of correlations or correlation related inputs in credit derivatives, in interest rate OTC derivatives or OTC structured equity derivatives. For the level 3 portfolios of shares and debt securities the fair value was increased and decreased within a range of 3–10 percentage units, which are assessed to be reasonable changes in market movements.

G44 Obtained collaterals which are permitted to be sold or repledged

Nordea obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under standard terms for most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions. The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements are disclosed below.

EURm	31 Dec 2011	31 Dec 2010
Reverse repurchase agreements		
Received collaterals which can be repledged or sold	32,700	29,575
– of which repledged or sold	10,499	21,844
Securities borrowing agreements		
Received collaterals which can be repledged or sold	2,261	1,493
– of which repledged or sold	2,206	1,501
Total	**34,961**	**31,068**

G45 Investments, customer bearing the risk

Life Group and Nordea Bank Danmark A/S have assets and liabilities included in their balance sheet where customers are bearing the risk. Since the assets and liabilities legally belong to the entities, these assets and liabilities are included in the Group's balance sheet.

EURm	31 Dec 2011	31 Dec 2010
Assets		
Interest-bearing securities	2,262	1,860
Shares	13,649	13,766
Other assets	259	604
Total assets	**16,170**	**16,230**
Liabilities		
Deposits and borrowings from the public	3,932	3,868
Insurance contracts	4,900	5,202
Investment contracts	7,338	6,738
Other liabilities	—	422
Total liabilities	**16,170**	**16,230**

G46 Maturity analysis for assets and liabilities

Remaining maturity

31 Dec 2011, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		3,765	—	—	—	—	—	3,765
Treasury bills	G13	—	1,092	856	8,305	852	—	11,105
Loans to credit institutions	G14	18,840	28,306	271	4,070	377	—	51,865
Loans to the public	G14	25,293	78,608	17,138	74,826	141,338	—	337,203
Interest-bearing securities	G15	3,713	16,098	17,912	30,172	13,373	—	81,268
Financial instruments pledged as collateral	G16	—	1,013	3,632	2,240	1,488	—	8,373
Derivatives	G18	—	9,660	7,452	39,854	114,978	—	171,943
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G19	55	–644	93	298	–17	—	–215
Total assets with fixed maturities		**51,666**	**134,133**	**47,354**	**159,765**	**272,389**	**—**	**665,307**
Other assets		—	—	—	—	—	50,897	50,897
Total assets		**51,666**	**134,133**	**47,354**	**159,765**	**272,389**	**50,897**	**716,204**
Deposits by credit institutions	G27	7,025	42,675	1,800	3,153	663	—	55,316
Deposits and borrowings from the public	G28	131,019	42,054	9,200	966	6,853	—	190,092
– of which Deposits		129,845	28,126	8,935	932	6,771	—	174,609
– of which Borrowings		1,174	13,928	265	34	82	—	15,483
Liabilities to policyholders	G29	656	446	1,100	7,010	31,503	—	40,715
Debt securities in issue	G30	0	61,467	26,019	63,791	28,673	—	179,950
– of which Debt securities in issue		—	61,311	26,019	63,791	28,673	—	179,794
– of which Other		0	156	—	—	—	—	156
Derivatives	G18	—	8,157	7,535	41,420	110,278	—	167,390
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G19	80	–12	166	1,782	–742	—	1,274
Subordinated liabilities	G35	—	—	—	903	5,600	—	6,503
Total liabilities with fixed maturities		**138,780**	**154,787**	**45,820**	**119,025**	**182,828**	**—**	**641,240**
Other liabilities		—	—	—	—	—	48,844	48,844
Equity		—	—	—	—	—	26,120	26,120
Total liabilities and equity		**138,780**	**154,787**	**45,820**	**119,025**	**182,828**	**74,964**	**716,204**

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		10,023	—	—	—	—	—	10,023
Treasury bills	G13	—	533	1,127	8,057	3,395	—	13,112
Loans to credit institutions	G14	3,683	9,685	974	1,380	66	—	15,788
Loans to the public	G14	22,965	75,677	18,509	73,079	123,981	—	314,211
Interest-bearing securities	G15	512	9,609	15,298	26,577	17,141	—	69,137
Financial instruments pledged as collateral	G16	31	975	1,666	4,878	1,944	—	9,494
Derivatives	G18	—	7,030	6,605	28,804	54,386	—	96,825
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G19	—	73	16	426	612	—	1,127
Total assets with fixed maturities		**37,214**	**103,582**	**44,195**	**143,201**	**201,525**	**—**	**529,717**
Other assets		—	—	—	—	—	51,122	51,122
Total assets		**37,214**	**103,582**	**44,195**	**143,201**	**201,525**	**51,122**	**580,839**

G46 Maturity analysis for assets and liabilities, cont.

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Deposits by credit institutions	G27	10,462	27,199	2,176	255	644	—	40,736
Deposits and borrowings from the public	G28	126,893	34,237	7,222	1,056	6,982	—	176,390
– of which Deposits		126,738	22,020	7,221	909	6,982	—	163,870
– of which Borrowings		155	12,217	1	147	0	—	12,520
Liabilities to policyholders	G29	608	446	1,147	4,706	31,859	—	38,766
Debt securities in issue	G30	2	54,608	17,355	48,178	31,435	—	151,578
– of which Debt securities in issue		—	54,486	17,327	48,178	31,435	—	151,426
– of which Other		2	122	28	—	—	—	152
Derivatives	G18	—	7,255	6,944	29,858	51,830	—	95,887
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G19	—	5	58	341	494	—	898
Subordinated liabilities	G35	—	—	598	2,545	4,618	—	7,761
Total liabilities with fixed maturities		**137,965**	**123,750**	**35,500**	**86,939**	**127,862**	**—**	**512,016**
Other liabilities		—	—	—	—	—	44,285	44,285
Equity		—	—	—	—	—	24,538	24,538
Total liabilities and equity		**137,965**	**123,750**	**35,500**	**89,939**	**127,862**	**68,823**	**580,839**

Cash flow analysis

31 Dec 2011, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	38,971	111,528	46,072	164,943	223,354	584,868
Non interest-bearing financial assets	—	—	—	—	227,040	227,040
Total financial assets	**38,971**	**111,528**	**46,072**	**164,943**	**450,394**	**811,908**
Interest-bearing financial liabilities	122,570	170,894	37,066	83,267	45,811	459,608
Non interest-bearing financial liabilities	—	—	—	—	284,343	284,343
Total financial liabilities	**122,570**	**170,894**	**37,066**	**83,267**	**330,154**	**743,951**
Derivatives, cash inflow	—	472,043	237,136	258,547	80,731	1,048,457
Derivatives, cash outflow	—	498,215	232,090	241,188	75,374	1,046,867
Net exposure	**—**	**–26,172**	**5,046**	**17,359**	**5,357**	**1,590**
Exposure	**–83,599**	**–85,538**	**14,052**	**99,035**	**125,597**	**69,547**
Cumulative exposure	**–83,599**	**–169,137**	**–155,085**	**–56,050**	**69,547**	**—**

31 Dec 2010, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	43,027	55,280	49,582	157,977	214,917	520,783
Non interest-bearing financial assets	—	—	—	—	149,593	149,593
Total financial assets	**43,027**	**55,280**	**49,582**	**157,977**	**364,510**	**670,376**
Interest-bearing financial liabilities	126,133	136,049	36,425	72,019	72,473	443,099
Non interest-bearing financial liabilities	—	—	—	—	204,374	204,374
Total financial liabilities	**126,133**	**136,049**	**36,425**	**72,019**	**276,847**	**647,473**
Derivatives, cash inflow	—	459,741	173,362	195,877	67,016	895,996
Derivatives, cash outflow	—	458,386	169,376	191,621	65,686	885,069
Net exposure	**—**	**1,355**	**3,986**	**4,256**	**1,330**	**10,927**
Exposure	**–83,106**	**–79,414**	**17,143**	**90,214**	**88,993**	**33,830**
Cumulative exposure	**–83,106**	**–162,520**	**–145,377**	**–55,163**	**33,830**	**—**

G46 Maturity analysis for assets and liabilities, cont.

The table is based on contractual maturities for on balance sheet financial instruments. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and derivative liabilities, as derivatives are managed on a net basis. In addition to the on balance sheet and derivative instruments, Nordea has credit commitments amounting to EUR 85,319m (EUR 88,740m), which could be drawn on at any time. Nordea has also issued guarantees of EUR 21,627m (EUR 21,290m) which may lead to future cash outflows if certain events occur. For further information about remaining maturity, see also the section of Risk, Liquidity and Capital management.

G47 Related-party transactions

The information below is presented from a Nordea perspective, meaning that the information shows the effect from related party transactions on the Nordea figures.

	Associated undertakings		Other related parties[1]	
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Assets				
Loans	275	272	12	8
Interest-bearing securities	14	—	—	—
Derivatives	246	154	—	—
Investments in associated undertakings	591	554	—	—
Total assets	**1,126**	**980**	**12**	**8**
Liabilities				
Deposits	71	121	44	71
Debt securities in issue	30	30	—	—
Derivatives	93	89	—	—
Total liabilities	**194**	**240**	**44**	**71**
Off balance[2]	**10,519**	**9,358**	**—**	**—**

	Associated undertakings		Other related parties[1]	
EURm	2011	2010	2011	2010
Interest income and interest expense				
Interest income	7	5	—	—
Interest expense	0	0	0	0
Net interest income and expense	**7**	**5**	**0**	**0**

1) Shareholders with significant influence and companies significantly influenced by key management personnel in Nordea Group as well as companies significantly influenced by close family members to these key management personnel are considered to be related parties to Nordea. Included in this group of related parties are Sampo Oyj, PostNord AB, Danisco A/S, Svenska Förvärvskapital AB and Tryg A/S. Transactions with related companies, that are made in Nordea's and the related companies' ordinary course of business and on the same criteria and terms as those for comparable transactions with companies of similar standing, are not included in the table.
2) Including nominal values on derivatives.

Compensation and loans to key management personnel

Compensation and loans to key management personnel are specified in Note G7.

Other related-party transactions

Starting in March 2008 Nordea takes part in a guarantee consortium to support Norwegian Eksportfinans ASA in relation to its securities portfolio. Nordea owns 23% of the company with other owners being the Norwegian state and other Nordic banks. Nordea's share of the negative fair value of the contract as of the balance sheet date amounts to approx. EUR 29m. The agreement's expiring date corresponds with the maturity dates of the bonds included in the guarantee. The latest maturity is on 31 December 2023.

In 2009 Nordea entered into one transaction with a company under significant influence by a member of key management personnel, which is disclosed separately in this note due to the transaction's significance for the related company. The related company has a credit limit of EUR 26m, of which EUR 12m was utilised as of 31 December 2011. The latest maturity is 30 June 2012, with the possibility of yearly prolongation after a new credit review. Nordea has collateral in securities (shares) corresponding to 200 percent of the utilised credit limit. The transaction is made on the same criteria and terms as those for comparable transactions with companies of similar standing.

G48 Credit risk disclosures

Credit risk management and credit risk analysis are described in the Risk, Liquidity and Capital management section of the Board of Directors´ Report. Additional information on credit risk is also disclosed in the Capital and Risk management Report (Pillar III) 2011, which is available on www.nordea.com. Much of the information in this note is collected from the Pillar III report in order to fulfil the disclosure requirement regarding credit risk in the Annual report.

The Pillar III report contains the disclosures required by the Capital Requirements Directive (CRD), which is based on the Basel II framework. The Pillar III disclosure is aligned to how Nordea manages credit risk and is believed to be the best way to explain the credit risk exposures in Nordea. Credit risk exposures occur in different forms and are divided into the following types:

Exposure types, EURm	31 Dec 2011	31 Dec 2010
On-balance sheet items	419,603	369,839
Off-balance sheet items	51,719	57,887
Securities financing	2,084	1,197
Derivatives	42,959	28,174
Exposure At Default (EAD)	**516,365**	**457,097**

Tables presented in this note, containing exposure, are presented as Exposure At Default (EAD). EAD is the exposure after applying credit conversion factors (CCF).

Reconciliation of exposure types to the balance sheet

The CRD concept of EAD is different from the accounting framework. The tables below show reconciliations from the recognised amount in the accounts to EAD. Capital requirement for credit risk is only calculated for the banking book. The counterparty risk from derivatives and repos are included in the credit exposure, while assets related to the trading book are included in market risk. Assets in the Life operations are not part of the capital requirement calculation and consequently not included in the trading or banking books. The table below shows the reconciliation of the balance sheet assets to the EAD for credit risk. Assets outside the banking book contains credit risk, but from a CRD perspective these assets are measured in other risk classes.

On-balance sheet items

31 Dec 2011, EURm	Orignal exposure	Items related to market risk	Repos, derivatives, securities lending	Life insurance operations	Other	Balance sheet
Cash and balances with central banks	3,764	—	—	1	—	3,765
Treasury bills, other interest-bearing securities and pledged instruments	51,308	26,019	—	23,419	—	100,746
Loans to credit institutions	45,789	—	5,513	—	563	51,865
Loans to the public	312,288	—	26,784	878	–2,748	337,202
Derivatives[1]	—	—	171,929	14	—	171,943
Intangible assets	—	—	—	335	2,986	3,321
Other assets and prepaid expenses	6,693	20,122	30	20,073	443	47,361
Total assets	**419,842**	**46,141**	**204,256**	**44,720**	**1,244**	**716,203**
Exposure at default[2]						

1) Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives are included in the credit risk.
2) The on-balance exposure have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.

31 Dec 2010, EURm	Orignal exposure	Items related to market risk	Repos, derivatives, securities lending	Life insurance operations	Other	Balance sheet
Cash and balances with central banks	9,957	—	—	66	—	10,023
Treasury bills, other interest-bearing securities and pledged instruments	48,918	18,446	—	24,379	—	91,743
Loans to credit institutions	7,965	—	7,825	—	–2	15,788
Loans to the public	296,756	—	19,701	327	–2,573	314,211
Derivatives[1]	—	—	96,801	24	—	96,825
Intangible assets	—	—	—	341	2,878	3,219
Other assets and prepaid expenses	6,846	24,217	83	17,657	227	49,030
Total assets	**370,442**	**42,663**	**124,410**	**42,794**	**530**	**580,839**
Exposure at default[2]	**369,839**					

1) Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives are included in the credit risk.
2) The on-balance exposure have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.

G48 Credit risk disclosures, cont.

Off-balance sheet items

31 Dec 2011, EURm	Credit risk in Basel II calculation	Life insurance operations	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	24,292	176	—	24,468
Commitments	85,773	201	996	86,970
Total	**110,065**	**377**	**996**	**111,438**

31 Dec 2011, EURm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	47,600	5,557	53,157	48%	25,343
Checking accounts	25,038	—	25,038	23%	5,636
Loan commitments	13,112	1,674	14,786	41%	6,085
Guarantees	23,114	1	23,115	62%	14,315
Other	1,201	—	1,201	28%	340
Total	**110,065**	**7,232**	**117,297**		**51,719**

31 Dec 2010, EURm	Credit risk in Basel II calculation	Life insurance operations	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	23,852	111	—	23,963
Commitments	89,574	1,033	2,142	92,749
Total	**113,426**	**1,144**	**2,142**	**116,712**

31 Dec 2010, EURm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	48,446	31,173	79,619	35%	28,034
Checking accounts	25,188	—	25,188	23%	5,751
Loan commitments	15,181	2,379	17,560	49%	8,555
Guarantees	23,088	—	23,088	64%	14,852
Other	1,523	—	1,523	46%	695
Total	**113,426**	**33,552**	**146,978**		**57,887**

Exposure classes split by exposure type

31 Dec 2011, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	72,815	1,866	227	2,727	77,635
Institutions	42,209	1,990	1,159	28,338	73,696
Corporate	138,686	37,005	688	11,531	187,910
Retail	155,261	10,841	—	121	166,223
Other	10,632	17	10	242	10,901
Total exposure	**419,603**	**51,719**	**2,084**	**42,959**	**516,365**

31 Dec 2010, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	40,906	978	114	1,657	43,655
Institutions	39,750	2,307	664	18,474	61,195
Corporate	133,564	41,195	419	7,691	182,869
Retail	146,909	13,362	0	59	160,330
Other	8,710	45	—	293	9,048
Total exposure	**369,839**	**57,887**	**1,197**	**28,174**	**457,097**

G48 Credit risk disclosures, cont.

Exposure split by geography and exposure classes

31 Dec 2011, EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Poland	Russia	Other	Total
Government, local authorities and central banks	62,874	12,094	32,515	5,693	12,572	833	1,798	607	11,523	77,635
Institutions	69,297	5,890	36,979	6,698	19,730	240	924	117	3,118	73,696
Corporate	165,040	39,378	44,263	36,182	45,217	4,466	1,831	4,603	11,970	187,910
Retail	161,018	51,231	34,541	30,783	44,463	1,025	4,060	49	71	166,223
Other	6,326	1,690	1,551	379	2,706	2,470	298	1,174	633	10,901
Total exposure	**464,555**	**110,283**	**149,849**	**79,735**	**124,688**	**9,034**	**8,911**	**6,550**	**27,315**	**516,365**

31 Dec 2010, EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Poland	Russia	Other	Total
Government, local authorities and central banks	39,726	4,195	16,137	2,272	17,122	835	922	288	1,884	43,655
Institutions	54,380	10,355	26,871	2,412	14,742	79	593	185	5,958	61,195
Corporate	160,056	39,915	39,067	34,634	46,440	4,385	1,526	4,387	12,515	182,869
Retail	155,036	48,944	35,071	28,389	42,632	1,490	3,373	276	155	160,330
Other	6,337	1,967	1,024	607	2,739	1,510	288	137	776	9,048
Total exposure	**415,534**	**105,376**	**118,170**	**68,314**	**123,675**	**8,299**	**6,702**	**5,273**	**21,289**	**457,097**

Exposure split by industry group

EURm	31 Dec 2011	31 Dec 2010
Retail mortgage	127,488	119,593
Other retail	39,111	40,081
Central and local governments	36,141	25,122
Banks	94,411	43,725
Construction and engineering	5,893	4,830
Consumer durables (cars, appliances etc)	5,651	6,294
Consumer staples (food, agriculture etc)	12,621	12,629
Energy (oil, gas etc)	4,433	4,186
Health care and pharmaceuticals	2,635	2,607
Industrial capital goods	5,840	5,584
Industrial commercial services	19,636	19,353
IT software, hardware and services	1,598	2,169
Media and leisure	2,973	3,136
Metals and mining materials	1,289	1,124
Paper and forest materials	3,529	4,085
Real estate management and investment	45,036	41,611
Retail trade	13,617	13,029
Shipping and offshore	13,441	13,105
Telecommunication equipment	622	613
Telecommunication operators	2,080	2,836
Transportation	4,711	4,526
Utilities (distribution and production)	8,685	7,394
Other financial companies	35,804	47,140
Other materials (chemical, building materials etc)	7,613	8,184
Other	21,507	24,141
Total exposure	**516,365**	**457,097**

G48 Credit risk disclosures, cont.

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2011, EURm	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
Government, local authorities and central banks	74,474	77,635	290	2
Institutions	76,428	73,696	532	6,387
Corporate	242,455	187,910	7,812	58,473
Retail	177,118	166,223	3,062	124,971
Other	11,709	10,901	2	3,473
Total exposure	**582,184**	**516,365**	**11,698**	**193,306**

31 Dec 2010, EURm	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
Government, local authorities and central banks	43,913	43,655	352	—
Institutions	65,233	61,195	933	3,328
Corporate	256,668	182,869	6,475	50,699
Retail	171,463	160,330	2,811	117,674
Other	9,514	9,048	2	2,428
Total exposure	**546,791**	**457,097**	**10,573**	**174,129**

Collateral distribution

	31 Dec 2011	31 Dec 2010
Other Physical Collateral	5.9%	5.4%
Receivables	1.2%	1.1%
Residential Real Estate	71.5%	74.4%
Commercial Real Estate	17.3%	16.6%
Financial Collateral	4.1%	2.5%

Loan-to-value distribution

	31 Dec 2011		31 Dec 2010	
Retail mortage exposure	EURbn	%	EURbn	%
<50%	90.3	75	85.7	75
50–70%	21.6	18	20.0	18
70–80%	6.0	5	5.3	5
80–90%	1.6	1	1.8	1
>90%	0.6	1	0.8	1
Total	**120.1**	**100**	**113.6**	**100**

Collaterised Debt Obligations (CDO) – Exposure[1]

	31 Dec 2011		31 Dec 2010	
Nominal, EURm	Bought protection	Sold protection	Bought protection	Sold protection
CDOs, gross	1,575	2,792	1,535	2,999
Hedged exposures	1,394	1,394	1,322	1,322
CDOs, net[2]	**181[3]**	**1,398[4]**	**213[3]**	**1,677[4]**
– of which Equity	114	385	108	406
– of which Mezzanine	65	400	104	459
– of which Senior	2	613	1	812

1) First-to-Default swaps are not classified as CDOs and are therefore not included in the table. Net bought protection amounts to EUR 218m (EUR 71m) and net sold protection to EUR 53m (EUR 80m). Both bought and sold protection are, to the predominant part, investment grade.
2) Net exposure disregards exposure where tranches are completely identical in terms of reference pool attachment, detachment, maturity and currency.
3) Of which investment grade EUR 181m (EUR 209m) and sub investment grade EUR 0m (EUR 4m).
4) Of which investment grade EUR 1,279m (EUR 1,497m) and sub investment grade EUR 22m (EUR 22m) and not rated EUR 167m (EUR 158m).

G48 Credit risk disclosures, cont.

When Nordea sells protection in a CDO transaction, Nordea carries the risk of losses in the reference portfolio on the occurrence of a credit event. When Nordea buys protection in a CDO transaction, any losses in the reference portfolio, in which Nordea has not necessarily invested, triggered by a credit event is then carried by the seller of protection.

The risk from CDOs is hedged with a portfolio of CDSs. The risk positions are subject to various types of market risk limits, including VaR, and the CDO valuations are subject to fair value adjustments for model risk. These fair value adjustments are recognised in the income statement.

Restructured loans and receivables current year

EURm	31 Dec 2011	31 Dec 2010
Loans before restructuring, carrying amount	81	119
Loans after restructuring, carrying amount	37	66

Assets taken over for protection of claims[1]

EURm	31 Dec 2011	31 Dec 2010
Current assets, carrying amount:		
Land and buildings	105	50
Shares and other participations	26	29
Other assets	6	6
Total	**137**	**85**

1) In accordance with Nordea's policy for taking over assets for protection of claims, which is in compliance with the local Banking Business Acts, whereever Nordea is located. Assets, used as collateral for the loan, are generally taken over when the customer is not able to fulfil its obligations to Nordea. The assets taken over are, at the latest, disposed when full recovery is reached.

Past due loans, excl. impaired loans

	31 Dec 2011		31 Dec 2010	
EURm	Corporate customers	Household customers	Corporate customers	Household customers
6–30 days	920	991	1,021	841
31–60 days	186	329	491	349
61–90 days	114	127	91	114
>90 days	222	306	222	298
Total	**1,442**	**1,753**	**1,825**	**1,602**
Past due not impaired loans divided by loans to the public after allowances, %	0.85	1.25	1.08	1.14

Loans to corporate customers, by size of loan

	31 Dec 2011		31 Dec 2010	
Size in EURm	Loans EUR bn	%	Loans EURbn	%
0–10	75.6	42	68.8	41
10–50	44.9	25	37.7	22
50–100	21.6	12	18.5	11
100–250	24.0	13	21.3	12
250–500	13.2	7	11.1	7
500–	1.9	1	11.7	7
Total	**181.2**	**100**	**169.1**	**100**

Interest-bearing securities and Treasury bills

	31 Dec 2011			31 Dec 2010		
EURm	At fair value	At amortised cost	Total	At fair value	At amortised cost	Total
State and sovereigns	22,165	343	22,508	18,575	604	19,179
Municipalities and other public bodies	5,217	431	5,648	3,541	434	3,975
Mortgage institutions	27,362	2,669	30,031	18,964	8,746	27,710
Other credit institutions	20,110	4,458	24,568	15,554	6,100	21,654
Corporates	5,350	392	5,742	4,925	171	5,096
Corporates, sub-investment grade	784	—	784	1,673	—	1,673
Other	3,092	—	3,092	2,962	—	2,962
Total	**84,080**	**8,293**	**92,373**	**66,194**	**16,055**	**82,249**

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Income statement, Parent company

EURm	Note	2011	2010
Operating income			
Interest income		2,626	1,641
Interest expense		–1,946	–1,057
Net interest income	P3	**680**	**584**
Fee and commission income		777	735
Fee and commission expense		–217	–164
Net fee and commission income	P4	**560**	**571**
Net result from items at fair value	P5	234	157
Dividends	P6	1,534	2,203
Other operating income	P7	122	123
Total operating income		**3,130**	**3,638**
Operating expenses			
General administrative expenses:			
Staff costs	P8	–823	–745
Other expenses	P9	–561	–526
Depreciation, amortisation and impairment charges of tangible and intangible assets	P10, P23, P24	–112	–112
Total operating expenses		**–1,496**	**–1,383**
Profit before loan losses		**1,634**	**2,255**
Net loan losses	P11	–20	–33
Impairment of securities held as financial non-current assets	P21	–9	–105
Operating profit		**1,605**	**2,117**
Appropriations	P12	1	0
Income tax expense	P13	–114	–115
Net profit for the year		**1,492**	**2,002**

Statement of comprehensive income, Parent company

EURm	2011	2010
Net profit for the year	**1,492**	**2,002**
Available-for-sale investments:[1]		
Valuation gains/losses during the year	8	1
Tax on valuation gains/losses during the year	–2	0
Cash flow hedges:		
Valuation gains/losses during the year	–27	1
Tax on valuation gains/losses during the year	7	0
Other comprehensive income, net of tax	**–14**	**2**
Total comprehensive income	**1,478**	**2,004**

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

Balance sheet, Parent company

EURm	Note	31 Dec 2011	31 Dec 2010
Assets			
Cash and balances with central banks		152	182
Treasury bills	P14	3,730	4,858
Loans to credit institutions	P15	59,379	48,151
Loans to the public	P15	36,421	33,800
Interest-bearing securities	P16	14,584	15,848
Financial instruments pledged as collateral	P17	1,237	6,160
Shares	P18	1,135	320
Derivatives	P19	4,339	2,611
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	–632	795
Investments in group undertakings	P21	16,713	16,690
Investments in associated undertakings	P22	5	4
Intangible assets	P23	658	671
Property and equipment	P24	81	77
Deferred tax assets	P13	26	8
Current tax assets	P13	12	1
Other assets	P25	2,262	2,620
Prepaid expenses and accrued income	P26	1,279	1,009
Total assets		**141,381**	**133,805**
Liabilities			
Deposits by credit institutions	P27	22,441	28,644
Deposits and borrowings from the public	P28	44,389	39,620
Debt securities in issue	P29	45,367	33,424
Derivatives	P19	3,014	2,174
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	147	749
Current tax liabilities	P13	71	110
Other liabilities	P30	1,776	4,458
Accrued expenses and prepaid income	P31	851	721
Deferred tax liabilities	P13	2	0
Provisions	P32	90	35
Retirement benefit obligations	P33	153	149
Subordinated liabilities	P34	6,154	7,135
Total liabilities		**124,455**	**117,219**
Untaxed reserves	P35	**5**	**6**
Equity			
Share capital		4,047	4,043
Share premium reserve		1,080	1,065
Other reserves		–13	1
Retained earnings		11,807	11,471
Total equity		**16,921**	**16,580**
Total liabilities and equity		**141,381**	**133,805**
Assets pledged as security for own liabilities	P36	3,530	6,843
Other assets pledged	P37	7,264	7,259
Contingent liabilities	P38	24,720	23,903
Commitments	P39	25,098	29,874

Statement of changes in equity, Parent company

EURm	Restricted equity	Unrestricted equity[1]				
			Other reserves:			
	Share capital	Share premium reserve	Cash flow hedges	Available-for-sale investments	Retained earnings	Total equity
Balance at 1 Jan 2011	**4,043**	**1,065**	**—**	**1**	**11,471**	**16,580**
Net profit for the year	—	—	—	—	1,492	1,492
Available-for-sale investments:	—	—	—	—	—	—
Valuation gains/losses during the year	—	—	—	8	—	8
Tax on valuation gains/losses during the year	—	—	—	–2	—	–2
Cash flow hedges:	—	—	—	—	—	—
Valuation gains/losses during the year	—	—	–27	—	—	–27
Tax on valuation gains/losses during the year	—	—	7	—	—	7
Other comprehensive income, net of tax	—	—	–20	6	—	–14
Total comprehensive income	—	—	–20	6	1,492	1,478
Issued C-shares[2]	4	—	—	—	—	4
Repurchase of C-shares[2]	—	—	—	—	–4	–4
Share-based payments	—	—	—	—	11	11
Dividend for 2010	—	—	—	—	–1,168	–1,168
Divestment of own shares	—	—	—	—	5	5
Other changes	—	15[3]	—	—	—	15
Balance at 31 Dec 2011	**4,047**	**1,080**	**–20**	**7**	**11,807**	**16,921**
Balance at 1 Jan 2010	**4,037**	**1,065**	**–1**	**—**	**10,399**	**15,500**
Net profit for the year	—	—	—	—	2,002	2,002
Available-for-sale investments:						
Valuation gains/losses during the year	—	—	—	1	—	1
Tax on valuation gains/losses during the year	—	—	—	0	—	0
Cash flow hedges:						
Valuation gains/losses during the year	—	—	1	—	—	1
Tax on valuation gains/losses during the year	—	—	0	—	—	0
Other comprehensive income, net of tax	—	—	1	1	—	2
Total comprehensive income	—	—	1	1	2,002	2,004
Issued C-shares[2]	6	—	—	—	—	6
Repurchase of C-shares[2]	—	—	—	—	–6	–6
Share-based payments	—	—	—	—	16	16
Dividend for 2009	—	—	—	—	–1,006	–1,006
Divestment of own shares	—	—	—	—	66	66
Balance at 31 Dec 2010	**4,043**	**1,065**	**—**	**1**	**11,471**	**16,580**

1) Apart from retained earnings, unrestricted equity consists of a free fund to the amount of EUR 2,762m (31 Dec 2010: EUR 2,762m).
2) Refers to the Long Term Incentive Programme (LTIP). LTIP 2011 was hedged by issuing 4,730,000 C-shares (LTIP 2010 5,125,000), the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 18.2 million (31 Dec 2010 15.4 million).
3) In connection to the rights issue in 2009 an assessment was made on the VAT Nordea would have to pay on the transaction costs. This assessment has been changed in 2011 based on new tax law.

Description of items in equity is included in Note G1 Accounting policies.

Share capital

	Quota value per share, EUR	Total number of shares	Share capital, EUR
Balance at 1 Jan 2010	**1.0**	**4,037,417,751**	**4 037,417,751**
New issue[1]	1.0	5,125,000	5,125,000
Balance at 31 Dec 2010	**1.0**	**4,042,542,751**	**4,042,542,751**
New issue[1]	1.0	4,730,000	4,730,000
Balance at 31 Dec 2011	**1.0**	**4,047,272,751**	**4,047,272,751**

1) Refers to the Long Term Incentive Programme (LTIP).

Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting (AGM). At the AGM on 22 March 2012, a dividend in respect of 2011 of EUR 0.26 per share (2010 actual dividend EUR 0.29 per share) amounting to a total of EUR 1,047,546,038 (2010 actual: EUR 1,167,867,606) is to be proposed. The financial statements for the year ended 31 December 2011 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2012.

Cash flow statement, Parent company

EURm	2011	2010
Operating activities		
Operating profit	1,605	2,117
Adjustment for items not included in cash flow	–1,109	–1,344
Income taxes paid	–166	5
Cash flow from operating activities before changes in operating assets and liabilities	**330**	**778**
Changes in operating assets		
Change in treasury bills	1,401	–1,201
Change in loans to credit institutions	–8,644	–5,005
Change in loans to the public	–2,663	–4,994
Change in interest-bearing securities	–1,301	691
Change in financial assets pledged as collateral	4,923	–3,884
Change in shares	–876	386
Change in derivatives, net	–283	–85
Change in other assets	1,732	893
Changes in operating liabilities		
Change in deposits by credit institutions	–6,202	–1,543
Change in deposits and borrowings from the public	4,768	5,003
Change in debt securities in issue	11,943	11,305
Change in other liabilities	–2,682	–1,844
Cash flow from operating activities	**2,446**	**500**
Investing activities		
Acquisition of business operations	—	–442
Sale of business operations	2	—
Acquisition of associated undertakings	–1	–2
Acquisition of property and equipment	–32	–24
Sale of property and equipment	1	1
Acquisition of intangible assets	–74	–57
Sale of intangible assets	—	0
Net investments in debt securities, held to maturity	2,841	400
Purchase/sale of other financial fixed assets	–279	0
Cash flow from investing activities	**2,458**	**–124**
Financing activities		
Issued subordinated liabilities	957	1,740
Amortised subordinated liabilities	–2,160	–1,556
New share issue	19	6
Divestment of own shares incl change in trading portfolio	1	60
Dividend paid	–1,168	–1,006
Cash flow from financing activities	**–2,351**	**–756**
Cash flow for the year	**2,553**	**–380**
Cash and cash equivalents at the beginning of year	5,499	5,879
Translation difference	0	0
Cash and cash equivalents at the end of year	8,052	5,499
Change	**2,553**	**–380**

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Adjustment for non-cash items includes:

EURm	2011	2010
Depreciation	110	112
Impairment charges	11	105
Loan losses	41	54
Unrealised gains/losses	–832	–47
Capital gains/losses (net)	0	0
Change in accruals and provisions	–89	55
Anticipated dividends	–1,055	–1,598
Group contributions	–355	–305
Translation differences	86	320
Change in fair value of the hedged items, assets/liabilities (net)	962	26
Other	12	–66
Total	**–1,109**	**–1,344**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

EURm	2011	2010
Interest payments received	2,502	1,558
Interest expenses paid	1,820	905

Investing activities

Investing activities include acquisitions and disposals of non-current assets, like property and equipment, intangible and financial assets.

Financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, dividends and issued/amortised subordinated liabilities.

Cash and cash equivalents

The following items are included in Cash and cash equivalents:

EURm	31 Dec 2011	31 Dec 2010
Cash and balances with central banks	152	182
Loans to credit institutions, payable on demand	7,900	5,317
	8,052	**5,499**

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 any time.

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

5 year overview, Parent company

Income statement

EURm	2011	2010	2009	2008	2007
Net interest income	680	584	666	523	360
Net fee and commission income	560	571	456	468	463
Net result from items at fair value	234	157	152	–13	194
Dividends	1,534	2,203	973	2,063	1,323
Other income	122	123	123	190	127
Total operating income	**3,130**	**3,638**	**2,370**	**3,231**	**2,467**
General administrative expenses:					
Staff costs	–823	–745	–644	–676	–638
Other expenses	–561	–526	–443	–473	–514
Depreciation, amortisation and impairment charges of tangible and intangible assets	–112	–112	–106	–103	–101
Total operating expenses	**1,496**	**–1,383**	**–1,193**	**–1,252**	**–1,253**
Profit before loan losses	**1,634**	**2,255**	**1,177**	**1,979**	**1,214**
Net loan losses	–20	–33	–165	–80	25
Impairment of securities held as financial non-current assets	–9	–105	—	–26	—
Operating profit	**1,605**	**2,117**	**1,012**	**1,873**	**1,239**
Appropriations	1	0	–3	4	–2
Income tax expense	–114	–115	–24	11	–34
Net profit for the year	**1,492**	**2,002**	**985**	**1,888**	**1,203**

Balance sheet

EURm	31 Dec 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007
Treasury bills and interest-bearing securities	18,314	20,706	20,675	12,178	5,783
Loans to credit institutions	59,379	48,151	43,501	43,855	36,824
Loans to the public	36,421	33,800	28,860	29,240	26,640
Investments in group undertakings	16,713	16,690	16,165	15,866	15,488
Other assets	10,554	14,458	9,125	11,895	9,743
Total assets	**141,381**	**133,805**	**118,326**	**113,034**	**94,478**
Deposits by credit institutions	22,441	28,644	30,187	34,713	24,275
Deposits and borrowings from the public	44,389	39,620	34,617	33,457	32,296
Debt securities in issue	45,367	33,424	22,119	17,949	13,839
Subordinated liabilities	6,154	7,135	6,605	6,829	6,151
Other liabilities/untaxed reserves	6,109	8,402	9,298	7,615	6,007
Equity	16,921	16,580	15,500	12,471	11,910
Total liabilities and equity	**141,381**	**133,805**	**118,326**	**113,034**	**94,478**

P1 Accounting policies

1. Basis for presentation

The financial statements for the parent company, Nordea Bank AB (publ), are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and IFRS with the amendments and exceptions following the recommendation RFR 2 "Accounting for Legal Entities" issued by the Swedish Financial Reporting Board and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11 and 2011:54). Under RFR 2, the parent company shall apply all standards and interpretations issued by the IASB and IFRS IC to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation. The recommendation sets out the exceptions and amendments compared to IFRS.

The Group's accounting policies described in Note G1 "Accounting policies" are applicable also for the parent company, considering also the information provided below.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2010 Annual Report, except for the categorisation of lending related commissions within "Net fee and commission income" and the accounting for group contributions.

More information on other changes in IFRSs implemented in 2011, which have not had any significant impact on the parent company, as well as on forthcoming changes in IFRSs not yet implemented by Nordea, can be found in section 2 "Changed accounting policies and presentation" and section 3 "Changes in IFRSs not yet effective for Nordea" respectively in Note G1 "Accounting policies". The conclusions within these sections are, where applicable, relevant also for the parent company.

Categorisation of lending related commissions

The categorisation of lending related commissions within "Net fee and commission income" (Note P4) has been changed, in order to be better aligned with the purpose for which the fees are received. The change mainly relates to syndicated transactions. The comparable figures have been restated accordingly and the impact is disclosed in the below table.

	2010	
EURm	New policy	Old policy
Lending	151	97
Other commission income	42	96

Accounting for group contributions

The accounting for group contribution has been changed as a result of the withdrawal of UFR 2 "Group contributions and shareholders' contributions", issued by the Swedish Financial Reporting Board. Previously, group contributions paid or received for the purpose of optimising the tax expense were reported as a decrease/increase of unrestricted equity (after adjustment for tax), through other comprehensive income. Group contributions regarded as substitutes for dividends were accounted for as dividends.

As from 2011 group contributions paid to subsidiaries are recognised as an increase in the value of investments in group undertakings, net of tax. Group contributions received from subsidiaries are recognised as dividends. The possible tax effects on group contributions received are classified as "Income tax expense" in the income statement. The comparable figures have been restated accordingly and the impact is disclosed in the below table.

	2011		2010	
EURm	New policy	Old policy	New policy	Old policy
Investments in group undertakings	16,713	16,604	16,690	16,607
Retained earnings	11,807	11,698	11,471	11,388
Other comprehensive income	–14	–40	2	–81

Accounting policies applicable for the parent company only

Investments in group undertakings and associated undertakings

The parent company's investments in subsidiaries and associated companies are recognised under the cost model. Impairment tests are performed according to IAS 36 "Impairment of Assets". At each balance sheet date, all shares in subsidiaries and associated companies are reviewed for indications of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of each holding of shares is fully recoverable. The recoverable amount is the higher of fair value less costs to sell and the value in use. Any impairment charge is calculated as the difference between the carrying amount and the recoverable amount and is classified as "Impairment of securities held as financial non-current assets" in the income statement.

Dividends

Dividends paid to the shareholders of Nordea Bank AB (publ) are recorded as a liability following the approval of the Annual General Meeting.

Dividends paid by group undertakings to the parent company are anticipated if the parent alone can decide on the size of the dividend and if the formal decision has been made before the financial report is published. Dividends from group- and associated undertakings are recognised on the separate income line "Dividends".

Differences compared to IFRS

The accounting principles applied differ from IFRS mainly in the following aspects:

Amortisation of goodwill

Under IAS 38, goodwill and other intangible assets with indefinite useful lives are not amortised in the consolidated financial statements. In the parent company financial statements goodwill is amortised as any other intangible asset in accordance with the rules set out in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), i.e. normally over a period of five years unless, under exceptional circumstances, a longer amortisation period is justified.

Functional currency

The functional and presentation currency of Nordea Bank AB (publ) is EUR. All transactions in other currencies are converted to EUR in accordance with the policies disclosed in section 9 "Translation of assets and liabilities denominated in foreign currencies" in note G1 "Accounting policies".

P1 Accounting policies, cont.

Pensions
The accounting principle for defined benefit obligations follows the Swedish rules ("Tryggandelagen") and the regulations of the Swedish Financial Supervisory Authority as this is the condition for tax deductibility. The significant differences compared with IAS 19 consist of how the discount rate is determined, that the calculation of the defined benefit obligation is based on current salary level without assumptions about future salary increases and that all actuarial gains and losses are recognised in the income statement when they occur.

In Sweden, actuarial pension commitments are guaranteed by a pension foundation or recognised as a liability. No net defined benefit assets are recognised. The pension cost in the parent company, classified as "Staff cost" in the income statement, consists of changes in recognised pension provisions (including special wage tax) for active employees, pension benefits paid, contributions made to or received from the pension foundation and related special wage tax.

Group contributions
See section "Changed accounting policies and presentation", sub-section "Accounting for group contributions".

Untaxed reserves
The parent company reports untaxed reserves, related to accelerated depreciation under tax regulations, including the deferred tax component. In the consolidated financial statements, untaxed reserves are split on the items "Retained earnings" and "Deferred tax liabilities" in the balance sheet.

P2 Segment reporting

Operating segments

Income statement	Retail Banking		Group Corporate Centre		Other Operating segments		Total operating segments		Reconciliation		Total	
EURm	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Total operating income	1,335	1,067	1,589	2,225	215	381	3,139	3,673	–9	–35	3,130	3,638

Geographical information

	Sweden		Finland[1]		Norway[1]		Denmark [1]		Others[1]		Total	
EURm	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Total operating income	2,017	1,905	1,018	717	29	503	7	456	59	57	3,130	3,638

1) Regards dividends from subsidiaries.

P3 Net interest income

EURm	2011	2010
Interest income		
Loans to credit institutions	950	430
Loans to the public	1,164	721
Interest-bearing securities	460	456
Other interest income	52	34
Interest income	**2,626**	**1,641**
Interest expense		
Deposits by credit institutions	–275	–161
Deposits and borrowings from the public	–549	–155
Debt securities in issue	–888	–576
Subordinated liabilities	–294	–272
Other interest expenses[1]	60	107
Interest expense	**–1,946**	**–1,057**
Net interest income	**680**	**584**

1) The net interest income from derivatives, measured at fair value and related to Nordea´s funding. This can have both a positive and negative impact on other interest expense, for further information see Note G1.

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 2,260m (EUR 1,300m). Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR –1,990m (EUR –1,167m).

P4 Net fee and commission income

EURm	2011	2010
Asset management commissions	90	89
Life insurance	10	10
Brokerage	104	88
Custody	11	8
Deposits	25	27
Total savings related commissions	**240**	**222**
Payments	121	118
Cards	202	182
Total payment commissions	**323**	**300**
Lending	133	151
Guarantees and documentary payment	36	20
Total lending related commissions	**169**	**171**
Other commission income	45	42
Fee and commission income	**777**	**735**
Payment expenses	–137	–120
State guarantee fees	–42	–16
Other commission expenses	–38	–28
Fee and commission expense	**–217**	**–164**
Net fee and commission income	**560**	**571**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounts to EUR 158m (EUR 123m).

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amount to EUR 205m (EUR 182m).

P5 Net result from items at fair value

EURm	2011	2010
Shares/participations and other share-related instruments	45	72
Interest-bearing securities and other interest-related instruments	98	59
Other financial instruments	–6	10
Foreign exchange gains/losses	97	16
Total	**234**	**157**

Net result from categories of financial instruments

EURm	2011	2010
Financial instruments designated at fair value through profit or loss	40	32
Financial instruments held for trading[1]	140	135
Financial instruments under hedge accounting	7	15
– of which net losses on hedging instruments	901	38
– of which net gains on hedged items	–894	–23
Financial assets measured at amortised cost	—	–3
Financial liabilities measured at amortised cost	–8	—
Foreign exchange gains/losses excl currency hedges	55	–22
Other	—	0
Total	**234**	**157**

1) Of which amortised deferred day one profits amounts to EUR 0m (EUR 0m).

P6 Dividends

EURm	2011	2010
Dividends		
Nordea Bank Finland Plc	1,000	700
Nordea Bank Danmark A/S	—	449
Nordea Bank Norge ASA	29	500
Nordea Life Holding AB	26	122
Nordea Investment Management AB	40	44
Nordea Bank S.A Luxembourg	40	36
Nordea Investment Funds Company I SA	19	21
Nordea Investment Management Finland	18	17
Nordea Ejendomsinvestering A/S	7	6
Nordea Fondene Norge A/S	0	3
Group Contributions		
Nordea Hypotek AB	302	276
Nordea Fonder AB	28	28
Nordea Finans AB	25	—
Nordic Baltic Holding AB	0	1
Total	**1,534**	**2,203**

P7 Other operating income

EURm	2011	2010
Sale of global custody operations	—	2
Divestment of shares	3	—
Remuneration for financial services	52	56
Other	67	65
Total	**122**	**123**

P8 Staff costs

EURm	2011	2010
Salaries and remuneration (specification below)[1]	–498	–431
Pension costs (specification below)	–110	–120
Social security contributions	–186	–167
Other staff costs	–29	–27
Total	**–823**	**–745**

Salaries and remuneration		
To executives[2]		
– Fixed compensation and benefits	–6	–5
– Performance-related compensation	–2	–1
– Allocation to profitsharing	0	0
Total	**–8**	**–6**
To other employees	–490	–425
Total	**–498**	**–431**

1) Allocation to profit-sharing foundation 2011 EUR 4m (EUR 5m) consists of a new allocation of EUR 7m (EUR 6m) and a release related to prior years of EUR 3m (EUR 1m).
2) Executives include the Board of Directors (including deputies), CEO, deputy CEO, executive vice presidents and Group Executive Management in the parent company. Former board members (including deputies), CEOs, deputy CEOs, managing directors and executive vice presidents, are included. Executives amounts to 19 (20) positions.

EURm	2011	2010
Pension costs[1]		
Defined benefit plans	–67	–83
Defined contribution plans	–43	–37
Total	**–110**	**–120**

1) Pension costs for executives, see Note G7.

Additional disclosures on remuneration under Nordic FSAs' regulations and general guidelines

The qualitative disclosures under these regulations can be found in the separate section on remuneration in the Board of Directors' Report, while the quantitative disclosures will be published in a separate report on Nordea's homepage (www.nordea.com) in due time before the Annual General Meeting 2012.

Compensation to key management personnel

Salaries and renumeration to the Board of Directors, CEO and Group Executive Management, see Note G7.

Loans to key management personnel

Loans to key management personnel amounts to EUR 0m (EUR 0m). Interest income on these loans amounts to EUR 0m (EUR 0m). For information about loan conditions, see Note G7.

Long Term Incentive Programmes

Participation in the Long Term Incentive Programmes (LTIPs) requires that the participants take direct ownership by investing in Nordea shares. For more information about conditions and requirements, see Note G7.

For information on number of outstanding conditional rights in the LTIPs, see note G7. All rights in the LTIPs, both to employees in the parent company as well as to employees in subsidiaries, are issued by Nordea Bank AB (publ).

The expenses in below table regards only employees in Nordea Bank AB (publ).

Expenses[1]

EURm	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Expected expense	–6	–3	–4	–3	–4
Maximum expense	–10	–7	–4	–3	–4
Total expense 2011	–1	–1	–1	—	—
Total expense 2010	—	–1	–3	–2	—

1) All amounts excluding social charges.

When calculating the expected expense an expected annual employee turnover of 5% has been used in LTIP 2011. The expected expense is recognised over the vesting period of 36 months (LTIP 2011 and 2010) and 24 months (LTIP 2009, 2008 and 2007).

Cash-settled share-based payment transaction

Nordea operates share-linked deferrals on parts of variable compensation for certain employee categories, indexed with Nordea Total Shareholder Returns (TSR) and either vesting after three years or vesting in equal instalments over a three to five year period. Since 2011 Nordea also operates TSR-linked retention on part of variable compensation for certain employee categories. The below table only includes deferred amounts indexed with Nordea TSR. Nordea also operates deferrals not being TSR-linked, which are not included in the table below. Further information regarding all deferred amounts can be found in the separate report on remuneration published on Nordea's homepage.

EURm	2011	2010
Deferred TSR-linked compensation at beginning of the year	2	0
Accrued deferred/retained TSR-linked compensation during the year[1]	0	2
TSR indexation during the year	0	0
Payments during the year[2]	–1	0
Translation differences	0	0
Deferred TSR-linked compensation at end of year	**1**	**2**

1) Of which EUR 1m is available for disposal by the employees in 2012. Additional deferrals not being TSR-linked amount to EUR 3m (EUR 0m). Due to that the allocation of variable compensation is not finally decided during the current year, the deferred amount during the year relates to variable compensation earned the previous year.
2) There have been no adjustments due to forfeitures in 2011.

Average number of employees

	Total		Men		Women	
	2011	2010	2011	2010	2011	2010
Full-time equivalents						
Sweden	7,023	7,429	3,071	3,266	3,952	4,163
Other countries	202	65	92	47	110	18
Total average	**7,225**	**7,494**	**3,163**	**3,313**	**4,062**	**4,181**

Gender distribution, executives

Per cent	31 Dec 2011	31 Dec 2010
Nordea Bank AB (publ)		
Board of Directors		
– Men	70	70
– Women	30	30
Other executives		
– Men	88	86
– Women	12	14

P9 Other expenses

EURm	2011	2010
Information technology	–220	–207
Marketing and entertainment	–33	–35
Postage, transportation, telephone and office expenses	–70	–74
Rents, premises and real estate	–116	–102
Other[1]	–122	–108
Total	**–561**	**–526**

1) Including fees and remuneration to auditors distributed as follows.

Auditors' fee

EURm	2011	2010
KPMG		
Auditing assignments	–2	–1
Audit-related services	0	–1
Tax advisory services	0	0
Other assignments	–4	–2
Total	**–6**	**–4**

P10 Depreciation, amortisation and impairment charges of tangible and intangible assets

EURm	2011	2010
Depreciation/amortisation		
Property and equipment (Note P24)		
Equipment	–24	–25
Buildings	0	0
Intangible assets (Note P23)		
Goodwill	–69	–72
Computer software	–12	–9
Other intangible assets	–5	–6
Total	**–110**	**–112**
Impairment charges		
Intangible assets (Note P23)		
Computer software	–2	—
Total	**–2**	**—**
Total	**–112**	**–112**

P11 Net loan losses

EURm	2011	2010
Divided by class		
Loans to credit institutions	1	0
– of which provisions	—	–1
– of which write-offs	–4	–3
– of which allowances used for covering write-offs	4	3
– of which reversals	1	1
Loans to the public	–26	–33
– of which provisions	–75	–69
– of which write-offs	–63	–70
– of which allowances used for covering write-offs	35	43
– of which reversals	56	42
– of which recoveries	21	21
Off-balance sheet items[1]	5	0
– of which provisions	–1	–3
– of which reversals	6	3
Total	**–20**	**–33**
Specification		
Changes of allowance accounts in the balance sheet	–13	–27
– of which Loans, individually assessed[2]	–27	–32
– of which Loans, collectively assessed[2]	9	4
– of which Off-balance sheet items, individually assessed[1]	1	1
– of which Off-balance sheet items, collectively assessed[1]	4	0
Changes directly recognised in the income statement	–7	–6
– of which realised loan losses, individually assessed	–28	–27
– of which realised recoveries, individually assessed	21	21
Total	**–20**	**–33**

1) Included in Note P32 Provisions as "Transfer risk, off-balance", "Guarantees".
2) Included in Note P15 Loans and impairment.

Key ratios

	2011	2010
Loan loss ratio, basis points	6	12
– of which individual	10	13
– of which collective	–4	–1

P12 Appropriations

EURm	2011	2010
Change in depreciation in excess of plan, equipment	1	0
Total	**1**	**0**

P13 Taxes

Income tax expense

EURm	2011	2010
Current tax[1]	–125	–101
Deferred tax	11	–14
Total	**–114**	**–115**
1) Of which relating to prior years	16	–1

The tax on the operating profit differs from the theoretical amount that would arise using the tax rate in Sweden as follows:

EURm	2011	2010
Profit before tax	1,606	2,117
Tax calculated at a tax rate of 26.3%	–422	–557
Tax not related to profit	—	–14
Tax-exempt income	314	505
Non-deductible expenses	–22	–48
Adjustments relating to prior years	16	–1
Tax charge	**–114**	**–115**
Average effective tax rate	7%	5%

Deferred tax

	Deferred tax assets		Deferred tax liabilities	
EURm	2011	2010	2011	2010
Deferred tax related to:				
Derivatives	7	0	2	0
Retirement benefit obligations	7	7	—	—
Liabilities/provisions	12	1	0	0
Total	**26**	**8**	**2**	**0**
– of which expected to be settled after more than 1 year	8	7	0	—

EURm	2011	2010
Movements in deferred tax assets/liabilities, net are as follows:		
Amount at beginning of year (net)	8	20
Deferred tax relating to items recognised in other comprehensive income	5	0
Translation differences	—	2
Deferred tax in the income statement	11	–14
Amount at end of year (net)	**24**	**8**
Current and deferred tax recognised in other comprehensive income		
Deferred tax relating to available-for-sale investments	–2	0
Deferred tax relating to cash flow hedges	7	0
Total	**5**	**0**
Current tax assets	**12**	**1**
– of which expected to be settled after more than 1 year	—	—
Current tax liabilities	**71**	**110**
– of which expected to be settled after more than 1 year	—	—

P14 Treasury bills

EURm	31 Dec 2011	31 Dec 2010
State and sovereigns[1]	4,868	10,946
Municipalities and other public bodies	99	15
Total	**4,967**	**10,961**
– of which Financial instruments pledged as collateral (Note P17)	1,237	6,103
Total	**3,730**	**4,858**

1) Of which EUR 353m (EUR 630m) held at amortised cost with a nominal amount of EUR 353m (EUR 630m).

P15 Loans and impairment

	Credit institutions		The public		Total	
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Loans, not impaired	59,381	48,153	36,318	33,742	95,699	81,895
Impaired loans	2	6	313	282	315	288
– of which performing	—	4	254	240	254	244
– of which non-performing	2	2	59	42	61	44
Loans before allowances	**59,383**	**48,159**	**36,631**	**34,024**	**96,014**	**82,183**
Allowances for individually assessed impaired loans	–2	–6	–130	–136	–132	–142
– of which performing	—	–4	–93	–99	–93	–103
– of which non-performing	–2	–2	–37	–37	–39	–39
Allowances for collectively assessed impaired loans	–2	–2	–80	–88	–82	–90
Allowances	**–4**	**–8**	**–210**	**–224**	**–214**	**–232**
Loans, carrying amount	**59,379**	**48,151**	**36,421**	**33,800**	**95,800**	**81,951**

Reconciliation of allowance accounts for impaired loans[1]

	Credit institutions			The public			Total		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2011	**–6**	**–2**	**–8**	**–136**	**–88**	**–224**	**–142**	**–90**	**–232**
Provisions	—	0	0	–66	–8	–74	–66	–8	–74
Reversals	—	—	—	39	17	56	39	17	56
Changes through the income statement	**—**	**0**	**0**	**–27**	**9**	**–18**	**–27**	**9**	**–18**
Allowances used to cover write-offs	4	—	4	35	—	35	39	—	39
Translation differences	—	—	—	–2	–1	–3	–2	–1	–3
Closing balance at 31 Dec 2011	**–2**	**–2**	**–4**	**–130**	**–80**	**–210**	**–132**	**–82**	**–214**
Opening balance at 1 Jan 2010	**–8**	**–2**	**–10**	**–132**	**–79**	**–211**	**–140**	**–81**	**–221**
Provisions	0	–1	–1	–71	1	–70	–71	0	–71
Reversals	0	1	1	39	3	42	39	4	43
Changes through the income statement	**0**	**0**	**0**	**–32**	**4**	**–28**	**–32**	**4**	**–28**
Allowances used to cover write-offs	3	—	3	43	—	43	46	0	46
Translation differences	–1	—	–1	–15	–13	–28	–16	–13	–29
Closing balance at 31 Dec 2010	**–6**	**–2**	**–8**	**–136**	**–88**	**–224**	**–142**	**–90**	**–232**

1) See Note P11 Net loan losses.

P15 Loans and impairment, cont.

Allowances and provisions

	Credit institutions		The public		Total	
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Allowances for items in the balance sheet	–4	–8	–210	–224	–214	–232
Provisions for off balance sheet items	–2	–5	–1	–4	–3	–9
Total allowances and provisions	**–6**	**–13**	**–211**	**–228**	**–217**	**–241**

Key ratios[1]

	31 Dec 2011	31 Dec 2010
Impairment rate, gross, basis points	33	35
Impairment rate, net, basis points	19	18
Total allowance rate, basis points	22	28
Allowances in relation to impaired loans, %	42	49
Total allowances in relation to impaired loans, %	68	81

1) For definitions, see Buisiness definitions on page 93.

P16 Interest-bearing securities

EURm	31 Dec 2011	31 Dec 2010
Issued by other borrowers[1]	14,584	15,905
Total	**14,584**	**15,905**
– of which Financial instruments pledged as collateral (Note P17)	—	57
Total	**14,584**	**15,848**
Listed securities	14,064	12,625
Unlisted securities	520	3,280
Total	**14,584**	**15,905**

1) Of which EUR 1,648m (EUR 4,212m) held at amortised cost with a nominal amount of EUR1,634m (EUR 4,170m).

P17 Financial instruments pledged as collateral

Financial instruments pledged as collateral

In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterpart receiving the collateral has the right to sell or repledge the assets, the assets are reclassified in the balance sheet to the item Financial instruments pledged as collateral.

EURm	31 Dec 2011	31 Dec 2010
Treasury bills	1,237	6,103
Interest-bearing securities	—	57
Total	**1,237**	**6,160**

Transferred assets that are still recognised in the balance sheet and associated liabilities

All assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since Nordea is still exposed to changes in the fair value of the assets. Therefore, these assets and its associated liabilities are included in the tables below.

P17 Financial instruments pledged as collateral, cont.

EURm	31 Dec 2011	31 Dec 2010
Repurchase agreements		
Treasury bills	1,237	6,103
Interest-bearing securities	—	57
Total	**1,237**	**6,160**

Liabilities associated with the assets

EURm	31 Dec 2011	31 Dec 2010
Repurchase agreements		
Deposits by credit institutions	1,258	6,276
Total	**1,258**	**6,276**

P18 Shares

EURm	31 Dec 2011	31 Dec 2010
Shares	1,131	302
Shares taken over for protection of claims	4	18
Total	**1,135**	**320**
Listed shares	1,100	277
Unlisted shares	35	43
Total	**1,135**	**320**
– of which expected to be settled after more than 1 year	38	58

P19 Derivatives and Hedge accounting

31 Dec 2011, EURm	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	1,783	2,029	130,296
FRAs	83	109	109,281
Futures and forwards	2	16	1,553
Options	5	6	21,133
Other	0	0	11,221
Total	**1,873**	**2,160**	**273,484**
Equity derivatives			
Equity swaps	124	14	131
Futures and forwards	7	0	22
Options	51	28	1,421
Total	**182**	**42**	**1,574**
Foreign exchange derivatives			
Currency and interest rate swaps	398	375	16,109
Currency forwards	24	215	16,397
Options	0	0	0
Total	**422**	**590**	**32,506**
Credit derivatives			
Credit default swaps	—	4	110
Total	**—**	**4**	**110**
Other derivatives			
Other	0	8	2,066
Total	**0**	**8**	**2.066**
Total derivatives held for trading	**2,477**	**2,804**	**309,740**
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	1,411	189	22,025
Options	0	0	37
Total	**1,411**	**189**	**22,062**
Foreign exchange derivatives			
Currency and interest rate swaps	451	21	3,565
Total	**451**	**21**	**3,565**
Total derivatives used for hedge accounting	**1,862**	**210**	**25,627**
Total derivatives	**4,339**	**3,014**	**335,367**

P19 Derivatives and Hedge accounting, cont.

31 Dec 2010, EURm	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	918	893	104,677
FRAs	64	65	15,949
Futures and forwards	3	2	800
Options	17	19	1,587
Other	4	4	22,698
Total	**1,006**	**983**	**145,711**
Equity derivatives			
Equity swaps	27	34	67
Futures and forwards	15	2	47
Options	76	48	1,456
Total	**118**	**84**	**1,570**
Foreign exchange derivatives			
Currency and interest rate swaps	681	638	17,507
Currency forwards	9	126	13,699
Options	0	0	0
Total	**690**	**764**	**31,206**
Credit derivatives			
Credit default swaps	50	47	6,451
Total	**50**	**47**	**6,451**
Other derivatives			
Other	0	25	2,054
Total	**0**	**25**	**2,054**
Total derivatives held for trading	**1,864**	**1,903**	**186,992**
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	488	156	19,131
Options	0	0	0
Total	**488**	**156**	**19,131**
Equity derivatives			
Options	1	1	17
Total	**1**	**1**	**17**
Foreign exchange derivatives			
Currency and interest rate swaps	258	114	3,893
Currency forwards	—	0	107
Total	**258**	**114**	**4,000**
Total derivatives used for hedge accounting	**747**	**271**	**23,148**
Total derivatives	**2,611**	**2,174**	**210,140**

P20 Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets EURm	31 Dec 2011	31 Dec 2010
Carrying amount at beginning of year	795	332
Changes during the year		
Revaluation of hedged items	–1,427	463
Carrying amount at end of year	**–632**	**795**

Liabilities EURm		
Carrying amount at beginning of year	749	285
Changes during the year		
Revaluation of hedged items	–602	464
Carrying amount at end of year	**147**	**749**

The carrying amount at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset respectively a liability. When the hedged item is an asset, the change in the fair value of the hedged item is presented within assets and when the hedged item is a liability, the change is presented as a liability.

P21 Investments in Group undertakings

EURm	31 Dec 2011	31 Dec 2010
Acquisition value at beginning of year	17,286	16,659
Acquisitions/capital contributions during the year	26	618
IFRS 2 expenses[1]	6	9
Acquisition value at end of year	**17,318**	**17,286**
Accumulated impairment charges at beginning of year	–596	–494
Impairment charges during the year	–9	–105
Reclassification	—	3
Accumulated impairment charges at end of year	**–605**	**–596**
Total	**16,713**	**16,690**

1) Allocation of IFRS 2 expenses for LTIP 2007–2011 related to the subsidiaries. For more information, see Note P8.

– of which, listed shares	—	—

The total amount is expected to be settled after more than 1 year.

P21 Investments in group undertakings, cont.

Specification

This specification includes all directly owned group undertakings and major group undertakings to the directly owned companies.

31 Dec 2011	Number of shares	Carrying amount 2011, EURm	Carrying amount 2010, EURm	Voting power of holding %	Domicile	Registration number
Nordea Bank Finland Plc	1,030,800,000	5,955	5,954	100.0	Helsinki	1680235-8
Nordea Finance Finland Ltd				100.0	Espoo	0112305-3
Nordea Bank Danmark A/S	50,000,000	3,509	3,507	100.0	Copenhagen	13522197
Nordea Finans Danmark A/S				100.0	Høje Taastrup	89805910
Nordea Kredit Realkreditaktieselskab				100.0	Copenhagen	15134275
Fionia Asset Company A/S[1]				100.0	Copenhagen	31934745
Nordea Bank Norge ASA	551,358,576	2,406	2,405	100.0	Oslo	911044110
Nordea Eiendomskreditt AS				100.0	Oslo	971227222
Nordea Finans Norge AS				100.0	Oslo	924507500
Privatmegleren AS				67.0	Oslo	986386661
Nordea Bank Polska S.A.	55,061,403	362	362	99.2	Gdynia	KRS0000021828
OOO Promyshlennaya Companiya Vestkon	4,601,942,680[1]	659	659	100.0	Moscow	1027700034185
OJSC Nordea Bank				100.0[3]	Moscow	1027739436955
Nordea Life Holding AB	1,000	690	666	100.0	Stockholm	556742-3305
Nordea Liv & Pension, Livforsikringssel-skab A/S				100.0	Ballerup	24260577
Nordea Liv Holding Norge AS				100.0	Bergen	984739303
Livforsikringsselskapet Nordea Liv Norge AS				100.0	Bergen	959922659
Nordea Livförsäkring Sverige AB (publ)				100.0	Stockholm	516401-8508
Nordea Life Holding Finland Ltd				100.0	Helsinki	1737788-3
Nordea Life Assurance Finland Ltd				100.0	Helsinki	0927072-8
Nordea Hypotek AB (publ)	100,000	1,898	1,898	100.0	Stockholm	556091-5448
Nordea Fonder AB	15,000	229	229	100.0	Stockholm	556020-4694
Nordea Bank S.A.	999,999	454	453	100.0	Luxembourg	B-14157
Nordea Finans Sverige AB (publ)	1,000,000	116	116	100.0	Stockholm	556021-1475
Nordea Fondene Norge AS	1,200	29	29	100.0	Oslo	930954616
Nordea Investment Management AB	12,600	230	227	100.0	Stockholm	556060-2301
Nordea Investment Fund Company Finland Ltd	3,350	138	138	100.0	Helsinki	1737785-9
Nordea Ejendomsinvestering A/S	1,000	29	29	100.0	Copenhagen	26640172
Nordea Investment Fund Management A/S	25,000	8	8	100.0	Copenhagen	13917396
Nordea Investment Funds I Company S.A.	39,996	0	0	100.0	Luxembourg	B-30550
PK Properties Int'l Corp	100,000	0	0	100.0	Atlanta, USA	601624718
Nordea Hästen Fastighetsförvaltning AB	1,000	0	0	100.0	Stockholm	556653-6800
Nordea Putten Fastighetsförvaltning AB	1,000	0	0	100.0	Stockholm	556653-5257
Nordea North America Inc.	1,000	0	0	100.0	Delaware, USA	51-0276195
Nordea Do Brasil Representações LTDA	1,162,149	0	0	100.0	Sao Paulo, Brasil	51-696.268/0001-40
Nordic Baltic Holding (NBH) AB[2]	1,000	0	9	100.0	Stockholm	556592-7950
Nordea Fastigheter AB[2]	3,380,000	1	1	100.0	Stockholm	556021-4917
Total		**16,713**	**16,690**			

1) Nominal value expressed in RUB, representing Nordea's participation in Vestkon.
2) Dormant.
3) Combined ownership, Nordea Bank AB (publ) directly 7.2% and indirectly 92,8% through OOO Promyshlennaya Companiya Vestkon.

P21 Investments in group undertakings, cont.

Special Purpose Entities (SPEs) – Consolidated

SPEs that have been set up for enabling investments in structured credit products and for acquiring assets from customers.

EURm	Purpose	Duration	Nordea's investment	Total assets
Viking ABCP Conduit[1]	Factoring	<5 years	1,092	1,157
CMO Denmark A/S[2]	Collateralised Mortgage Obligation	>5 years	2	2
Kalmar Structured Finance A/S[3]	Credit Linked Note	>5 years	2	24
Total				

1) The Viking ABCP Conduit (Viking) has been established with the purpose of supporting trade receivable or accounts payable securitisations to core Nordic customers. The SPEs purchase trade receivables from the approved sellers and fund the purchases either by issuing Commercial Papers (CP) via the established Asset Backed Commercial Papers programme or by drawing funds on the liquidity facilities available. Nordea has provided liquidity facilities of maximum EUR 1,443m and at year end 2011 EUR 1,092m were utilised. There is no outstanding CP issue at year end 2011. These SPEs are consolidated as they are closely linked to the activities within Nordea. Also, Nordea is exposed to credit risk through the liquidity facility. There are no significant restriction on repayment of loans from Viking apart from that the payments are dependant on the pace in which Viking realises its assets.

2) Collateralised Mortgage Obligations Denmark A/S (CMO Denmark A/S) was established with the purpose to issue CMOs in order to meet specific customer preferences in terms of credit risk, interest rate risk, prepayment risk, maturity etc. The SPE purchased a pool of mortgage bonds and reallocated the risks through tranching a similar bond issue (CMOs). At year end 2011 the total notional of outstanding bonds were EUR 2m available to investors. Nordea holds bonds issued by CMO Denmark A/S as part of offering a secondary market for the bonds. The investment amounted to EUR 2m as of year end 2011.

3) Kalmar Structured Finance A/S was established to allow customers to invest in structured products in the global credit markets. The SPE enters into Credit Default Swaps (CDS) and hereby acquires a credit risk on an underlying portfolio of names (like corporate names) and at the same time the SPE issues Credit Linked Notes (CLN) with a similar credit risk that reflects the terms in the CDSs. Nordea is the counterpart in the derivative transactions. The total notional of outstanding CLNs in this category was EUR 24m at year end 2011. Nordea holds CLNs issued by the SPE as part of offering a secondary market for the notes. The investment amounted to EUR 2m at year end 2011.

P22 Investments in associated undertakings

EURm	31 Dec 2011	31 Dec 2010
Acquisition value at beginning of year	4	2
Acquisitions during the year	1	2
Acquisition value at end of year	**5**	**4**
Total	**5**	**4**
– of which, listed shares	—	—

31 Dec 2011	Registration number	Domicile	Carrying amount 2011, EURm	Carrying amount 2010, EURm	Voting power of holding %
BDB Bankernas Depå AB	556695-3567	Stockholm	1	1	20
Bankpension Sverige AB	556695-8194	Stockholm	1	1	40
BAB Bankernas Automatbolag AB	556817-9716	Stockholm	3	2	20
Other			0	0	
Total			**5**	**4**	

P23 Intangible assets

EURm	31 Dec 2011	31 Dec 2010
Goodwill allocated to cash generating units		
Retail Banking	452	521
Goodwill, total	**452**	**521**
Computer software	198	138
Other intangible assets	8	12
Other intangible assets, total	**206**	**150**
Intangible assets, total	**658**	**671**

P23 Intangible assets, cont.

EURm	31 Dec 2011	31 Dec 2010
Goodwill		
Acquisition value at beginning of year	1,059	1,059
Acquisition value at end of year	**1,059**	**1,059**
Accumulated amortisation at beginning of year	–538	–466
Amortisation according to plan for the year	–69	–72
Accumulated amortisation at end of year	**–607**	**–538**
Total	**452**	**521**
Computer software		
Acquisition value at beginning of year	175	123
Acquisitions during the year	74	52
Translation differences	0	0
Acquisition value at end of year	**249**	**175**
Accumulated amortisation at beginning of year	–37	–28
Amortisation according to plan for the year	–12	–9
Accumulated amortisation at end of year	**–49**	**–37**
Accumulated impairment charges at beginning of year	0	0
Impairment charges during the year	–2	—
Accumulated impairment charges at end of year	**–2**	**0**
Total	**198**	**138**
Other intangible assets		
Acquisition value at beginning of year	48	50
Acquisitions during the year	1	4
Sales/disposals during the year	—	–6
Acquisition value at end of year	**49**	**48**
Accumulated amortisation at beginning of year	–36	–37
Amortisation according to plan for the year	–5	–6
Accumulated amortisation on sales/disposals during the year	0	7
Accumulated amortisation at end of year	**–41**	**–36**
Total	**8**	**12**

The total amount is expected to be settled after more than 1 year.

Impairment test

A cash generating unit, defined as the operating segment, is the basis for the goodwill impairment test. See Note G21 and Note G1 section 4 for more information.

P24 Property and equipment

EURm	31 Dec 2011	31 Dec 2010
Property and equipment	81	77
– of which buildings for own use	0	0
Total	**81**	**77**
Equipment		
Acquisition value at beginning of year	193	183
Acquisitions during the year	32	24
Sales/disposals during the year	–11	–12
Reclassifications	—	–2
Translation differences	0	—
Acquisition value at end of year	**214**	**193**
Accumulated depreciation at beginning of year	–116	–102
Accumulated depreciation on sales/disposals during the year	7	8
Reclassifications	—	3
Depreciations according to plan for the year	–24	–25
Translation differences	0	—
Accumulated depreciation at end of year	**–133**	**–116**
Accumulated impairment charges at beginning of year	—	–2
Reclassifications	—	2
Accumulated impairment charges at end of year	**—**	**—**
Total	**81**	**77**
Land and buildings		
Acquisition value at beginning of year	0	0
Acquisition value at end of year	**0**	**0**
Accumulated depreciation at beginning of year	0	0
Depreciation according to plan for the year	0	0
Accumulated depreciation at end of year	**0**	**0**
Total	**0**	**0**

The total amount is expected to be settled after more than 1 year.

Operating leases
Nordea has entered into operating lease agreements for premises and office equipment. See also Note G1, section 15.

Leasing expenses during the year, EURm	31 Dec 2011	31 Dec 2010
Leasing expenses during the year	–95	–84
– of which minimum lease payments	–95	–84
Leasing income during the year regarding sublease payments	37	36

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

EURm	31 Dec 2011
2012	110
2013	96
2014	74
2015	32
2016	19
Later years	161
Totalt	**492**

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 294m. EUR 275m of the subleases are towards group undertakings.

P25 Other assets

EURm	31 Dec 2011	31 Dec 2010
Claims on securities settlement proceeds	500	98
Anticipated dividends from group undertakings	1 ,055	1,598
Group Contributions	355	305
Other	352	619
Total	**2,262**	**2,620**
– of which expected to be settled after more than 1 year	—	—

P26 Prepaid expenses and accrued income

EURm	31 Dec 2011	31 Dec 2010
Accrued interest income	614	497
Other accrued income	21	21
Prepaid expenses	644	491
Total	**1,279**	**1,009**
– of which expected to be settled after more than 1 year	543	425

P27 Deposits by credit institutions

EURm	31 Dec 2011	31 Dec 2010
Central banks	4,331	1,231
Other banks	13,720	25,645
Other credit institutions	4,390	1,768
Total	**22,441**	**28,644**

P28 Deposits and borrowings from the public

EURm	31 Dec 2011	31 Dec 2010
Deposits from the public	43,219	39,499
Borrowings from the public	1,170	121
Total	**44,389**	**39,620**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included.

P29 Debt securities in issue

EURm	31 Dec 2011	31 Dec 2010
Certificates of deposit	0	11,516
Commercial papers	16,800	—
Bond loans	28,469	21,787
Other	98	121
Total	**45,367**	**33,424**

P30 Other liabilities

EURm	31 Dec 2011	31 Dec 2010
Liabilities on securities settlement proceeds	130	2,620
Sold, not held, securities	454	604
Accounts payable	15	23
Cash/margin payable	0	—
Other	1,177	1,211
Total	**1,776**	**4,458**
– of which expected to be settled after more than 1 year	—	0

P31 Accrued expenses and prepaid income

EURm	31 Dec 2011	31 Dec 2010
Accrued interest	484	361
Other accrued expenses	163	167
Prepaid income	204	193
Total	**851**	**721**
– of which expected to be settled after more than 1 year	0	0

P32 Provisions

EURm	31 Dec 2011	31 Dec 2010
Provision for restructuring costs	44	6
Transfer risk, off-balance	2	6
Guarantees	1	3
Other	43	20
Total	**90**	**35**

	Restructuring	Transfer risk	Guarantees	Other	Total
At beginning of year	6	6	3	20	35
New provisions made	41	0	0	44	85
Provisions utilised	–3	0	0	–20	–23
Reversals	0	–4	–2	–1	–7
Translation differences	0	0	0	0	0
At end of year	**44**	**2**	**1**	**43**	**90**
– of which expected to be settled after more than 1 year	—	2	1	—	3

Provision for restructuring costs amounts to EUR 44m and relates mainly to New Normal. For further information about New Normal, see Note G33. Provision for transfer risk is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note P15. Provision for transfer risk is depending on the volume of business with different countries. Loan loss provisions for guarantees amounts to EUR 1m. Other provision of EUR 43m relates to state guarantees.

P33 Retirement benefit obligations

Pension provisions

The pension liabilities of Nordea Bank AB (publ) are mainly covered by allocations to its pension foundation.

The provisions in the balance sheet pertain almost exclusively to former employees of Postgirot Bank. EUR 127m (EUR 125m) of the provisions are covered by "Tryggandelagen".

A small percentage of the pension obligations are covered by insurance policies.

The following figures are based on calculations in accordance with Swedish rules ("Tryggandelagen").

Specification of amounts recognised in the balance sheet

	31 Dec 2011	31 Dec 2010
Present value of commitments relating to in whole or in part funded pension plans	–1,040	–996
Fair value at the end of the period relating to specifically separated assets	1,197	1,081
Surplus in the pension foundation	**157**	**85**
Present value of commitments relating to unfunded pension plans	–153	–149
Unrecognised surplus in the pension foundation	–157	–85
Reported liability net in the balance sheet	**–153**	**–149**

Specification of changes in the liability recognised in balance sheet as pension

	31 Dec 2011	31 Dec 2010
Balance at 1 Jan recognised as pension commitments	149	128
Pensions paid related to former employees of Postgirot Bank	–6	–5
Actuarial pension calculations	9	12
Effect of exchange rate changes	1	14
Balance at 31 Dec	**153**	**149**

Specification of cost and income in respect of pensions

	2011	2010
Pensions paid related to former employees of Postgirot Bank	–6	–5
Pensions paid covered by the pension foundation	–58	–54
Payment to pension fund	—	–17
Actuarial pension calculation	–3	–7
Defined benefit plans	**–67**	**–83**
Defined contribution plan	–43	–37
Pension costs[1]	**–110**	**–120**
Return on specifically separated assets, %	7.3	7.0

1) See Note P8 Staff costs.

Actual value of holdings in pension foundations

EURm	31 Dec 2011	31 Dec 2010
Shares	197	219
Interest-bearing securities	980	820
Other assets	20	42
Total	**1,197**	**1,081**

Assumptions for benefit-determined obligations

	2011	2010
Discount rate	3.0%	3.1%
The calculation is based on pay and pension levels on the accounting date	Yes	Yes

Next year's expected payment to defined benefit plans amounts to EUR 66m.

P34 Subordinated liabilities

EURm	31 Dec 2011	31 Dec 2010
Dated subordinated debenture loans	4,127	5,173
Hybrid capital loans	2,027	1,962
Total	**6,154**	**7,135**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans and hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

At 31 December four loans – with terms specified below – exceeded 10% of the total outstanding volume.

Year of issue / maturity, EURm	Nominal value	Carrying amount	Interest rate (coupon)
Dated loan[1]	1,000	995	Fixed
Dated loan[2]	750	746	Fixed
Dated loan[3]	618	618	Fixed
Dated loan[4]	966	957	Fixed

1) Call date 26 March 2020.
2) Call date 29 March 2021.
3) Maturity date 30 November 2012.
4) Maturity date 13 May 2021.

P35 Untaxed reserves

EURm	31 Dec 2011	31 Dec 2010
Accumulated excess depreciation		
Equipment	5	6
Total	**5**	**6**

P36 Assets pledged as security for own liabilities

EURm	31 Dec 2011	31 Dec 2010
Assets pledged for own liabilities		
Securities etc[1]	3,530	6,843
Total	**3,530**	**6,843**
The above pledges pertain to the following liabilities		
Deposits by credit institutions	3,432	6,700
Deposits and borrowings from the public	489	290
Total	**3,921**	**6,990**

1) Relates only to securities recognised in the balance sheet. Securities borrowed or bought under reverse repurchase agreements are not recognised in the balance sheet and thus not included in the amount. Such transactions are disclosed in Note P44, Obtained collaterals which are permitted to be sold or repledged.

Assets pledged for own liabilities contain securities pledged as security in repurchase agreement and in securities lending. The transactions are conducted under standard agreements employed by financial markets participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months.

P37 Other assets pledged

EURm	31 Dec 2011	31 Dec 2010
Other assets pledged[1]		
Securities etc	7,264	7,259
Total	**7,264**	**7,259**

1) Collaterals pledged on behalf of other items other than the company's own liabilities, eg, on behalf of a third party or on behalf of the company's own contingent liabilities are accounted for under this item.

Securities etc. includes interest-bearing securities pledged as security for payment settlements within the Central bank of Sweden. The terms and conditions require day to day security and relate to liquidity intraday/over night.

P38 Contingent liabilities

EURm	31 Dec 2011	31 Dec 2010
Guarantees		
– Loan guarantees	8,614	8,367
– Other guarantees	16,102	15,531
Other contingent liabilities	4	5
Total	**24,720**	**23,903**

In the normal business of Nordea, the bank issues various forms of guarantees in favour of the bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees.

Nordea Bank AB (publ) has issued a guarantee covering all commitments in Nordea Investment Management AB, org no 556060-2301 and Nordea Fastigheter AB, org no 556021-4917.

Nordea Bank AB (publ) has undertaken, in relation to certain individuals and on certain conditions, to be responsible for the potential payment liability against them in their capacity as managing directors or board member in subsidiaries to Nordea Bank AB (publ).

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age.

Legal proceedings

Within the framework of the normal business operations, the company faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently none of the current disputes is considered likely to have any significant adverse effect on the company or its financial position.

P39 Commitments

EURm	31 Dec 2011	31 Dec 2010
Credit commitments[1]	25,098	29,485
Other commitments	—	389
Total	**25,098**	**29,874**

1) Including unutilised portion of approved overdraft facilities of EUR 12,259m (EUR 13,972m).

For information about derivatives see Note P19.

P40 Capital adequacy

Calculation of total capital base

EURm	31 Dec 2011	31 Dec 2010
Equity	16,921	16,580
Proposed/actual dividend	–1,048	–1,168
Hybrid capital loans	1,964	1,946
Deferred tax assets	–26	–8
Intangible assets	–658	–691
IRB provisions excess (+)/shortfall (–)	–32	–31
Other items, net	13	—
Tier 1 capital (net after deduction)	**17,134**	**16,628**
– of which hybrid capital	1,964	1,946
Tier 2 capital	**3,203**	**4,594**
IRB provisions excess (+)/shortfall (–)	–33	–31
Other deduction	0	0
Total	**20,304**	**21,191**

Capital requirements and RWA

	31 Dec 2011		31 Dec 2010	
EURm	Capital requirement	Basel II RWA	Capital requirement	Basel II RWA
Credit risk	**4,595**	**57,441**	**4,622**	**57,778**
IRB foundation	2,186	27,328	2,390	29,869
– of which corporate	1,764	22,051	2,003	25,043
– of which institutions	198	2,477	147	1,834
– of which retail	201	2,518	209	2,609
– of which other	23	282	31	383
Standardised	2,409	30,113	2,232	27,909
– of which sovereign	0	0	0	0
– of which corporate and institutions	2,409	30,113	2,232	27,909
Market risk[1]	**92**	**1,158**	**111**	**1,392**
– of which trading book, Internal Approach	30	376	13	163
– of which trading book, Standardised Approach	11	143	18	221
– of which banking book, Standardised Approach	51	639	80	1,008
Operational risk	**190**	**2,375**	**175**	**2,185**
– of which standardised	190	2,375	175	2,185
Sub total	**4,877**	**60,974**	**4,908**	**61,355**
Adjustment for transition rules				
Additional capital requirement according to transition rules	—	—	—	—
Total	**4,877**	**60,974**	**4,908**	**61,355**

1) Note that the comparison figures are not restated with respect to CRD III.

More Capital Adequacy information can be found in the Risk, Liquidity and Capital management section page 67.

P41 Classification of financial instruments

31 Dec 2011, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	152	—	—	—	—	—	—	152
Treasury bills	—	353	3,377	—	—	—	—	3,730
Loans to credit institutions	55,839	—	234	3,306	—	—	—	59,379
Loans to the public	33,743	—	—	2,678	—	—	—	36,421
Interest-bearing securities	—	1,648	7,642	—	—	5,294	—	14,584
Financial instruments pledged as collateral	—	—	1,237	—	—	—	—	1,237
Shares	—	—	1,097	38	—	—	—	1,135
Derivatives	—	—	2,477	—	1,862	—	—	4,339
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–632	—	—	—	—	—	—	–632
Investments in group undertakings	—	—	—	—	—	—	16,713	16,713
Investments in associated undertakings	—	—	—	—	—	—	5	5
Intangible assets	—	—	—	—	—	—	658	658
Property and equipment	—	—	—	—	—	—	81	81
Deferred tax assets	—	—	—	—	—	—	26	26
Current tax assets	—	—	—	—	—	—	12	12
Other assets	2,096	—	—	166	—	—	—	2,262
Prepaid expenses and accrued income	1,248	—	10	—	—	—	21	1,279
Total	**92,446**	**2,001**	**16,074**	**6,188**	**1,862**	**5,294**	**17,516**	**141,381**

31 Dec 2011, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	1,254	2,135	—	19,052	—	22,441
Deposits and borrowings from the public	3	506	—	43,880	—	44,389
Debt securities in issue	—	—	—	45,367	—	45,367
Derivatives	2,804	—	210	—	—	3,014
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	147	—	147
Current tax liabilities	—	—	—	—	71	71
Other liabilities	455	209	—	1,029	83	1,776
Accrued expenses and prepaid income	2	117	—	570	162	851
Deferred tax liabilities	—	—	—	—	2	2
Provisions	—	—	—	—	90	90
Retirement benefit obligations	—	—	—	—	153	153
Subordinated liabilities	—	—	—	6,154	—	6,154
Total	**4,518**	**2,967**	**210**	**116,199**	**561**	**124,455**

P41 Classification of financial instruments, cont.

31 Dec 2010, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	182	—	—	—	—	—	—	182
Treasury bills	—	630	4,228	—	—	—	—	4,858
Loans to credit institutions	43,699	—	2,522	1,930	—	—	—	48,151
Loans to the public	30,858	—	—	2,942	—	—	—	33,800
Interest-bearing securities	—	4,212	6,397	3,052	—	2,187	—	15,848
Financial instruments pledged as collateral	—	—	6,160	—	—	—	—	6,160
Shares	—	—	262	58	—	—	—	320
Derivatives	—	—	1,864	—	747	—	—	2,611
Fair value changes of the hedged items in portfolio hedge of interest rate risk	795	—	—	—	—	—	—	795
Investments in group undertakings	—	—	—	—	—	—	16,690	16,690
Investments in associated undertakings	—	—	—	—	—	—	4	4
Intangible assets	—	—	—	—	—	—	671	671
Property and equipment	—	—	—	—	—	—	77	77
Deferred tax assets	—	—	—	—	—	—	8	8
Current tax assets	—	—	—	—	—	—	1	1
Other assets	2,535	—	55	30	—	—	—	2,620
Prepaid expenses and accrued income	980	—	—	8	—	—	21	1,009
Total	**79,049**	**4,842**	**21,488**	**8,020**	**747**	**2,187**	**17,472**	**133,805**

31 Dec 2010, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	6,276	156	—	22,212	—	28,644
Deposits and borrowings from the public	—	307	—	39,313	—	39,620
Debt securities in issue	—	—	—	33,424	—	33,424
Derivatives	1,903	—	271	—	—	2,174
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	749	—	749
Current tax liabilities	—	—	—	—	110	110
Other liabilities	604	109	—	3,711	34	4,458
Accrued expenses and prepaid income	—	0	—	554	167	721
Deferred tax liabilities	—	—	—	—	0	0
Provisions	—	—	—	—	35	35
Retirement benefit obligations	—	—	—	—	149	149
Subordinated liabilities	—	—	—	7,135	—	7,135
Total	**8,783**	**572**	**271**	**107,098**	**495**	**117,219**

P41 Classification of financial instruments, cont.

Loans designated at fair value through profit or loss

EURm	31 Dec 2011	31 Dec 2010
Carrying amount	5,984	4,872
Maximum exposure to credit risk	5,984	4,872

Financial liabilities designated at fair value through profit or loss

Changes in fair values attributable to changes in credit risk

The funding of Markets operations are measured at fair value and classified into the category "Fair value through profit or loss". The funding of Markets is generally of such a short term nature that the effect of charges in own credit risk is not significant.

Comparison of carrying amount and contractual amount to be paid at maturity

2011, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	2,967	2,967

2010, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	572	572

P42 Assets and liabilities at fair value

	31 Dec 2011		31 Dec 2010	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	152	152	182	182
Treasury bills	3,730	3,730	4,858	4,855
Loans to credit institutions	59,379	59,401	48,151	48,185
Loans to the public	36,421	36,430	33,800	33,803
Interest-bearing securities	14,584	14,849	15,848	15,812
Financial instruments pledged as collateral	1,237	1,237	6,160	6,160
Shares	1,135	1,135	320	320
Derivatives	4,339	4,339	2,611	2,611
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–632	–632	795	795
Investments in group undertakings	16,713	16,713	16,690	16,690
Investments in associated undertakings	5	5	4	4
Intangible assets	658	658	671	671
Property and equipment	81	81	77	77
Deferred tax assets	26	26	8	8
Current tax assets	12	12	1	1
Other assets	2,262	2,262	2,620	2,620
Prepaid expenses and accrued income	1,279	1,279	1,009	1,009
Total assets	**141,381**	**141,677**	**133,805**	**133,803**
Liabilities				
Deposits by credit institutions	22,441	22,433	28,644	28,644
Deposits and borrowings from the public	44,389	44,444	39,620	39,626
Debt securities in issue	45,367	45,080	33,424	33,735
Derivatives	3,014	3,014	2,174	2,174
Fair value changes of the hedged items in portfolio hedge of interest rate risk	147	147	749	749
Current tax liabilities	71	71	110	110
Other liabilities	1,776	1,776	4,458	4,458
Accrued expenses and prepaid income	851	851	721	721
Deferred tax liabilities	2	2	0	0
Provisions	90	90	35	35
Retirement benefit obligations	153	153	149	149
Subordinated liabilities	6,154	6,154	7,135	7,134
Total liabilities	**124,455**	**124,215**	**117,219**	**117,535**

Determination of fair value for assets and liabilities

For information on how fair values are determined, see Note G43 Assets and liabilities at fair value. Nordea has not deferred any day 1 gains and losses in accordance with the accounting policy in Note G1.

P42 Assets and liabilities at fair value, cont

31 Dec 2011, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	—	3,540	—	3,540
Loans to the public	—	2,678	—	2,678
Debt securities[1]	14,067	3,320	163	17,550
Shares	1,097	4	34	1,135
Derivatives	69	4,270	—	4,339
Other assets	—	166	—	166
Prepaid expenses and accrued income	—	10	—	10
Liabilities				
Deposits by credit institutions	—	3,389	—	3,389
Deposits and borrowings from the public	—	509	—	509
Derivatives	99	2,915	0	3,014
Other liabilities	—	664	—	664
Accrued expenses and prepaid income	2	117	—	119

1) Of which EUR 3,377m Treasury bills and EUR 12,936m Interest-bearing securities (the portion held at fair value in Note P41). EUR 1,237m relates to the balance sheet item Financial instruments pledged as collateral.

31 Dec 2010, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	—	4,452	—	4,452
Loans to the public	—	2,942	—	2,942
Debt securities[1]	18,059	3,958	7	22,024
Shares	271	6	43	320
Derivatives	105	2,506	—	2,611
Other assets	—	85	—	85
Prepaid expenses and accrued income	—	8	—	8
Liabilities				
Deposits by credit institutions	—	6,432	—	6,432
Deposits and borrowings from the public	—	307	—	307
Derivatives	91	2,082	1	2,174
Other liabilities	—	713	—	713

1) Of which EUR 4,228m Treasury bills and EUR 11,636m Interest-bearing securities (the portion held at fair value in Note P41). EUR 6,160m relates to the balance sheet item Financial instruments pledged as collateral.

Movements in level 3

The following table shows a reconciliation of the opening and closing carrying amounts of level 3 financial assets and liabilities

		Fair value gains/losses recognised in the income statement during the year							
31 Dec 2011, EURm	1 Jan 2011	Realised	Unrealised[1]	Purchases	Sales	Settlements	Net transfers into/out of level 3	Translation differences	31 Dec 2011
Debt securities	7	—	–1	157	—	—	—	—	163
Shares	43	–11	—	2	—	—	—	—	34
Derivatives (net of assets and liabilities)	–1	—	—	1	—	—	—	—	0

1) Relates to those assets and liabilities held at the end of the reporting period.

31 Dec 2010, EURm	1 Jan 2010	Realised	Unrealised[1]	Purchases	Sales	Settlements	Net transfers into/ out of level 3	Translation differences	31 Dec 2010

P42 Assets and liabilities at fair value, cont

Debt securities	7	—	—	—	—	—	—	—	7
Shares	23	–4	21	3	—	—	—	—	43
Derivatives (net of assets and liabilities)	–4	3	—	—	—	—	—	—	–1

1) Relates to those assets and liabilities held at the end of the reporting period.

Transfers between level 1 and 2

During the year, the parent company has transferred debt securities of EUR 671m (EUR 0m) from level 1 to level 2 and EUR 15m (EUR 33m) from level 2 to level 1 of the fair value hierarchy for financial assets and liabilities at fair value. The reason for transfers from level 1 to level 2 was that the instruments ceased to be actively traded during the year and fair values have now been obtained using valuation techniques with observable market inputs. The reason for transfers from level 2 to level 1 was that the instruments have again been actively traded during the year and reliable qouted prices are obtained in the markets.

P43 Assets and liabilities in foreign currencies

31 Dec 2011, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	1.0	2.4	—	—	0.3	—	3.7
Loans to credit institutions	24.8	18.6	0.1	0.7	12.4	2.8	59.4
Loans to the public	5.6	21.9	2.3	0.7	4.8	1.2	36.5
Interest-bearing securities	3.6	9.4	1.5	—	0.1	—	14.6
Other assets	17.3	1.7	0.0	2.6	2.8	2.8	27.2
Total assets	**52.3**	**54.0**	**3.9**	**4.0**	**20.4**	**6.8**	**141.4**
Liabilities and equity							
Deposits by credit institutions	10.5	3.2	0.1	0.4	6.5	1.7	22.4
Deposits and borrowings from the public	5.4	37.5	0.1	0.3	0.8	0.2	44.3
Debt securities in issue	28.6	2.7	0.0	0.3	9.3	4.5	45.4
Provisions	—	0.1	—	—	—	—	0.1
Subordinated liabilities	2.7	0.0	—	—	3.2	0.2	6.1
Other liabilities and equity	5.3	10.5	3.7	3.0	0.4	0.2	23.1
Total liabilities and equity	**52.5**	**54.0**	**3.9**	**4.0**	**20.2**	**6.8**	**141.4**

31 Dec 2010, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	3.4	0.9	—	—	0.6	—	4.9
Loans to credit institutions	21.6	15.7	0.1	0.3	9.0	1.5	48.2
Loans to the public	5.9	20.9	2.2	0.6	3.3	0.9	33.8
Interest-bearing securities	3.6	7.8	3.6	0.1	0.7	—	15.8
Other assets	16.1	5.4	2.6	2.9	2.0	2.1	31.0
Total assets	**50.6**	**50.7**	**8.5**	**3.9**	**15.6**	**4.5**	**133.8**
Liabilities and equity							
Deposits by credit institutions	6.3	9.3	3.4	0.3	9.2	0.1	28.6
Deposits and borrowings from the public	2.9	35.2	0.3	0.2	0.7	0.3	39.6
Debt securities in issue	20.2	1.7	0.0	0.3	7.9	3.3	33.4
Provisions	0.0	—	—	—	—	—	0.0
Subordinated liabilities	3.8	0.4	—	—	2.6	0.3	7.1
Other liabilities and equity	19.7	0.7	3.7	0.1	0.7	0.2	25.0
Total liabilities and equity	**52.9**	**47.3**	**7.4**	**0.9**	**21.1**	**4.2**	**133.8**

P44 Obtained collaterals which are permitted to be sold or repledged

Nordea obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under standard terms for most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions. The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements are disclosed below.

EURm	31 Dec 2011	31 Dec 2010
Reverse repurchase agreements		
Received collaterals which can be repledged or sold	233	2,495
– of which repledged or sold	—	17
Securities borrowing agreements		
Received collaterals which can be repledged or sold	2,180	1,453
– of which repledged or sold	2,180	1,453
Total	**2,413**	**3,948**

P45 Maturity analysis for assets and liabilities

Remaining maturity

31 Dec 2011, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		152	—	—	—	—	—	152
Treasury bills	P14	—	181	353	2,783	413	—	3,730
Loans to credit institutions	P15	7,900	27,567	13,781	7,030	3,101	—	59,379
Loans to the public	P15	4,669	12,572	4,125	14,481	574	—	36,421
Interest-bearing securities	P16	—	4,389	3,894	6,212	89	—	14,584
Financial instruments pledged as collateral	P17	—	50	405	769	13	—	1,237
Derivatives	P19	—	121	297	2,359	1,562	—	4,339
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	—	–657	49	56	–80	—	–632
Total assets with fixed maturities		**12,721**	**44,223**	**22,904**	**33,690**	**5,672**	**—**	**119,210**
Other assets		—	—	—	—	—	22,171	22,171
Total assets		**12,721**	**44,223**	**22,904**	**33,690**	**5,672**	**22,171**	**141,381**
Deposits by credit institutions	P27	1,166	19,242	938	752	343	—	22,441
Deposits and borrowings from the public	P28	34,440	8,645	1,151	153	—	—	44,389
– of which Deposits		33,270	8,645	1,151	153	—	—	43,219
– of which Borrowings		1,170	—	—	—	—	—	1,170
Debt securities in issue	P29	0	16,117	7,657	16,168	5,425	—	45,367
– of which Debt securities in issue		0	16,018	7,657	16,168	5,425	—	45,268
– of which Other		—	99	—	—	—	—	99
Derivatives	P19	—	247	266	1,920	581	—	3,014
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	—	430	152	1,198	–1,633	—	147
Subordinated liabilities	P34	—	—	—	499	5,655	—	6,154
Total liabilities with fixed maturities		**35,606**	**44,681**	**10,164**	**20,690**	**10,371**	**—**	**121,512**
Other liabilities		—	—	—	—	—	2,948	2,948
Equity		—	—	—	—	—	16,921	16,921
Total liabilities and equity		**35,606**	**44,681**	**10,164**	**20,690**	**10,371**	**19,869**	**141,381**

P45 Maturity analysis for assets and liabilities, cont.

Remaining maturity

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		182	—	—	—	—	—	182
Treasury bills	P14	—	91	430	2,561	1,776	—	4,858
Loans to credit institutions	P15	5,317	25,438	14,734	2,145	517	—	48,151
Loans to the public	P15	4,404	13,546	3,363	12,259	228	—	33,800
Interest-bearing securities	P16	—	1,091	5,150	9,195	412	—	15,848
Financial instruments pledged as collateral	P17	—	—	23	5,683	454	—	6,160
Derivatives	P19	—	301	277	1,367	666	—	2,611
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	—	68	1	303	423	—	795
Total assets with fixed maturities		**9,903**	**40,535**	**23,978**	**33,513**	**4,476**	**—**	**112,405**
Other assets		—	—	—	—	—	21,400	21,400
Total assets		**9,903**	**40,535**	**23,978**	**33,513**	**4,476**	**21,400**	**133,805**

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Deposits by credit institutions	P27	1,168	24,906	2,359	211	—	—	28,644
Deposits and borrowings from the public	P28	33,297	3,509	2,716	98	—	—	39,620
– of which Deposits		33,176	3,509	2,716	98	—	—	39,499
– of which Borrowings		121	0	—	—	—	—	121
Debt securities in issue	P29	—	10,964	1,880	13,245	7,335	—	33,424
– of which Debt securities in issue		—	10,843	1,880	13,245	7,335	—	33,303
– of which Other		—	121	—	—	—	—	121
Derivatives	P19	—	381	307	986	500	—	2,174
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	—	1	9	396	343	—	749
Subordinated liabilities	P34	—	—	598	2,160	4,377	—	7,135
Total liabilities with fixed maturities		**34,465**	**39,761**	**7,869**	**17,096**	**12,555**	**—**	**111,746**
Other liabilities		—	—	—	—	—	5,479	5,479
Equity		—	—	—	—	—	16,580	16,580
Total liabilities and equity		**34,465**	**39,761**	**7,869**	**17,096**	**12,555**	**22,059**	**133,805**

In addition to the on balance sheet and derivative instruments, Nordea has credit commitments amounting to EUR 25,098m (EUR 29,485m), which could be drawn on at any time. Nordea has also issued guarantees of EUR 24,716m (EUR 23,898m) which may lead to future cash outflows if certain events occur.

P46 Related-party transactions

The information below is presented from a Nordea perspective, meaning that the information shows the effect from related party transactions on the Nordea figures. For more information on definitions, see Note G1, section 26 and Note G47.

	Group undertakings		Associated undertakings		Other related parties	
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Assets						
Loans and receivables	57,981	47,005	52	45	—	—
Interest-bearing securities	1,258	4,128	—	—	—	—
Financial instrument pledged as collateral	0	57	—	—	—	—
Derivatives	1,297	1,131	—	—	—	—
Investments in associated undertakings	—	—	5	4	—	—
Investments in group undertakings	16,713	16,690	—	—	—	—
Other assets	431	463	—	—	—	—
Prepaid expenses and accrued income	716	492	—	—	—	—
Total assets	**78,396**	**69,966**	**57**	**49**	**—**	**—**

	Group undertakings		Associated undertakings		Other related parties	
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Liabilities						
Deposits	11,852	20,925	1	1	20	44
Debt securities in issue	54	155	—	—	—	—
Derivatives	2,265	1,364	8	25	—	—
Other liabilities	47,176	265	—	—	—	—
Accrued expenses and deferred income	25	19	—	—	—	—
Subordinated loans	309	—	—		—	—
Total liabilities	**61,681**	**22,728**	**9**	**26**	**20**	**44**
Off balance[1]	**29,599**	**30,707**	**2,068**	**2,056**	**—**	**—**

1) Including nominal values on derivatives.

	Group undertakings		Associated undertakings		Other related parties	
EURm	2011	2010	2011	2010	2011	2010
Interest income and interest expense						
Interest income	943	485	1	0	—	—
Interest expense	–320	–463	0	—	0	0
Net interest income and expense	**623**	**22**	**1**	**0**	**0**	**0**

Compensation and loans to key management personnel

Compensation and loans to key management personnel are specified in Note G7.

Other related-party transactions

Nordea Bank AB (publ) takes part in a guarantee consortium to support Norwegian Eksportfinans ASA. For further information, see Note G47.

Proposed distribution of earnings

According to the parent company's balance sheet, the following amount is available for distribution by the Annual General Meeting:

	EUR
Share premium reserve	1,079,925,521
Retained earnings	7,538,873,009
Other free funds	2,762,284,828
Net profit for the year	1,492,148,413
Total	**12,873,231,771**

The Board of Directors proposes that these earnings are distributed as follows:

	EUR
Dividends paid to shareholders, EUR 0.26 per share	1,047,546,038
To be carried forward to	
– share premium reserve	1,079,925,521
– retained earnings	7,983,475,384
– other free funds	2,762,284,828
Total	**12,873,231,771**

It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands with respect to the size of the Company's and the Group's equity, which are imposed by the nature, scope and risks, associated with the business, and the Company's and the Group's need for consolidation, liquidity and financial position in general.

The Board of Directors and the President and CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the International Reporting Standards (IFRS/IAS) referred to in the European parliament and councils' regulation (EC) 1606/2002, from 19 July 2002, on application of International Accounting Standards. They give a true and fair view of the Group's and the Company's financial position and result. The Board of Directors' Report for the Group and the Company gives a true and fair overview of the development of the operations, financial position and result of the Group and the Company and describes the material risks and uncertainties that the Company and the Group companies are facing.

8 February 2012

Björn Wahlroos
Chairman

Marie Ehrling
Vice Chairman

Kari Ahola
Board member[1]

Stine Bosse
Board member

Svein Jacobsen
Board member

Ole Lund Jensen
Board member[1]

Tom Knutzen
Board member

Steinar Nickelsen
Board member[1]

Lars G Nordström
Board member

Sarah Russell
Board member

Kari Stadigh
Board member

Christian Clausen
President and CEO

Our audit report was submitted on 9 February 2012

KPMG AB

Carl Lindgren
Authorised Public Accountant

1) Employee representative.

Auditor's report

To the annual meeting of the shareholders of Nordea Bank AB (publ)
Corporate identity number 516406-0120

Report on the annual accounts and the consolidated accounts
We have audited the annual accounts and the consolidated accounts of Nordea Bank AB (publ) for the year 2011. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 50–196.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and the consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the annual accounts in accordance with the Annual Accounts Act of Credit Institutions and Security Companies and for the fair presentation of the consolidated accounts in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act of Credit Institutions and Securities Companies, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and the consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and the consolidated accounts are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and the consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and the consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and the consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and the consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies, the consolidated accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies, and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act of Credit Institutions and Securities Companies. A Corporate Governance Report has been prepared. The Board of Director's report and the Corporate Governance Report are consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet of the parent company and the group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and the consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Nordea Bank AB (publ) for the year 2011.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and the Banking and Financing Business Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss,

we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and the consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act of Credit Institutions and Securities Companies, or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the Board of Director's report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 9 February 2012

KPMG AB

Carl Lindgren
Authorised Public Accountant

ANNEX 2 - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF NORDEA BANK FOR THE YEAR ENDED 31 DECEMBER 2010, INCLUDING THE AUDITOR'S REPORT AND NOTES RELATING THERETO

Income statement

EURm	Note	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Operating income					
Interest income		9,687	10,973	1,641	1,793
Interest expense		–4,528	–5,692	–1,057	–1,127
Net interest income	3	**5,159**	**5,281**	**584**	**666**
Fee and commission income		2,955	2,468	735	614
Fee and commission expense		–799	–775	–164	–158
Net fee and commission income	4	**2,156**	**1,693**	**571**	**456**
Net result from items at fair value	5	1,837	1,946	157	152
Profit from companies accounted for under the equity method	23	66	48	—	—
Dividends	6	—	—	2,203	973
Other operating income	7	116	105	123	123
Total operating income		**9,334**	**9,073**	**3,638**	**2,370**
Operating expenses					
General administrative expenses:					
Staff costs	8	–2,784	–2,724	–745	–644
Other expenses	9	–1,862	–1,639	–526	–443
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 24, 25	–170	–149	–112	–106
Total operating expenses		**–4,816**	**–4,512**	**–1,383**	**–1,193**
Profit before loan losses		**4,518**	**4,561**	**2,255**	**1,177**
Net loan losses	11	–879	–1,486	–33	–165
Impairment of securities held as financial non-current assets	22	—	—	–105	—
Operating profit		**3,639**	**3,075**	**2,117**	**1,012**
Appropriations	12	—	—	0	–3
Income tax expense	13	–976	–757	–115	–24
Net profit for the year		**2,663**	**2,318**	**2,002**	**985**
Attributable to:					
Shareholders of Nordea Bank AB (publ)		2,657	2,314	2,002	985
Non-controlling interests		6	4	—	—
Total		**2,663**	**2,318**	**2,002**	**985**
Basic earnings per share, EUR	14	0.66	0.60		
Diluted earnings per share, EUR	14	0.66	0.60		

Statement of comprehensive income

	Group		Parent company	
EURm	2010	2009	2010	2009
Net profit for the year	**2,663**	**2,318**	**2,002**	**985**
Currency translation differences during the year	669	740	—	—
Currency hedging of net investments in foreign operations	–407	–507	—	—
Tax on currency hedging of net investments in foreign operations	107	133	—	—
Available-for-sale investments:				
Valuation gains/losses during the year	3	1	1	—
Tax on valuation gains/losses during the year	–1	0	0	—
Transferred to profit or loss on sale for the year	—	–1	—	0
Tax on transfers to profit or loss on sale for the year	—	—	—	0
Cash flow hedges:				
Valuation gains/losses during the year	1	6	1	6
Tax on valuation gains/losses during the year	0	–2	0	–2
Group contributions	—	—	–112	152
Tax on group contributions	—	—	29	–40
Other comprehensive income, net of tax	**372**	**370**	**–81**	**116**
Total comprehensive income	**3,035**	**2,688**	**1,921**	**1,101**
Attributable to:				
Shareholders of Nordea Bank AB (publ)	3,029	2,684	1,921	1,101
Non-controlling interests	6	4	—	—
Total	**3,035**	**2,688**	**1,921**	**1,101**

Balance sheet

EURm	Note	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Assets					
Cash and balances with central banks		10,023	11,500	182	208
Treasury bills	15	13,112	12,944	4,858	3,656
Loans to credit institutions	16	15,788	18,555	48,151	43,501
Loans to the public	16	314,211	282,411	33,800	28,860
Interest-bearing securities	17	69,137	56,155	15,848	17,019
Financial instruments pledged as collateral	18	9,494	11,240	6,160	2,276
Shares	19	17,293	13,703	320	682
Derivatives	20	96,825	75,422	2,611	2,421
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	1,127	763	795	332
Investments in group undertakings	22	—	—	16,607	16,165
Investments in associated undertakings	23	554	470	4	2
Intangible assets	24	3,219	2,947	671	701
Property and equipment	25, 26	454	452	77	79
Investment property	27	3,568	3,505	—	—
Deferred tax assets	13	278	125	8	20
Current tax assets	13	262	329	1	0
Retirement benefit assets	37	187	134	—	—
Other assets	28	22,857	14,397	2,620	1,610
Prepaid expenses and accrued income	29	2,450	2,492	1,009	794
Total assets		**580,839**	**507,544**	**133,722**	**118,326**
Liabilities					
Deposits by credit institutions	30	40,736	52,190	28,644	30,187
Deposits and borrowings from the public	31	176,390	153,577	39,620	34,617
Liabilities to policyholders	32	38,766	33,831	—	—
Debt securities in issue	33	151,578	130,519	33,424	22,119
Derivatives	20	95,887	73,043	2,174	2,173
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	898	874	749	285
Current tax liabilities	13	502	565	110	34
Other liabilities	34	38,590	28,589	4,458	6,190
Accrued expenses and prepaid income	35	3,390	3,178	721	453
Deferred tax liabilities	13	885	870	0	0
Provisions	36	581	309	35	30
Retirement benefit obligations	37	337	394	149	128
Subordinated liabilities	38	7,761	7,185	7,135	6,605
Total liabilities		**556,301**	**485,124**	**117,219**	**102,821**
Untaxed reserves	39	**—**	**—**	**6**	**5**
Equity					
Non-controlling interests		84	80	—	—
Share capital		4,043	4,037	4,043	4,037
Share premium reserve		1,065	1,065	1,065	1,065
Other reserves		–146	–518	1	–1
Retained earnings		19,492	17,756	11,388	10,399
Total equity		**24,538**	**22,420**	**16,497**	**15,500**
Total liabilities and equity		**580,839**	**507,544**	**133,722**	**118,326**
Assets pledged as security for own liabilities	40	163,945	138,587	6,843	2,564
Other assets pledged	41	5,972	6,635	7,259	6,963
Contingent liabilities	42	23,963	22,267	23,903	18,503
Commitments	43	92,749	79,797	30,938	28,460

Statement of changes in equity

Group

EURm	Attributable to shareholders of Nordea Bank AB (publ)[2]								
			Other reserves:						
	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2010	**4,037**	**1,065**	**–517**	**–1**	**—**	**17,756**	**22,340**	**80**	**22,420**
Net profit for the year	—	—	—	—	—	2,657	2,657	6	2,663
Currency translation differences during the year	—	—	669	—	—	—	669	—	669
Currency hedging of net investments in foreign operations	—	—	–407	—	—	—	–407	—	–407
Tax on currency hedging of net investments in foreign operations	—	—	107	—	—	—	107	—	107
Available-for-sale investments:									
Valuation gains/losses during the year	—	—	—	—	3	—	3	—	3
Tax on valuation gains/losses during the year	—	—	—	—	–1	—	–1	—	–1
Cash flow hedges:									
Valuation gains/losses during the year	—	—	—	1	—	—	1	—	1
Tax on valuation gains/losses during the year	—	—	—	0	—	—	0	—	0
Other comprehensive income, net of tax	—	—	369	1	2	—	372	—	372
Total comprehensive income	—	—	369	1	2	2,657	3,029	6	3,035
Issued C-shares[3]	6	—	—	—	—	—	6	—	6
Repurchase of C-shares[3]	—	—	—	—	—	–6	–6	—	–6
Share-based payments	—	—	—	—	—	17	17	—	17
Dividend for 2009	—	—	—	—	—	–1,006	–1,006	—	–1,006
Divestment of own shares[4]	—	—	—	—	—	74	74	—	74
Other changes	—	—	—	—	—	—	—	–2	–2
Balance at 31 Dec 2010	**4,043**	**1,065**	**–148**	**—**	**2**	**19,492**	**24,454**	**84**	**24,538**

1) Total shares registered were 4,043 million.
2) Restricted capital was 4,043m, unrestricted capital was EUR 20,411m.
3) Refers to the Long Term Incentive Programme (LTIP). LTIP 2010 was hedged by issuing 5,125,000 C-shares. The shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 15.4 million.
4) 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 were 16.9 million.

Group

EURm	Attributable to shareholders of Nordea Bank AB (publ)[2]								
			Other reserves:						
	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2009	**2,600**	**—**	**–883**	**–5**	—	**16,013**	**17,725**	**78**	**17,803**
Net profit for the year	—	—	—	—	—	2,314	2,314	4	2,318
Currency translation differences during the year	—	—	740	—	—	—	740	—	740
Currency hedging of net investments in foreign operations	—	—	–507	—	—	—	–507	—	–507
Tax on currency hedging of net investments in foreign operations	—	—	133	—	—	—	133	—	133
Available-for-sale investments:									
Valuation gains/losses during the year	—	—	—	—	1	—	1	—	1
Tax on valuation gains/losses during the year	—	—	—	—	0	—	0	—	0
Transferred to profit or loss on sale for the year	—	—	—	—	–1	—	–1	—	–1
Cash flow hedges:									
Valuation gains/losses during the year	—	—	—	6	—	—	6	—	6
Tax on valuation gains/losses during the year	—	—	—	–2	—	—	–2	—	–2
Other comprehensive income, net of tax	—	—	366	4	—	—	370	—	370
Total comprehensive income	—	—	366	4	0	2,314	2,684	4	2,688
Rights issue[3]	1,430	1,065	—	—	—	—	2,495	—	2,495
Issued C-shares[4]	7	—	—	—	—	—	7	—	7
Repurchase of C-shares[4]	—	—	—	—	—	–7	–7	—	–7
Share-based payments	—	—	—	—	—	10	10	—	10
Dividend for 2008	—	—	—	—	—	–519	–519	—	–519
Purchases of own shares[5]	—	—	—	—	—	–55	–55	—	–55
Other changes	—	—	—	—	—	—	—	–2	–2
Balance at 31 Dec 2009	**4,037**	**1,065**	**–517**	**–1**	**—**	**17,756**	**22,340**	**80**	**22,420**

1) Total shares registered were 4,037 million.
2) Restricted capital was EUR 4,037m, unrestricted capital was EUR 18,303m.
3) Shares issued in relation to the Nordea rights issue.
4) Refers to the Long Term Incentive Programme (LTIP). LTIP 2009 was hedged by issuing 7,250,000 C-shares. The shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 12.1 million.
5) 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 were 23.8 million.

Parent company

EURm	Restricted equity	Unrestricted equity[1]				
			Other reserves:			
	Share capital	Share premium reserve	Cash flow hedges	Available-for-sale investments	Retained earnings	Total equity
Balance at 1 Jan 2010	**4,037**	**1,065**	**–1**	**—**	**10,399**	**15,500**
Net profit for the year	—	—	—	—	2,002	2,002
Available-for-sale investments:						
Valuation gains/losses during the year	—	—	—	1	—	1
Tax on valuation gains/losses during the year	—	—	—	0	—	0
Cash flow hedges:						
Valuation gains/losses during the year	—	—	1	—	—	1
Tax on valuation gains/losses during the year	—	—	0	—	—	0
Group contributions	—	—	—	—	–112	–112
Tax on group contributions	—	—	—	—	29	29
Other comprehensive income, net of tax	—	—	1	1	–83	–81
Total comprehensive income	—	—	1	1	1,919	1,921
Issued C-shares[3]	6	—	—	—	—	6
Repurchase of C-shares[3]	—	—	—	—	–6	–6
Share-based payments	—	—	—	—	16	16
Dividend for 2009	—	—	—	—	–1,006	–1,006
Divestment of own shares	—	—	—	—	66	66
Balance at 31 Dec 2010	**4,043**	**1,065**	**—**	**1**	**11,388**	**16,497**
Balance at 1 Jan 2009	**2,600**	**—**	**–5**	**0**	**9,876**	**12,471**
Net profit for the year	—	—	—	—	985	985
Available-for-sale investments:						
Transferred to profit or loss on sale for the year	—	—	—	0	—	0
Tax on transfers to profit or loss on sale for the year	—	—	—	0	—	0
Cash flow hedges:						
Valuation gains/losses during the year	—	—	6	—	—	6
Tax on valuation gains/losses during the year	—	—	–2	—	—	–2
Group contributions	—	—	—	—	152	152
Tax on group contributions	—	—	—	—	–40	–40
Other comprehensive income, net of tax	—	—	4	—	112	116
Total comprehensive income	—	—	4	—	1,097	1,101
Rights issue[2]	1,430	1,065	—	—	—	2,495
Issued C-shares[3]	7	—	—	—	—	7
Repurchase of C-shares[3]	—	—	—	—	–7	–7
Share-based payments	—	—	—	—	9	9
Dividend for 2008	—	—	—	—	–519	–519
Purchase of own shares	—	—	—	—	–57	–57
Balance at 31 Dec 2009	**4,037**	**1,065**	**–1**	**—**	**10,399**	**15,500**

1) Apart from retained earnings, unrestricted equity consists of a free fund to the amount of EUR 2,762m (31 Dec 2009: EUR 2,762m).
2) Shares issued in relation to the Nordea rights issue.
3) Refers to the Long Term Incentive Programme (LTIP). LTIP 2010 was hedged by issuing 5,125,000 C-shares (LTIP 2009 7,250,000), the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 15.4 million (31 Dec 2009: 12.1 million).

Description of items in the equity is included in Note 1 Accounting policies.

Share capital

	Quota value per share, EUR	Total number of shares	Share capital, EUR
Balance at 31 Dec 2008	**1.0**	**2,600,108,227**	**2 600,108,227**
New issue[1]	1.0	7,250,000	7,250,000
New issue[2]	1.0	1,430,059,524	1,430,059,524
Balance at 31 Dec 2009	**1.0**	**4,037,417,751**	**4,037,417,751**
New issue[1]	1.0	5,125,000	5,125,000
Balance at 31 Dec 2010	**1.0**	**4,042,542,751**	**4,042,542,751**

1) Refers to the Long Term Incentive Programme (LTIP).
2) Shares issued in relation to the Nordea rights offering.

Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting (AGM). At the AGM on 24 March 2011, a dividend in respect of 2010 of EUR 0.29 per share (2009 actual dividend EUR 0.25 per share) amounting to a total of EUR 1,167,867,606 (2009 actual: EUR 1,006,337,153) is to be proposed. The financial statements for the year ended 31 December 2010 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2011.

Cash flow statement

	Group		Parent company	
EURm	2010	2009	2010	2009
Operating activities				
Operating profit	3,639	3,075	2,117	1,012
Adjustment for items not included in cash flow	1,619	2,450	–1,344	–1,057
Income taxes paid	–1,045	–816	5	52
Cash flow from operating activities before changes in operating assets and liabilities	**4,213**	**4,709**	**778**	**7**
Changes in operating assets				
Change in treasury bills	1,156	–4,828	–1,201	–1,630
Change in loans to credit institutions	4,476	7,295	–5,005	1,406
Change in loans to the public	–18,960	–5,898	–4,994	196
Change in interest-bearing securities	–15,672	–5,675	691	–4,764
Change in financial assets pledged as collateral	2,118	–3,272	–3,884	820
Change in shares	–3,563	–2,940	386	297
Change in derivatives, net	1,610	–531	–85	514
Change in investment properties	–63	–171	—	—
Change in other assets	–8,563	355	893	1,411
Changes in operating liabilities				
Change in deposits by credit institutions	–12,863	–1,366	–1,543	–4,526
Change in deposits and borrowings from the public	16,076	–2,472	5,003	1,160
Change in liabilities to policyholders	2,353	1,870	—	—
Change in debt securities in issue	12,472	18,767	11,305	4,170
Change in other liabilities	13,012	7,781	–1,844	1,862
Cash flow from operating activities	**–2,198**	**13,624**	**500**	**923**
Investing activities				
Acquisition of business operations	–38	–270	–442	–299
Sale of business operations	0	—	—	0
Acquisition of investments in associated undertakings	–18	–4	–2	0
Sale of investments in associated undertakings	10	6	—	5
Acquisition of property and equipment	–146	–147	–24	–23
Sale of property and equipment	48	17	1	0
Acquisition of intangible assets	–181	–105	–57	–30
Sale of intangible assets	0	8	0	0
Net investments in debt securities, held to maturity	1,991	–5,413	400	–2,174
Purchase/sale of other financial fixed assets	1	0	0	—
Cash flow from investing activities	**1,667**	**–5,908**	**–124**	**–2,521**
Financing activities				
Issued subordinated liabilities	1,750	686	1,740	686
Amortised subordinated liabilities	–1,556	–1,808	–1,556	–25
New share issue	6	2,503	6	2,503
Divestment of own shares incl change in trading portfolio	74	—	60	—
Repurchase of own shares incl change in trading portfolio	—	–55	—	–65
Dividend paid	–1,006	–519	–1,006	–519
Cash flow from financing activities	**–732**	**807**	**–756**	**2,580**
Cash flow for the year	**–1,263**	**8,523**	**–380**	**982**
Cash and cash equivalents at the beginning of year	13,962	4,694	5,879	4,897
Translation difference	1,007	745	0	0
Cash and cash equivalents at the end of year	13,706	13,962	5,499	5,879
Change	**–1,263**	**8,523**	**–380**	**982**

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Adjustment for non-cash items includes:

	Group		Parent company	
EURm	2010	2009	2010	2009
Depreciation	166	140	112	106
Impairment charges	4	9	105	—
Loan losses	957	1,559	54	184
Unrealised gains/losses	–931	–1,530	–47	249
Capital gains/losses (net)	–2	–6	0	–4
Change in accruals and provisions	236	318	55	4
Anticipated dividends	—	—	–1,598	–656
Group contributions	—	—	–305	–18
Translation differences	–718	–616	320	–788
Change in bonus potential to policyholders	159	853	—	—
Other	1,748	1,723	–40	–134
Total	**1,619**	**2,450**	**–1,344**	**–1,057**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

	Group		Parent company	
EURm	2010	2009	2010	2009
Interest payments received	9,933	11,158	1,558	1,870
Interest expenses paid	4,542	5,865	905	1,212

Investing activities

Investing activities include acquisitions and disposals of non-current assets, like property and equipment, intangible and financial assets. Aggregated cash flows arising from acquisition and sale of business operations are presented separately and consist of:

	Group	
EURm	2010	2009
Acquisition of business operations		
Cash and cash equivalents	7	15
Loans to credit institutions	—	510
Loans to the public	—	746
Property & equipment and intangible assets	2	213
Other assets	2	90
Total assets	**11**	**1,574**
Liabilities and borrowings from the public	—	–1,192
Other liabilities and provisions	–2	–97
Total liabilities	**–2**	**–1,289**
Purchase price paid[1]	**–9**	**–285**
Cash and cash equivalents in acquired business operations	7	15
Payment of the remaining settlement from the Fionia acquisition in 2009	–36	—
Net effect on cash flow	**–38**	**–270**

1) Including translation difference, see also Note 53 Acquisitions.

Financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, dividends and issued/amortised subordinated liabilities.

Cash and cash equivalents

The following items are included in Cash and cash equivalents assets:

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Cash and balances with central banks	10,023	11,500	182	208
Loans to credit institutions, payable on demand	3,683	2,462	5,317	5,671
	13,706	**13,962**	**5,499**	**5,879**

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 any time.

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

Quarterly development

Group

EURm	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	2010	2009
Net interest income	1,365	1,310	1,249	1,235	1,299	1,321	1,305	1,356	5,159	5,281
Net fee and commission income	618	525	538	475	463	437	412	381	2,156	1,693
Net result from items at fair value	504	446	339	548	351	486	594	515	1,837	1,946
Profit from companies accounted for under the equity method	5	29	7	25	15	7	17	9	66	48
Other income	15	53	28	20	30	26	31	18	116	105
Total operating income	**2,507**	**2,363**	**2,161**	**2,303**	**2,158**	**2,277**	**2,359**	**2,279**	**9,334**	**9,073**
General administrative expenses:										
Staff costs	–675	–721	–701	–687	–702	–670	–687	–665	–2,784	–2,724
Other expenses	–543	–436	–445	–438	–471	–382	–392	–394	–1,862	–1,639
Depreciation, amortisation and impairment charges of tangible and intangible assets	–52	–39	–40	–39	–46	–35	–37	–31	–170	–149
Total operating expenses	**–1,270**	**–1,196**	**–1,186**	**–1,164**	**–1,219**	**–1,087**	**–1,116**	**–1,090**	**–4,816**	**–4,512**
Profit before loan losses	**1,237**	**1,167**	**975**	**1,139**	**939**	**1,190**	**1,243**	**1,189**	**4,518**	**4,561**
Net loan losses	–166	–207	–245	–261	–347	–358	–425	–356	–879	–1,486
Operating profit	**1,071**	**960**	**730**	**878**	**592**	**832**	**818**	**833**	**3,639**	**3,075**
Income tax expense	–301	–249	–191	–235	–145	–206	–200	–206	–976	–757
Net profit	**770**	**711**	**539**	**643**	**447**	**626**	**618**	**627**	**2,663**	**2,318**
Diluted earnings per share (DEPS), EUR	0.19	0.18	0.13	0.16	0.11	0.15	0.15	0.19	0.66	0.60
DEPS, rolling 12 months up to period end, EUR	0.66	0.58	0.55	0.57	0.60	0.68	0.72	0.78	0.66	0.60

5 year overview

Group

Income statement

EURm	2010	2009	2008	2007	2006
Net interest income	5,159	5,281	5,093	4,282	3,869
Net fee and commission income	2,156	1,693	1,883	2,140	2,074
Net result from items at fair value	1,837	1,946	1,028	1,209	1,042
Profit from companies accounted for under the equity method	66	48	24	41	68
Other income	116	105	172	217	320
Total operating income	**9,334**	**9,073**	**8,200**	**7,889**	**7,373**
General administrative expenses:					
Staff costs	–2,784	–2,724	–2,568	–2,388	–2,251
Other expenses	–1,862	–1,639	–1,646	–1,575	–1,485
Depreciation, amortisation and impairment charges of tangible and intangible assets	–170	–149	–124	–103	–86
Total operating expenses	**–4,816**	**–4,512**	**–4,338**	**–4,066**	**–3,822**
Profit before loan losses	**4,518**	**4,561**	**3,862**	**3,823**	**3,551**
Net loan losses	–879	–1,486	–466	60	257
Operating profit	**3,639**	**3,075**	**3,396**	**3,883**	**3,808**
Income tax expense	–976	–757	–724	–753	–655
Net profit for the year	**2,663**	**2,318**	**2,672**	**3,130**	**3,153**

Balance sheet

EURm	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
Treasury bills and interest-bearing securities	82,249	69,099	51,375	43,975	35,744
Loans to credit institutions	15,788	18,555	23,903	24,262	26,792
Loans to the public	314,211	282,411	265,100	244,682	213,985
Derivatives	96,825	75,422	86,838	31,498	24,207
Other assets	71,766	62,057	46,858	44,637	46,162
Total assets	**580,839**	**507,544**	**474,074**	**389,054**	**346,890**
Deposits by credit institutions	40,736	52,190	51,932	30,077	32,288
Deposits and borrowings from the public	176,390	153,577	148,591	142,329	126,452
Liabilities to policyholders	38,766	33,831	29,238	32,280	31,041
Debt securities in issue	151,578	130,519	108,989	99,792	83,417
Derivatives	95,887	73,043	85,538	33,023	24,939
Subordinated liabilities	7,761	7,185	8,209	7,556	8,177
Other liabilities	45,183	34,779	23,774	26,837	25,254
Equity	24,538	22,420	17,803	17,160	15,322
Total liabilities and equity	**580,839**	**507,544**	**474,074**	**389,054**	**346,890**

Ratios and key figures

Group	2010	2009	2008	2007	2006
Basic earnings per share, EUR	0.66	0.60	0.79	0.93	0.94
Diluted earnings per share, EUR	0.66	0.60	0.79	0.93	0.94
Share price[1], EUR	8.16	7.10	3.90	8.90	9.10
Total shareholders' return, %	3.7	78.6	–46.9	6.4	32.3
Proposed / actual dividend per share, EUR	0.29	0.25	0.20	0.50	0.49
Equity per share[1], EUR	6.07	5.56	5.29	5.09	4.56
Potential shares outstanding[1], million	4,043	4,037	2,600	2,597	2,594
Weighted average number of diluted shares, million	4,022	3,846	3,355	3,352	3,352
Return on equity, %	11.5	11.3	15.3	19.7	22.9
Assets under management, EURbn	191.0	158.1	125.6	157.1	158.1
Cost/income ratio, %	52	50	53	52	52
Loan loss ratio, basis points	31	56	19	–3	–14
Core tier 1 capital ratio, excluding transition rules[1], %	10.3	10.3	8.5	7.5	—
Tier 1 capital ratio, excluding transition rules[1], %	11.4	11.4	9.3	8.3	—
Total capital ratio, excluding transition rules[1], %	13.4	13.4	12.1	10.9	—
Core tier 1 capital ratio[1], %	8.9	9.3	6.7	6.3	6.3
Tier 1 capital ratio[1], %	9.8	10.2	7.4	7.0	7.1
Total capital ratio[1], %	11.5	11.9	9.5	9.1	9.8
Core tier 1 capital[1], EURm	19,103	17,766	14,313	12,821	11,689
Tier 1 capital[1], EURm	21,049	19,577	15,760	14,230	13,147
Risk-weighted assets, incl transition rules[1], EURbn	215	192	213	205	185
Number of employees (full-time equivalents)[1]	33,809	33,347	34,008	31,721	29,248
Risk-adjusted profit, EURm	2,622	2,786	2,279	2,239	1,957
Economic profit[2], EURm	936	1,334	1,015	1,231	1,101
Economic capital[1,2], EURbn	17.5	16.7	15.8	13.4	11.8
EPS, risk-adjusted, EUR	0.65	0.72	0.68	0.67	0.58
RAROCAR[2], %	15.0	17.3	15.6	17.8	17.1
MCEV, EURm	3,655	3,244	2,624	3,189	2,873

1) End of the year.
2) Economic capital restated due to changes in the economic capital framework reflecting alignment towards regulatory framework.

Business definitions

These definitions apply to the descriptions in the Annual Report.

Tier 1 capital
The proportion of the capital base, which includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, deferred tax assets, intangible assets in the banking operations and half of the expected shortfall deduction, – the negative difference between expected losses and provisions. Subsequent to the approval of the supervisory authorities, Tier 1 capital also includes qualified forms of subordinated loans (Tier 1 capital contributions and hybrid capital loans). The Core tier 1 capital constitutes the Tier 1 capital excluding hybrid capital loans.

Capital base
The capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans, after deduction of the carrying amount of the shares in wholly owned insurance companies and the potential deduction for expected shortfall.

Risk-weighted assets
Total assets and off-balance-sheet items valued on the basis of the credit and market risks, as well as operational risks of the Group's undertakings, in accordance with regulations governing capital adequacy, excluding assets in insurance companies, carrying amount of shares which have been deducted from the capital base and intangible assets.

Tier 1 capital ratio
Tier 1 capital as a percentage of risk-weighted assets. The Core tier 1 ratio is calculated as Core tier 1 capital as a percentage of risk-weighted assets.

Total capital ratio
Capital base as a percentage of risk-weighted assets.

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

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

Basic earnings per share
Net profit for the year divided by the weighted average number of outstanding shares, non-controlling interests excluded.

Diluted earnings per share
Net profit for the year divided by the weighted average number of outstanding shares after full dilution, non-controlling interests excluded.

Equity per share
Equity as shown in the balance sheet after full dilution and non-controlling interests excluded divided by the number of shares after full dilution.

Cost/income ratio
Total operating expenses divided by total operating income.

Risk-adjusted profit
Risk-adjusted profit is defined as total income minus total operating expenses, minus Expected losses and standard tax (26 % 2010). In addition, Risk-adjusted profit excludes major non-recurring items.

Economic profit
Economic profit is derived by deducting Cost of equity from Risk-adjusted profit.

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

Cost of equity
Cost of equity (%) is defined as required return by investors on the Nordea share, measured as the long risk free euro rate plus required average risk premium to invest in equities multiplied by Beta, which reflects the Nordea share's volatility and correlation with market volatility.

Cost of equity in EUR is defined as Cost of equity (%) times Economic capital. The Cost of equity is set by management once a year as a parameter to manage risk appetite and investment level.

Economic capital
Economic Capital is Nordea's internal estimate of required capital and measures the capital required to cover unexpected losses in the course of its business with a certain probability. EC uses advanced internal models to provide a consistent measurement for Credit Risk, Market Risk, Operational Risk, Business Risk and Life Insurance Risk arising from activities in Nordea's various business areas.

The aggregation of risks across the group gives rise to diversification effects resulting from the differences in risk drivers and the improbability that unexpected losses occur simultaneously.

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

MCEV
MCEV is an estimate of the value a shareholder would put on a portfolio of in-force life and pension business based on objective market return. No franchise value or other additional value is included in MCEV.

5 year overview

Parent company

Income statement

EURm	2010	2009	2008	2007	2006
Net interest income	584	666	523	360	365
Net fee and commission income	571	456	468	463	481
Net result from items at fair value	157	152	–13	194	186
Dividends	2,203	973	2,063	1,323	4,739
Other income	123	123	190	127	130
Total operating income	**3,638**	**2,370**	**3,231**	**2,467**	**5,901**
General administrative expenses:					
Staff costs	–745	–644	–676	–638	–599
Other expenses	–526	–443	–473	–514	–501
Depreciation, amortisation and impairment charges of tangible and intangible assets	–112	–106	–103	–101	–99
Total operating expenses	**–1,383**	**–1,193**	**–1,252**	**–1,253**	**–1,199**
Profit before loan losses	**2,255**	**1,177**	**1,979**	**1,214**	**4,702**
Net loan losses	–33	–165	–80	25	18
Impairment of securities held as financial non-current assets	–105	—	–26	—	—
Operating profit	**2,117**	**1,012**	**1,873**	**1,239**	**4,720**
Appropriations	0	–3	4	–2	–2
Income tax expense	–115	–24	11	–34	–76
Net profit for the year	**2,002**	**985**	**1,888**	**1,203**	**4,642**

Balance sheet

EURm	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
Treasury bills and interest-bearing securities	20,706	20,675	12,178	5,783	5,426
Loans to credit institutions	48,151	43,501	43,855	36,824	36,970
Loans to the public	33,800	28,860	29,240	26,640	21,501
Investments in group undertakings	16,607	16,165	15,866	15,488	16,561
Other assets	14,458	9,125	11,895	9,743	8,979
Total assets	**133,722**	**118,326**	**113,034**	**94,478**	**89,437**
Deposits by credit institutions	28,644	30,187	34,713	24,275	23,971
Deposits and borrowings from the public	39,620	34,617	33,457	32,296	30,482
Debt securities in issue	33,424	22,119	17,949	13,839	12,638
Subordinated liabilities	7,135	6,605	6,829	6,151	6,397
Other liabilities/untaxed reserves	8,402	9,298	7,615	6,007	3,940
Equity	16,497	15,500	12,471	11,910	12,009
Total liabilities and equity	**133,722**	**118,326**	**113,034**	**94,478**	**89,437**

Note 1 Accounting policies

1. Basis for presentation

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

The disclosures, required in the standards and legislation above, have been included in the notes, the Risk, Liquidity and Capital management section or in other parts of the "Financial statements".

On 8 February 2011 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 24 March 2011.

2. Comparative figures

The comparative figures for 2009 include, unless otherwise stated, effects of changes in the presentation described in section 3 "Changed accounting policies and presentation" below.

3. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2009 Annual Report, except for the classification of lending commissions in the income statement and the categorisation of savings related commissions within "Net fee and commission income". These changes are further described below.

Below follows also a section covering other changes in IFRSs implemented in 2010, which have not had any significant impact, as well as a section covering forthcoming changes in IFRSs not yet implemented by Nordea.

Classification of lending commissions

The accounting treatment, including the classification in the income statement, of lending commissions depends on for which purpose the commission is received. Commissions that are considered to be an integral part of the effective interest rate of a loan is included in the calculation of effective interest and classified as "Net interest income" in the income statement, while commissions considered to be compensation for performed services are classified as "Net fee and commission income".

Judgement has to be exercised when deciding on whether or not a commission shall be included, and to what extent, in the calculation of the effective interest of a loan. Nordea has reassessed this judgement, which has lead to a reclassification of commissions from "Net fee and commission income" to "Net interest income".

The impact on Group level 2010 is a reclassification to "Net interest income" from "Net fee and commission income" of EUR 23m. The impact on the comparative figures in the income statement for the Group is not significant and the comparative information has therefore not been restated. Restatements have, on the other hand, been made in the segment reporting (Note 2) to reflect significant reclassifications in individual countries or segments.

Categorisation of savings related commissions

The categorisation of savings related commissions within "Net fee and commission income" (Note 4) has been changed, in order to be better aligned with the purpose for which the fees are received. The comparable figures have been restated accordingly and the impact is, together with the impact on 2010, disclosed in the below table.

	2010		2009	
EURm	Restated	Pre policy change	Restated	Reported
Asset Management commissions	698	653	492	454
Brokerage	198	243	188	226

Other changes in IFRSs implemented 2010

The IASB has revised IFRS 3 "Business Combinations" and amended IAS 27 "Consolidated and Separate Financial Statements". The revised and amended standards are applied prospectively for business combinations effected as from 1 January 2010, meaning that there has been no restatement of business combinations with acquisition dates prior to the implementation of this IFRS. The transition rules furthermore state that changes in recognised deferred tax assets, originating from business combinations effected before the application of this IFRS, shall be recognised in the income statement without any equivalent adjustments made to goodwill through the income statement, unless there is an impairment of goodwill. The impact on Nordea from the revised IFRS 3 and amended IAS 27 includes a broader definition of business combinations, the need to expense acquisition costs and continuous fair value adjustments of contingent considerations recognised in the income statement. The revised and amended standards have not had any impact on 2010 but can potentially have on subsequent periods.

The IASB has furthermore revised IFRS 1 "First-time Adoption of International Financial Reporting Standards", amended IFRS 2 "Share-based payment" (Group Cash-settled Share-based Payment Transactions), IAS 39 "Financial Instruments: Recognition and Measurement" (Eligible hedged items) as well as published "Improvements to IFRSs 2009", IFRIC 12 "Service Concession Arrangements", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 16 "Hedges of a Net Investment in a Foreign Operation", IFRIC 17 "Distributions of Non-cash Assets to Owners" and IFRIC 18 "Transfers of Assets from Customers". These revised and amended standards and improvements are effective for Nordea as from 1 January 2010, but have not had any significant impact on 2010 and are not expected to have a significant impact on subsequent periods.

Forthcoming changes in IFRSs

IFRS 9 "Financial instruments" (Phase 1)

In 2009 IASB published a new standard on financial instruments. The standard is the first step in the replacement of IAS 39 "Financial instruments: Recognition and Measurement" and this first phase covers classification and measurement of financial assets. The effective date for Nordea is as from 1 January 2013, but earlier application is permitted. The EU commission has not endorsed this standard for implementation in 2010.

Nordea has, due to the fact that the standard is not yet endorsed by the EU commission, not finalised the investigation of the impact on the period of initial application or on subsequent periods and can therefore not express an opinion on the impact on the capital adequacy.

Other forthcoming changes in IFRSs
The IASB has amended IAS 32 "Financial instruments: Presentation", with respect to classification of rights issues, IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", revised IAS 24 "Related Party Disclosures" and published IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". Nordea has chosen not to implement these changes early. The amended, revised and published standards and interpretations will be applied retroactively as from 1 January 2011. There is currently no identified significant impact on the period of initial application. The amendment of IAS 32 may affect future rights issues involving different currencies, whilst the revised IAS 24, amended IFRIC 14 and the published IFRIC 19 are not expected to have a significant impact on subsequent periods.

The IASB has furthermore published "Improvements to IFRSs 2010". These improvements are effective for Nordea as from 1 January 2011, but early application is allowed. These improvements are not expected to have a significant impact on the period of initial application or on subsequent periods.

IFRS 7 "Financial instruments: Disclosures" has in addition been amended by the IASB in order to increase the transparency in the reporting of transferred assets ("Disclosures – Transfers of Financial Assets"). Nordea has chosen not to implement these changes early in 2010. The amended standard is effective for Nordea as from 1 January 2012. The amended standard will, on the period of initial application and on subsequent periods, lead to an increased level of disclosures.

The abovementioned revised and amended standards, improvements and interpretations not yet adopted, within the section "Other forthcoming changes in IFRSs", are not, on the period of initial application or on subsequent periods, expected to have any significant impact on the capital adequacy.

4. Critical judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and off-balance sheet items, as well as income and expenses in the financial statements presented. Actual outcome can later, to some extent, differ from the estimates and the assumptions made.

Certain accounting policies are considered to be particularly important to the financial position of Nordea, since they require management to make difficult, complex or subjective judgements and estimates, the majority of which relate to matters that are inherently uncertain. These critical judgements and estimates are in particular associated with:

- the fair value measurement of certain financial instruments.
- the impairment testing of:
  – goodwill and
  – loans to the public/credit institutions.
- the actuarial calculations of pension liabilities and plan assets related to employees.
- the actuarial calculations of liabilities to policyholders.
- claims in civil lawsuits.

Fair value measurement
Critical judgement is exercised when determining fair value of OTC Derivatives and other financial instruments that lack quoted prices or recently observed market prices in the following areas:

- The choice of valuation techniques
- The determination of when quoted prices fail to represent fair value (including the judgement of whether markets are active)
- The construction of fair value adjustments in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk
- The judgement of which market parameters that are observable

In all of these instances, decisions are based upon professional judgement in accordance with Nordea's accounting and valuation policies. In order to ensure proper governance, Nordea has a Group Valuation Committee that on an ongoing basis reviews critical judgements that are deemed to have a significant impact on fair value measurements.

See also the separate section 11 "Determination of fair value of financial instruments" and Note 47 "Assets and liabilities at fair value".

Impairment testing
Goodwill
Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. This consists of an analysis to assess whether the carrying amount of goodwill is fully recoverable. The determination of the recoverable amount involves establishing the value in use, measured as the present value of the cash flows expected from the cash-generating unit, to which the goodwill has been allocated.

The forecasts of future cash flows are based on Nordea's best estimates of future revenues and expenses for the cash-generating units to which goodwill has been allocated. A number of assumptions and estimates have significant impact on these calculations and include parameters like macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these parameters, following changes in market conditions, competition, strategy or other, affects the forecasted cash flows. Under current market conditions such changes are not expected to lead to any significant impairment charges of goodwill, but may do so in subsequent periods.

See also the separate section 16 "Intangible assets" and Note 24 "Intangible assets".

Loans to the public/credit institutions
When testing individual loans for impairment, the most critical judgement, containing the highest uncertainty, relates to the estimation of the most probable future cash flows generated from the customer.

When testing a group of loans collectively for impairment, the key aspect is to identify the events and/or the observable data that indicate that losses have been incurred in the group of loans. Assessing the net present value of the cash flows generated by the customers in the group contains a high degree of uncertainty when using historical data and the acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

See also the separate section 14 "Loans to the public/credit institutions" and Note 16 "Loans and their impairment".

Actuarial calculations of pension liabilities and plan assets related to employees
The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial

parameter is the discount rate. Other parameters like assumptions as to salary increases and inflation are fixed based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in Note 37 "Retirement benefit obligations".

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at quoted prices at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations on the return on the different asset classes. The expected return is also disclosed in Note 37 "Retirement benefit obligations".

See also the separate section 22 "Employee benefits" and Note 37 "Retirement benefit obligations".

Actuarial calculations for liabilities to policyholders
The liabilities to policyholders consist of long-term obligations with some insurance contracts having long durations. A valuation of these liabilities includes estimations and assumptions, both financial and actuarial. One of the important financial assumptions is the interest rate used for discounting future cash flows. Other important actuarial assumptions are mortality and disability assumptions, which affect the size and timing of the future cash flows. The financial and actuarial assumptions are, to a large extent, stipulated in local legislation and therefore not under Nordea's discretion. Also assumptions for future administrative and tax expenses have an impact on the calculation of policyholder liabilities.

See also the separate section 19 "Liabilities to policyholders" and Note 32 "Liabilities to policyholders".

Claims in civil lawsuits
Within the framework of the normal business operations, Nordea faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently none of these disputes are considered likely to have any significant adverse effect on Nordea or its financial position. See also Note 36 "Provisions" and Note 42 "Contingent liabilities".

5. Principles of consolidation

Consolidated entities
The consolidated financial statements include the accounts of the parent company Nordea Bank AB (publ), and those entities that the parent company controls. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All Group undertakings are consolidated using the purchase method, except for the forming of Nordea in 1997–98 when the holding in Nordea Bank Finland Plc was consolidated using the pooling method. Under the purchase method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The acquisition cost to the Group is established in a purchase price allocation analysis. In such analysis, the cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for the identifiable net assets acquired. Costs directly attributable to the business combination are expensed. When the cost of the business combination exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is immediately recognised in the income statement.

The Group undertakings are included in the consolidated accounts as from the date on which control is transferred to Nordea and are no longer consolidated as from the date on which control ceases.

Equity and net income attributable to non-controlling interests are separately disclosed in the balance sheet, income statement and statement of comprehensive income.

In the consolidation process the reporting from the subsidiaries is adjusted to ensure consistency with IFRS principles applied by Nordea.

Investments in associated undertakings
The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where Nordea has significant influence. Investments within Nordea's investment activities, which are classified as a venture capital organisation within Nordea, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39. Further information on the equity method is disclosed in section 6 "Recognition of operating income and impairment".

Profits from companies accounted for under the equity method are reported post-taxes in the income statement. Consequently, the tax expense related to these profits is not included in the income tax expense for Nordea.

Special Purpose Entities (SPE)
In accordance with IFRS Nordea does not consolidate SPEs' assets and liabilities beyond its control. In order to determine whether Nordea controls a SPE or not, Nordea has to make judgements about risks and rewards and assess the ability to make operational decisions for the SPE in question.

When assessing whether Nordea shall consolidate a SPE, a range of factors are evaluated. These factors include whether the activities of the SPE are being in substance conducted on Nordea's behalf or if Nordea has in substance the decision making powers, the rights to obtain the majority of the benefits or the majority of the residual- or ownership risks. Nordea consolidates all SPEs, where Nordea has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that Nordea does not have any significant risks or rewards on these assets and liabilities.

Nordea has created a number of SPEs to allow clients to invest in assets invested in by the SPEs. Some SPEs invest in tradable financial instruments, such as shares and bonds (mutual funds). Other SPEs invest in structured credit products or acquire assets from customers of Nordea. Nordea is generally the investment manager and has sole discretion about investments and other administrative decisions. Typically, Nordea will receive service and commission fees in connection to the creation of the SPEs, or because it acts as investment manager, custodian or in some other function. This in itself does not constitute a beneficial interest triggering consolidation. In some SPEs Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these SPEs Nordea has a beneficial interest and retains the majority of the risks and rewards, which is why these SPEs are consolidated. Note 22 "Investments in Group undertakings" lists the major subsidiaries in the Nordea Group, including consolidated SPEs.

Principles of elimination
Intra-group transactions and balances between the consolidated group undertakings are eliminated.

Currency translation of foreign entities
The consolidated financial statements are prepared in euro (EUR), the presentation currency of the parent company Nordea Bank AB (publ). The current method is used when translating the financial statements of foreign entities into

EUR from their functional currency. The assets and liabilities of foreign entities have been translated at the closing rates, while items in the income statements and statements of comprehensive income are translated at the average exchange rate for the year. Translation differences are accounted for in other comprehensive income and are accumulated in the translation reserve in equity.

Goodwill and fair value adjustments arising from the acquisition of group undertakings are treated as items in the same functional currency as the cash generating unit to which they belong and are also translated at the closing rate.

Information on the most important exchange rates is disclosed in the separate section 29 "Exchange rates".

6. Recognition of operating income and impairment

Net interest income

Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Interest income and interest expense related to all balance sheet items in Markets and Life are recognised in the income statement on the line "Net result from items at fair value". Interest income and expense connected to internal placements by and internal funding of Markets are replaced with the related Group external interest income and interest expense.

Net fee and commission income

Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan, as well as other fees received as payments for certain acts, are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

Commission expenses are transaction based and recognised in the period when the services are received.

Income from issued financial guarantees and expenses from bought financial guarantees are amortised over the duration of the instruments and classified as "Fee and commission income" and "Fee and commission expense" respectively.

Net result from items at fair value

Realised and unrealised gains and losses, including net interest in Markets and Life on financial instruments measured at fair value, are recognised in the item "Net result from items at fair value".

Realised and unrealised gains and losses derive from:

- Shares/participations and other share-related instruments
- Interest-bearing securities and other interest-related instruments
- Other financial instruments, which contain credit derivatives as well as commodity instruments/derivatives
- Foreign exchange gains/losses
- Investment properties, which include realised and unrealised income, for instance revaluation gains and losses. This line also includes realised results from disposals as well as the running property yield stemming from the holding of investment properties.

"Net result from items at fair value" includes also losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale financial assets. Impairment losses from instruments within other categories are recognised in the items "Net loan losses" or "Impairment of securities held as financial non-current assets" (see also the sub-sections "Net loan losses" and "Impairment of securities held as financial non-current assets" below).

Income recognition and explanations to the lines relating to life insurance are described in section 7 "Income recognition life insurance" below.

Dividends

Dividends received are recognised in the income statement as "Net result from items at fair value" and classified as "Shares/participations and other share-related instruments" in the note. Income is recognised in the period in which the right to receive payment is established.

Profit from companies accounted for under the equity method

The profit from companies accounted for under the equity method is defined as the post-acquisition change in Nordea's share of net assets in the associated companies. Nordea's share of items accounted for in other comprehensive income in the associated companies is accounted for in other comprehensive income in Nordea. Profits from companies accounted for under the equity method are, as stated in section 5 "Principles of consolidation" reported in the income statement post-taxes. Consequently, tax expense related to these profits is excluded from the income tax expense for Nordea.

Fair values are, at acquisition, allocated to the associated company's identifiable assets, liabilities and contingent liabilities. Any difference between Nordea's share of the fair values of the acquired identifiable net assets and the purchase price is goodwill or negative goodwill. Goodwill is included in the carrying amount of the associated company. Subsequently the investment in the associated company increases/decreases with Nordea's share of the post-acquisition change in net assets in the associated company and decreases through received dividends and impairment. An impairment charge can be reversed in a subsequent period.

The change in Nordea's share of the net assets is based on monthly reporting from the associated companies. For some associated companies not individually significant the change in Nordea's share of the net assets is based on the external reporting of the associated companies and affects the financial statements of Nordea in the period in which the information is available. The reporting from the associated companies is, if applicable, adjusted to comply with Nordea's accounting policies.

Other operating income

Net gains from divestments of shares in subsidiaries and associated companies as well as other operating income, not related to any other income line, are generally recognised when it is probable that the benefits associated with the transaction will flow to Nordea and if the significant risks and rewards have been transferred to the buyer (generally when the transactions are finalised).

Net loan losses

Impairment losses from financial assets classified into the category Loans and receivables (see section 13 "Financial instruments"), in the items "Loans to credit institutions" and "Loans to the public" in the balance sheet, are reported as

"Net loan losses", together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. Nordea's accounting policies for the calculation of impairment losses on loans can be found in section 14 "Loans to the public/credit institutions".

Counterparty losses on instruments classified into the category Financial assets at fair value through profit or loss, including credit derivatives, as well as impairment on financial assets classified into the category Available for sale are reported under "Net result from items at fair value".

Impairment of securities held as financial non-current assets

Impairment on investments in interest-bearings securities, classified into the category Held to maturity, and on investments in associated companies are classified as "Impairment of securities held as financial non-current assets" in the income statement. The policies covering impairment of financial assets classified into the category Held to maturity are disclosed in section 13 "Financial instruments". Investments in associated companies are assessed for impairment annually. If observable indicators (loss events) indicate that an associated company is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associate is compared with the recoverable amount (higher of value in use and fair value less cost to sell) and the carrying amount is written down to the recoverable amount if required.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but can not exceed the carrying amount that would have been determined had no impairment loss been recognised.

7. Income recognition life insurance

Premiums received, and repayments to policyholders, related to the saving part of the Life insurance contracts are reported as increases or decreases of liabilities to policyholders. See further information in section 19 "Liabilities to policyholders".

The total income from Life insurance mainly consists of the following components:

- Cost result
- Insurance risk result
- Risk & performance margin
- Investment return on additional capital in Life insurance

The result from these components is, except for the cost result and the risk and performance margin relating to Unit Linked and Investments contracts, included in "Net result from items at fair value".

The cost result is the result of expense loading from policyholders and is included in the item "Fee and commission income". The related expenses are included in the items "Fee and commission expense" and "Operating expenses". The policyholder's part of a positive or negative cost result (profit sharing) is included in the note line "Change in technical provisions, Life" within "Net result from items at fair value".

The insurance risk result consists of income from individual risk products and from unbundled Life insurance contracts as well as Health and personal accident insurance. The risk premiums are amortised over the coverage period as the provisions are reduced when insurance risk is released. A large part of the unbundled risk result from traditional life insurance is subject to profit sharing, which means that the policyholders receive a part of a net income or a net deficit. The risk income and the risk expenses are presented gross on the lines "Insurance risk income, Life" and "Insurance risk expense, Life" in the note to "Net result from items at fair value". The policyholder's part of the result is included in the line "Change in technical provisions, Life" in the note.

Gains and losses derived from investments in Life are split on the related lines in the note "Net result from items at fair value" as for any other investments in Nordea. The lines include investment return on assets held to cover liabilities to policyholders and return on the additional capital allocated to Life (Shareholders capital in the Life group).

The note line "Change in technical provisions, Life" includes:

- Investment returns on assets held to cover liabilities to policyholders (including liabilities from traditional life insurance, unit linked insurance and investment contracts), individually transferred to policyholders' accounts according to the contracts.
- Additional bonus (discretionary participation feature) to policyholders concerning traditional life insurance contracts or any other transfers to the policyholders to cover a periodical deficit between the investment result and any agreed minimum benefit to the policyholders.
- Risk & performance margin regarding traditional life insurance products according to local allocation rules in each Life unit and according to contracts with policyholders. The recognition of a risk and performance margin in the income statement is mainly conditional on a positive result for traditional life insurance contracts. Risk & performance margins not possible to recognise in the current period due to poor investment results, can, in some countries, partly or wholly be deferred to years with higher returns.
- The policyholder's part of the cost- and risk result regarding traditional life insurance contracts or unit linked contracts.

The note line "Change in collective bonus potential, Life" relates only to traditional Life insurance contracts. The line includes policyholders' share of investment returns not yet individualised. The line includes also additional bonus (discretionary participation feature) and amounts needed to cover a periodical deficit between the investment result and any minimum benefits to the policyholders.

8. Recognition and derecognition of financial instruments in the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards from the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are reclassified to the item "Financial instruments pledged as collateral" in the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the liability is extinguished. Normally this occurs

when Nordea performs, for example when Nordea repays a deposit to the counterpart, i.e. on settlement date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within 13 "Financial instruments", as well as Note 49 "Obtained collaterals which are permitted to be sold or repledged".

9. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates. The parent company Nordea Bank AB (publ) uses two functional currencies for reporting in consolidated accounts, based on the different activities in the underlying business.

Foreign currency is defined as any currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the item "Net result from items at fair value".

Translation differences on financial instruments that are designated hedging instruments in a hedge of a net investment in a group undertaking are recognised in other comprehensive income, to the extent the hedge is effective. This is performed in order to offset the translation differences affecting other comprehensive income when consolidating the group undertaking into Nordea. Any ineffectiveness is recognised in the income statement in the item "Net result from items at fair value".

10. Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so-called hedge accounting. All derivatives are measured at fair value. Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities. The EU carve out macro hedging enables a group of derivatives (or proportions thereof) to be viewed in combination and designated as the hedging instrument and removes some of the limitations in fair value hedge accounting relating to hedging core deposits and under-hedging strategies.

The hedge accounting policy within Nordea has been developed to fulfil the requirements set out in IAS 39. Nordea uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments and in order to hedge the exposure to variability in cash flows and net investments in foreign operations. The overall purpose is to have a true and fair presentation of Nordea's economical hedges in the financial statements. The overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

According to IAS 39 there are three forms of hedge accounting:

- Fair value hedge accounting
- Cash flow hedge accounting
- Hedges of net investments

Fair value hedge accounting

Fair value hedge accounting is used when derivatives are hedging changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged will be recognised separately in the income statement in the item "Net result from items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in "Fair value changes of the hedged items in portfolio hedge of interest rate risk" in accordance with IAS 39.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. The effectiveness of the hedging relationships is consequently measured and evaluated so that any ineffectiveness is affecting the income statement under the item "Net result from items at fair value".

Cash flow hedge accounting

Cash flow hedge accounting is used for the hedging of exposure to variations in future interest payments on asset or liabilities with variable interest rates. The portion of the gain or loss on the hedging instrument, that is determined to be an effective hedge, is recognised directly in other comprehensive income and accumulated in the hedge reserve in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in the item "Net result from items at fair value" in the income statement.

Gains or losses on hedging instruments recognised directly in the hedge reserve in equity are recognised in the income statement in the same period as interest income or interest expense from the hedged asset or liability.

Hedges of net investments

See separate section 9 "Translation of assets and liabilities denominated in foreign currencies".

Hedging instruments

The hedging instruments used in Nordea are predominantly interest rate swaps and currency interest rate swaps. Cash instruments are only used in a few transactions as hedging instruments when hedging currency risk.

Hedged items

According to IAS 39 a hedged item can be a single asset or liability as well as a group of assets or liabilities with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets or liabilities.

Hedge effectiveness

The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life it can be expected that changes in fair value of the hedged item as regards the hedged risk can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent.

When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will, prospectively from the last time it was last proven effective, be accounted for in the income statement at fair value through profit or loss. For fair value hedges, the change in the fair value on the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item. In cash flow hedges, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to "Net result from items at fair value" in the income statement if the hedged item is derecognised, cancelled or the expected transaction no longer is expected to occur. If the expected transaction no longer is highly probable, but is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective remains in other comprehensive income until the transaction occurs or is no longer expected to occur.

11. Determination of fair value of financial instruments

Financial assets and liabilities classified into the categories Financial assets/liabilities at fair value through profit or loss (including derivative instruments) are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement in the item "Net result from items at fair value".

Fair value is defined by IAS 32 and IAS 39 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Treasury bills
- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)
- Debt securities in issue (issued mortgage bonds in Nordea Kredit Realkreditaktieselskab)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:

- Treasury bills (when quoted prices in an active market are not available)
- Loans to the public (mortgage loans in the Danish subsidiary Nordea Kredit Realkreditaktieselskab)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

Fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counterparty credit risk and liquidity risk. An important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

The portfolio adjustment for model risk comprises two components (The calculation principles are defined as part of the internal approval process for valuation models):

- Benchmarking of the model output (market values) against market information or against results from alternative models, where available
- Sensitivity calculations where unobservable parameters are varied to take other reasonable values

The portfolio adjustment for counterparty risk in OTC-derivatives is based on the current exposure towards each counterpart, the estimated potential future exposure as well as an estimate of the cost of hedging the counterparty risk. This cost of hedging is either based directly on market prices (where available) or on a theoretical calculation based on the internal credit rating of the counterpart.

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. By data from observable markets, Nordea considers data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the instrument. The deferred upfront gains are subsequently released to income if the non-observable data becomes observable.

A breakdown of fair values of financial instruments measured on the basis of quoted prices in active market for the same instrument (level 1), valuation techniques using observable data (level 2), and valuation techniques using non-observable data (level 3) is provided in Note 47 "Assets and liabilities at fair value".

The valuation models applied by Nordea are consistent with accepted economic methodologies for pricing financial instruments and incorporate the factors that market participants consider when setting a price.

New valuation models are subject to approval by Group Risk Management and all models are reviewed on a regular basis.

For further information, see Note 47 "Assets and liabilities at fair value".

12. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:

- The central bank is domiciled in a country where Nordea is operating under a banking licence
- The balance is readily available at any time

Cash and cash equivalents are financial instruments classified into the category "Loans and receivables", see section 13 "Financial instruments".

Loans to credit institutions payable on demand are also recognised as "Cash and cash equivalents" in the cash flow statement.

13. Financial instruments

Classification of financial instruments

Each financial instrument within the scope of IAS 39 has been classified into one of the following categories:

Financial assets:

- Financial assets at fair value through profit or loss:
  - Held for trading
  - Designated at fair value through profit or loss (Fair Value Option)
- Loans and receivables
- Held to maturity investments
- Available for sale financial assets

Financial liabilities:

- Financial liabilities at fair value through profit or loss:
  - Held for trading
  - Designated at fair value through profit or loss (Fair Value Option)
- Other financial liabilities

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured in the balance sheet and how changes in its value are recognised. In Note 46 "Classification of financial instruments" the classification of the financial instruments in Nordea's balance sheet, into the different categories in IAS 39, is presented.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. All changes in fair values are recognised directly in the income statement in the item "Net result from items at fair value".

The category consists of two sub-categories; Held for trading and Designated at fair value through profit or loss (Fair value option).

The sub-category Held for trading mainly contains derivative instruments that are held for trading purposes, interest-bearing securities and shares within Markets and Treasury. It also contains trading liabilities such as short-selling positions.

The major parts of the financial assets/liabilities classified into the category Designated at fair value through profit or loss are mortgage loans and related issued bonds in the Danish subsidiary Nordea Kredit Realkreditaktieselskab and interest-bearing securities, shares and investment contracts in Life. Assets and liabilities in Nordea Kredit Realkreditaktieselskab are classified into the category Designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. Interest-bearing securities, shares and investment contracts in Life also belong to this category, as a consequence of that these assets and liabilities are managed on a fair value basis.

Nordea also applies the Fair value option on certain financial assets and financial liabilities related to Markets. The classification stems from that Markets is managing and measuring all its financial assets and liabilities to fair value. Consequently, all financial assets and financial liabilities in Markets are classified into the categories Financial assets/Financial liabilities at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 14 "Loans to the public/credit institutions".

Held to maturity investments

Held-to-maturity investments are initially recognised in the balance sheet at the acquisition price, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

If more than an insignificant amount of the Held to maturity portfolio is sold or transferred the Held to maturity category is tainted, except for if the sale or transfer either occur close to maturity or call exercise date, after substantially all of the original principal is already collected, or due to an isolated non-recurring event beyond the control of Nordea.

Nordea assesses at each reporting date whether there is any objective evidence that the asset is impaired. If there is such evidence, an impairment loss is recorded. The loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows and is recognised as "Impairment of securities held as financial non-current assets" in the income statement. See section 14 "Loans to the public/credit institutions" for more information on the identification and measurement of objective evidence of impairment, which is applicable also for interest-bearings securities classified into the category Held to maturity.

Available for sale financial assets

Available for sale financial assets are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised in the revaluation reserves in equity through other comprehensive income. Interest is recognised in the item "Interest income" and foreign exchange effects and impairment losses in the item "Net result from items at fair value".

When an available for sale financial assets is disposed of, the accumulated fair value changes that previously have been recognised in other comprehensive income are removed from equity and recognised in the income statement in the item "Net result from items at fair value".

Available for sale financial assets are assessed at least annually in order to determine any need for impairment losses. If there is objective evidence of impairment, the accumulated loss that has been recognised in other comprehensive income is removed from equity and recognised as "Net result from items at fair value" in the income statement. The amount of the accumulated loss that is removed from equity is the difference between the asset's acquisition cost and current fair value. For equity investments a prolonged and significant decline in the fair value, compared to the acquisition cost, is considered to be objective evidence of impairment. Objective evidence of impairment for a debt instrument is rather connected to a loss event, such as an issuer's financial difficulty.

Other financial liabilities

Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss,

are measured at amortised cost. Interest from Other financial liabilities is recognised in the item "Interest expense" in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Group Treasury are considered to be part of the funding activities. The zero coupon bond, is measured at amortised cost. The embedded derivatives in those instruments are separated from the host contract and accounted for as stand-alone derivatives at fair value, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the embedded derivative actually meets the definition of a derivative instrument. Changes in fair values, of the embedded derivatives, are recognised in the income statement in the item "Net result from items at fair value".

Index-linked bonds issued by Markets as part of the trading portfolio are classified into the category Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item "Net result from items at fair value".

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not recognised on or derecognised from the balance sheet. In the cases where the counterpart is entitled to resell or repledge the securities, the securities are recognised on the balance sheet as "Financial instruments pledged as collateral".

Securities in securities lending transactions are recognised off balance sheet in the item "Assets pledged as security for own liabilities".

Cash collateral advanced to the counterparts is recognised on the balance sheet as "Loans to credit institutions" or as "Loans to the public". Cash collateral received from the counterparts is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public".

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are recognised on the balance sheet as "Financial instruments pledged as collateral".

Securities delivered under repurchase agreements are recognised off-balance sheet in the item "Assets pledged as security for own liabilities".

Cash received under repurchase agreements is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public". Cash delivered under reverse repurchase agreements is recognised on the balance sheet as "Loans to credit institutions" or as "Loans to the public".

Additionally, the sale of securities received in reverse repurchase agreements trigger the recognition of a trading liability (short sale).

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item "Derivatives". Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item "Derivatives".

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item "Net result from items at fair value".

14. Loans to the public/credit institutions
Financial instruments classified as "Loans to the public/credit institutions" in the balance sheet and into the category Loans and receivables are measured at amortised cost (see also the separate section 8 "Recognition and derecognition of financial instruments in the balance sheet" as well as Note 46 "Classification of financial instruments").

Nordea monitors loans as described in the separate section on Risk, Liquidity and Capital management. Loans attached to individual customers or groups of customers are identified as impaired if the impairment tests indicate objective evidence of impairment.

Also interest-bearings securities classified into the category Held to maturity are held at amortised cost and the description below is valid also for the identification and measurement of impairment on these assets. Possible impairment losses on financial assets classified into the category Held to maturity are recognised as "Impairment of securities held as non-current financial assets" in the income statement.

Impairment test of individually assessed loans
Nordea tests significant loans for impairment on an individual basis. The purpose of the impairment tests is to find out if the loans have become impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators for impairment (loss event) and whether these represent objective evidence of impairment. More information on the identification of loss events can be found in the Risk, Liquidity and Capital Management section.

In the process to conclude whether there is objective evidence of impairment, an assessment is performed to estimate the most probable future cash flows generated by the customer. These cash flows are then discounted by the effective interest rate giving the net present value. Collaterals received to mitigate the credit risk will be assessed at fair value. If the carrying amount of the loan is higher than the net present value of the estimated future cash flows, including the fair value of the collaterals, the loan is impaired.

Loans that are not individually impaired will be transferred to a group of loans with similar risk characteristics for a collective impairment test.

Impairment test of collectively assessed loans
All loans not impaired on an individual basis are collectively assessed for impairment. The loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors´ ability to pay all amounts due according to the contractual terms. Nordea monitors its portfolio through rating migrations, the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes Nordea identifies loss events indicating incurred losses in a group. A loss event is an event resulting in a deterioration of the expected future cash flows. Only loss events incurred up to the reporting date are included when performing the assessment of the group.

The objective for the group assessment process is to evaluate if there is a need to make a provision due to the fact that a

loss event has occurred, which has not yet been identified on an individual basis. This period between the date when the loss event occurred and the date when it is identified on an individual basis is called "Emergence period". The impairment remains related to the group of loans until the losses have been identified on an individual basis. The identification of the loss is made through a default of the engagement or by other indicators.

For corporate customers and bank counterparts, Nordea uses the existing rating system as a basis when assessing the credit risk. Nordea uses historical data on probability of default to estimate the risk for a default in a rating class. These loans are rated and grouped mostly based on type of industry and/or sensitivity to certain macro parameters, e.g. dependency to oil prices etc. Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on Risk, Liquidity and Capital management.

The collective assessment is performed through a netting principle, i.e. when rated engagements are up-rated due to estimated increases in cash flows, this improvement will be netted against losses on loans that are down-rated due to estimated decreases in cash-flows. Netting is only performed within groups with similar risk characteristics where Nordea assesses that the customers' future cash flows are insufficient to serve the loans in full.

Impairment loss
If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows, including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses will be recorded as changes in the allowance account and as "Net loan losses" in the income statement (see also section 6 "Recognition of operating income and impairment").

If the impairment loss is regarded as final, it is reported as a realised loss. A realised loss is recognised and the value of the loan and the related allowance for impairment loss are derecognised with a corresponding gain or loss recognised in the line item "Net loan losses" in the income statement. An impairment loss is regarded as final when the obligor is filed for bankruptcy and the administrator has declared the economic outcome of the bankruptcy procedure, or when Nordea forgives its claims either through a legal based or voluntary reconstruction or when Nordea, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate
The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans.

Restructured loans
In this context a restructured loan is defined as a loan where Nordea has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for Nordea. After a reconstruction the loan is normally regarded as not impaired if it performs according to the new conditions. Concessions made in reconstructions are regarded as final losses unless Nordea retains the possibility to regain the realised loan losses incurred. This is, in the event of a recovery, reported as recoveries of realised loan losses.

Assets taken over for protection of claims
In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea's own use, is reported together with other investment properties. At initial recognition, all assets taken over for protection of claims are recognised at fair value. The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified into the categories Available for sale or Designated at fair value through profit or loss (Fair Value Option) (see section 13 "Financial instruments") and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line "Net result from items at fair value".

Any change in value, after the initial recognition of the asset taken over, is presented in the income statement in line with the Group's presentation policies for the appropriate asset. Consequently, "Net loan losses" in the income statement is, after the initial recognition of the asset taken over, not affected by any subsequent remeasurement of the asset.

15. Leasing

Nordea as lessor
Finance leases
Nordea's leasing operations mainly comprise finance leases. A finance lease is reported as a receivable from the lessee in the balance sheet item "Loans to the public" at an amount equal to the net investment in the lease. The lease payment, excluding cost of services, is recorded as repayment of principal and interest income. The income allocation is based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of the finance lease.

Operating leases
Assets subject to operating leases in the balance sheet are reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straight-line basis over the lease term. The depreciation of the leased assets is calculated on the basis of Nordea's depreciation policy for similar assets and reported as depreciation on property and equipment in the income statement.

Nordea as lessee
Finance leases
In the consolidated accounts finance leases are recognised as assets and liabilities in the balance sheet at the amount equal to the fair value, or if lower, the present value of the minimum lease payments of the leased assets at the inception of the lease. The assets are reported in accordance with the nature of the assets. Lease payments are apportioned between finance charge and reduction of the outstanding

liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease also gives rise to a depreciation expense for the leased asset. The depreciation policy is consistent with that of the assets in own use. Impairment testing of leased assets is performed following the same principles as for similar owned assets.

Operating leases
For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of the user's benefit. The original lease terms range between 3 to 25 years.

Operating leasing is mainly related to office premises contracts and office equipment contracts normal to the business.

The central district properties in Finland, Norway and Sweden that Nordea has divested are leased back. The duration of the lease agreements were initially 3–25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, nor any economic benefits from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets' economic life. These leases are thus classified as operating leases. The rental expense for these premises is recognised on the basis of the time-pattern of Nordea's economic benefit which differs from the straight-line basis and better resembles an ordinary rental arrangement.

Embedded leases
Agreements can contain a right to use an asset in return for a payment, or a series of payments, although the agreement is not in the legal form of a leasing contract. If applicable, these assets are separated from the contract and accounted for as leased assets.

16. Intangible assets
Intangible assets are identifiable, non-monetary assets without physical substance. The assets are under Nordea's control, which means that Nordea has the power and rights to obtain the future economic benefits flowing from the underlying resource. The intangible assets in Nordea mainly consist of goodwill, computer software and customer related intangible assets.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is not recognised as a separate asset, but included in "Investments in associated undertakings". Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill can not be reversed in subsequent periods. Goodwill related to associated companies is not tested for impairment separately, but included in the total carrying amount of the associated company. The policies covering impairment testing of associated companies is disclosed in section 6 "Recognition of operating income and impairment".

As part of its transition to IFRS, Nordea elected to restate only those business combinations that occurred on or after 1 January 2004. In respect to acquisitions prior to that date, goodwill represents the amount recognised under Nordea's previous accounting framework (Swedish generally accepted accounting principles) less any impairment losses.

Computer software
Costs associated with maintaining computer software programs are recognised as expenses as incurred. Costs directly associated with major software development investments, with a useful life of three years or more and the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and overhead expenditure directly attributable to preparing the asset for use. Computer software includes also acquired software licenses not related to the function of a tangible asset.

Amortisation is calculated on a straight-line basis over the useful life of the software, generally a period of 3 to 10 years.

Customer related intangible assets
In business combinations a portion of the purchase price is normally allocated to a customer related intangible asset, if the asset is identifiable and under Nordea's control. An intangible asset is identifiable if it arises from contractual or legal rights, or is separable. The asset is amortised over it's useful life.

Other intangible assets
Expenditure on acquired patents, trademarks and licenses is capitalised and amortised using the straight-line method over their useful lives, generally 5 years.

Impairment
Goodwill and other intangible assets with indefinite useful lives are not amortised but tested for impairment annually irrespective of any indications of impairment. Impairment testing is also performed more frequently if required due to indication of impairment. The impairment charge is calculated as the difference between the carrying amount and the recoverable amount.

At each balance sheet date, all intangible assets with definite useful lives are reviewed for indications of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the intangible asset is fully recoverable.

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash generating units are defined as the operating segments. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at the Group's defined post tax average cost of equity. If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See note 24 "Intangible assets" for more information on the impairment testing.

17. Property and equipment
Property and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment comprises its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Property and equipment is depreciated on a straight-line basis over the estimated useful life of the assets. The estimates of the useful life of different assets are reassessed on a yearly basis. Below follows the current estimates:

Buildings	30–75 years
Equipment	3–5 years
Leasehold improvements	Changes within buildings the shorter of 10 years and the remaining leasing term. New construction the shorter of the principles used for owned buildings and the remaining leasing term. Fixtures installed in leased properties are depreciated over the shorter of 10–20 years and the remaining leasing term.

At each balance sheet date, Nordea assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any impairment loss is recognised.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but can not exceed the carrying amount that would have been determined had no impairment loss been recognised.

18. Investment property

Investment properties are primarily properties held to earn rent and capital appreciation. The majority of the properties in Nordea are attributable to Life. Investment properties are measured at fair value. The best evidence of a fair value is normally given by quoted prices in an active market for similar property in the same location and condition. As these prices are rarely available discounted cash flow projections based on reliable estimates of future cash flows are used.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as "Net result from items at fair value".

19. Liabilities to policyholders

Liabilities to policyholders include obligations according to insurance contracts and investment contracts with policyholders.

An insurance contract is defined as "a contract under which one party (the insurer) accepts significant insurance risks from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder".

Investment contracts are contracts with policyholders that have the legal form of insurance contracts but where the insurance risk transfer has been assessed to be insignificant.

The insurance risk is generally calculated as the risk sum payable as a percentage of the reserve behind the contract at the beginning of the contract period. It is Nordea's assessment that a risk percentage of five or higher is a significant insurance risk.

The contracts can be divided into the following classes:

- Insurance contracts:
  - Traditional life insurance contracts with and without discretionary participation feature
  - Unit-Linked contracts with significant insurance risk
  - Health and personal accident
- Investment contracts:
  - Investment contracts with discretionary participation feature
  - Investment contracts without discretionary participation feature

Insurance contracts

The measurement principles under local GAAP have been maintained consequently resulting in a non-uniform accounting policies method on consolidation.

Traditional life insurance provisions represent consolidated provisions for all the companies in Nordea Life & Pensions, including companies in Sweden, Norway, Finland, Denmark, Poland, Luxembourg, Isle of Man, Estonia and Lithuania.

In Denmark, Sweden and Finland the measurements are prepared by calculating the present value of future benefits, to which the policyholders are entitled. The calculation includes assumptions about market consistent discounting rates as well as expenses and life risk. The discount rate is based on the liabilities' current term. In Denmark, the provision, in addition, includes bonus potential on paid policies and on future premiums.

In Norway the provisions are mainly calculated on the basis of a prospective method. The discount rate used is equal to the original tariff rates and assumptions about expenses and risk.

The accounting policy for each company is based on the local structure of the business and is closely related to solvency rules and national regulation concerning profit sharing and other requirements about collective bonus potential.

Unit-Linked contracts represent life insurance provisions relating to Unit-Linked policies written either with or without an investment guarantee. Unit-Linked contracts classified as insurance contracts include the same insurance risk elements as traditional insurance contracts. These contracts are mainly recognised and measured at fair value on the basis of:

- the fair value of the assets linked to the Unit-Linked contracts, and
- the estimated present value of the insurance risk which is calculated in the same way as traditional insurance contracts considering the impact on every risk element included in the cash flows.

Health and personal accident provisions include premium reserves and claims outstanding. This item is recognised and measured on deferred basis in the same way as general insurance contracts.

Investment contracts

Investment contracts are contracts with policyholders, which do not transfer sufficient insurance risk to be classified as insurance contracts.

However, investment contracts with discretionary participation features are, in line with IFRS 4, accounted for as insurance contracts using local accounting principles. Nordea Life & Pension has only a small number of these contracts.

Investment contracts without discretionary participation features are recognised and measured at fair value in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", equal to fair value of the assets linked to these contracts. These assets are classified into the category Designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Discretionary participating features (DPF)

Some traditional life insurance contracts and investment contracts include a contractual right for the policyholder to receive significant benefits in addition to guaranteed benefits. Nordea has discretion to pay these additional benefits as bonus on risk result, expense result and interest rate. These DPF-features (Collective bonus potential) are classified as liabilities in the balance sheet.

Collective bonus potential includes amounts allocated but not attributed to the policyholders. In Finland, collective bonus potential includes the policyholder's part of the total unrealised investment gains and bonus potential on paid policies and future premiums (the difference between retrospective and market consistent prospective measurement principles of the insurance contracts). In Norway, collective bonus potential includes the policyholder's part of both the total unrealised investment gains and additional reserves. In Sweden and Denmark, the main valuation principle is fair value (insurance contracts). The policyholder's part of both realised and unrealised investment gains is therefore included in the balance sheet representing either Change in technical provisions, Life and/or Change in collective bonus potentials, Life, depending on whether the investment result is allocated or not. Both the mentioned lines are included in the balance sheet line "Liabilities to policyholders".

Liability adequacy test
The adequacy of insurance provisions is assessed at each reporting date to ensure that the carrying amount of the liabilities is higher than the best estimate of future cash flows discounted with current interest rates. If needed, additional provisions are accounted for and recognised in the income statement.

20. Taxes
Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement, except to the extent that the tax effect relates to items recognised in other comprehensive income or directly in equity, in which case the tax effect is recognised in other comprehensive income or in equity respectively.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associated companies to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

21. Earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of Nordea Bank AB by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, consisting of rights to performance shares in the long term incentive programmes.

The potential ordinary shares are only considered to be dilutive, on the balance sheet date, if all performance conditions are fulfilled and if a conversion to ordinary shares would decrease earnings per share. The rights are furthermore considered dilutive only when the exercise price, with the addition of future services that are accounted for in accordance with IFRS 2, is lower than the period's average share price.

22. Employee benefits
All forms of consideration given by Nordea to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed. Post-employment benefits are benefits payable after the termination of the employment. Post-employment benefits in Nordea consist only of pensions.

Short-term benefits
Short term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees have performed services to Nordea. Nordea has also issued share-based payment programmes, which are further described in section 25 "Share-based payment".

More information can be found in Note 8 "Staff costs".

Post-employment benefits
Pension plans
The companies within Nordea have various pension plans, consisting of both defined benefit plans and defined contribution plans, reflecting national practices and conditions in the countries where Nordea operates. Defined benefit plans are predominantly sponsored in Sweden, Norway and Finland. The major defined benefit plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation, the net amount is, after adjusting for unrecognised actuarial gains/losses, recognised as a liability (defined benefit obligation). If not, the net amount is recognised as an asset (defined benefit asset). Non-funded pension plans are recognised as defined benefit obligations.

Most pensions in Denmark, but also certain Finnish plans, are based on defined contribution arrangements that hold no pension liability for Nordea. Nordea also contributes to public pension systems.

Pension costs
The pension calculations are carried out by country and by pension plan in accordance with IAS 19.

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. Nordea's net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That

benefit is discounted to determine its present value. Any unrecognised prior service cost and the fair value of any plan assets are deducted. Actuarial calculations, performed annually, are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note 37 "Retirement benefit obligations").

When establishing the present value of the obligation and the fair value of any plan assets, actuarial gains and losses may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The actuarial gains and losses are not recognised immediately in the income statement. Rather, only when the net cumulative unrecognised actuarial gain or loss exceeds a "corridor" equal to 10 percent of the greater of either the present value of the defined benefit obligation or the fair value of the plan assets, the excess is recognised in the income statement over the expected average remaining service period of the employees participating in the plan. Otherwise, actuarial gains and losses are not recognised.

When the calculation results in a benefit to the Nordea entity, the recognised asset is limited to the net total of any unrecognised actuarial losses, unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan.

Discount rate in Defined Benefit Plans

The discount rate is determined by reference to high quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context generally considered to be corporate bonds. In countries where no such market exists the discount rate is determined by reference to government bond yields. In Finland and Denmark the discount rate is determined with reference to corporate bonds and in Sweden and Norway with reference to government bonds.

23. Equity

Non-controlling interests

Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank AB (publ).

Share premium reserve

The share premium reserve consists of the difference between the subscription price and the quota value of the shares in Nordea's rights issue. Transaction costs in connection to the rights issue have been deducted.

Other reserves

Other reserves comprise income and expenses, net after tax effects, that are reported in equity in accordance with IFRS. These reserves include reserves for cash flow hedges and for financial assets classified into the category Available for sale, in accordance with IAS 39, as well as translation differences in accordance with IAS 21.

Retained earnings

Apart from undistributed profits from previous years, retained earnings include the equity portion of untaxed reserves.

Untaxed reserves according to national rules are recorded as equity net of deferred tax at prevailing tax rates in respective country.

In addition, Nordea's share of the earnings in associated companies, after the acquisition date, that have not been distributed is included in retained earnings.

Treasury shares

Treasury shares are not accounted for as assets. Acquisition of treasury shares is recorded as a deduction of retained earnings. Also own shares in trading portfolios are classified as treasury shares.

Contracts on Nordea shares that can be settled net in cash are either a financial asset or financial liability.

24. Financial guarantee contracts and credit commitments

Upon initial recognition, premiums received in issued financial guarantee contracts and credit commitments are recognised as deferred income on the balance sheet. The guarantees and irrevocable credit commitments are subsequently measured, and recognised on the balance sheet, at the higher of either the received fee less amortisation, or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Changes in provisions are recognised in the income statement in the item "Net loan losses".

Premiums received for financial guarantees are, as stated in section 6 "Recognition of operating income and impairment", amortised over the guarantee period and recognised as "Fee and commission income" in the income statement. Premiums received on credit commitments are amortised over the loan commitment period. The contractual amounts are recognised off-balance sheet, financial guarantees in the item "Contingent liabilities" and irrevocable credit commitments in the item "Commitments".

25. Share-based payment

Nordea has annually issued Long Term Incentive Programmes from 2007 through 2010. Employees participating in these programmes are granted share-based and equity-settled rights, i.e. rights to receive shares for free or to acquire shares in Nordea at a significant discount to the share price at grant date. According to IFRS 2, the value of such rights is to be expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date, and is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

Social security costs are also allocated over the vesting period, in accordance with statement UFR 7 issued by the Swedish Financial Reporting Board: "IFRS 2 and social security contributions for listed enterprises". The provision for social security costs is reassessed on each reporting occasion to ensure that the provision is based on the rights' fair value at the reporting date.

For more information see Note 8 "Staff costs".

26. Related party transactions

Nordea defines related parties as:

- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Key management personnel
- Other related parties

Shareholders with significant influence

Shareholders with significant influence are shareholders that, by any means, have a significant influence over Nordea.

Group undertakings
For the definition of Group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the Nordea Group is found in Note 22 "Investments in group undertakings".

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing. These transactions are eliminated in the consolidated accounts.

Associated undertakings
For the definition of Associated undertakings see section 5 "Principles of consolidation".

Further information on the associated undertakings included in the Nordea Group is found in Note 23 "Investments in associated undertakings".

Key management personnel
Key management personnel includes the following positions:

- The Board of Directors
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM)

For information about compensation, pensions and other transactions with key management personnel, see Note 8 "Staff costs".

Other related parties
Other related parties comprise close family members to individuals in key management personnel. Other related parties also include companies significantly influenced by key management personnel in Nordea Group as well as companies significantly influenced by close family members to these key management personnel. Other related parties also include Nordea's pension foundations.

Information concerning transactions between Nordea and other related parties is found in Note 52 "Related-party transactions".

27. Segment reporting

Segment reporting structure
Within Nordea, customer responsibility is fundamental. Nordea's total business relations with customers are reported in the customer responsible unit's income statement and balance sheet. The operating segments have been identified based on Nordea's operating model and internal reporting structure.

Financial results are presented for the four operating segments Nordic Banking, New European Markets, Financial Institutions and Shipping, Oil Services & International. The customer operations not included in these segments are included in Other operating segments (International Private Banking & Funds, Group Corporate Centre, the customer operations within Life and the result in Capital Market Products which is not allocated to the main operating segments). Group Functions, eliminations as well as the result that is not fully allocated to any of the operating segments, are shown separately as reconciling items.

Allocation principles
Costs are allocated from Group Functions and Product Areas to operating segments based on internal principles, aiming at the highest possible degree of cost transparency. Income is allocated with the underlying business transactions as driver combined with the identification of the customer responsible unit. Assets, liabilities and economic capital are allocated to the operating segments.

Transfer pricing
Funds transfer pricing is based on current market interest rates and applied to all assets and liabilities allocated to or accounted for in the operating segments or Group Functions.

Group internal transactions between legal entities are performed according to arm's length principles. The financial result of such transactions is reported in the relevant operating segment based on assigned product and customer responsibilities.

28. Parent company

The financial statements for the parent company, Nordea Bank AB (publ), are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and IFRS with the amendments and exceptions following the recommendation RFR 2 "Accounting for Legal Entities" issued by the Swedish Financial Reporting Board and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11). Under RFR 2, the parent company shall apply all standards and interpretations issued by the IASB and IFRIC to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation. The recommendation sets out the exceptions and amendments compared to IFRS.

Changed accounting policies and presentation
The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2009 Annual Report, except for the classification of lending commissions and pension expenses in the income statement. More information on the classification of lending commissions can be found in section 3 "Changed accounting policies and presentation". The impact, from the change in classification of lending commissions, on the parent company 2010 is a reclassification from "Net interest income" to "Net fee and commission income" of EUR 4m. The impact on the comparative figures in the income statement for the parent company is not significant and the comparative information has therefore not been restated. More information on the classification of pension expenses follows below

More information on other changes in IFRSs implemented in 2010, which have not had any significant impact on the parent company, as well as on forthcoming changes in IFRSs not yet implemented by Nordea, can also be found in section 3 "Changed accounting policies and presentation". The conclusions in section 3 are, where applicable, relevant also for the parent company.

Classification of pension expenses
The classification of pension expenses in the income statement has been changed. All components within pension expenses are classified as "Staff costs". Previously only the change in recognised pension provisions, including special wage tax, was classified as "Staff costs", while the other components were classified as "Appropriations". The comparable figures have been restated accordingly and the impact is, together with the impact on 2010, disclosed in the below table.

	2010		2009	
EURm	Restated	Pre policy change	Restated	Reported
Staff costs	–745	–669	–644	–595
Appropriations	0	–76	–3	–52

Accounting policies applicable to the parent company only
Investments in group undertakings and associated undertakings
The parent company's investments in subsidiaries and associated companies are recognised under the cost model. Impairment tests are performed according to IAS 36 "Impairment of Assets". At each balance sheet date, all shares in subsidiaries and associated companies are reviewed for indications of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of each holding of shares is fully recoverable. The recoverable amount is the higher of fair value less costs to sell and the value in use. Any impairment charge is calculated as the difference between the carrying amount and the recoverable amount and classified as "Impairment of securities held as financial non-current assets".

Dividends
Dividends paid to the shareholders of Nordea Bank AB (publ) are recorded as a liability following the approval of the Annual General Meeting.

Dividends paid by group undertakings to the parent company are anticipated if the parent alone can decide on the size of the dividend, if the formal decision has been made before the financial report is published. Dividends from group- and associated undertakings are recognised on the separate income line "Dividends".

Differences compared to IFRS
The accounting principles applied differ from IFRS mainly in the following aspects:

Amortisation of goodwill
Under IAS 38, goodwill and other intangible assets with indefinite useful lives are not amortised in the consolidated financial statements. In the parent company financial statements goodwill is amortised as any other intangible asset in accordance with the rules set out in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), i.e. normally over a period of five years unless, in exceptional circumstances, a longer amortisation period is justified.

Functional currency
The functional and presentation currency of Nordea Bank AB (publ) is EUR. All transactions in other currencies are converted to EUR in accordance with the policies disclosed in section 9 "Translation of assets and liabilities denominated in foreign currencies".

Pensions
The accounting principle for defined benefit obligations follows the Swedish rules ("Tryggandelagen") and the regulations of the Swedish Financial Supervisory Authority as this is the condition for tax deductibility. The significant differences compared with IAS 19 consist of how the discount rate is determined, that the calculation of the defined benefit obligation is based on current salary level without assumptions about future salary increases and that all actuarial gains and losses are recognised when they occur.

In Sweden, actuarial pension commitments are guaranteed by a pension foundation or recognised as a liability. No net defined benefit assets are recognised. The pension cost in the parent company, classified as "Staff cost" in the income statement, consists of changes in recognised pension provisions (including special wage tax) for active employees, pension benefits paid, contributions made to or received from the pension foundation and related special wage tax.

Group contributions
Group contributions paid or received between Swedish companies for the purpose of optimising Nordea's tax expense are in the legal entity reported as a decrease/increase of unrestricted equity (after adjustment for tax), through other comprehensive income, in accordance with UFR 2 "Group contributions and shareholders' contributions", issued by the Swedish Financial Reporting Board. Group contributions that can be regarded as substitutes for dividends are accounted for as income by the receiving entity.

Untaxed reserves
The parent company reports untaxed reserves, comprising accelerated depreciation under tax regulations, including the deferred tax component. In the consolidated financial statements, untaxed reserves are reported split into the components equity (retained earnings) and deferred tax liability.

29. Exchange rates

	Jan–Dec 2010	Jan–Dec 2009
EUR 1 = SEK		
Income statement (average)	9,5463	10,6101
Balance sheet (at end of period)	8,9655	10,2701
EUR 1 = DKK		
Income statement (average)	7,4472	7,4460
Balance sheet (at end of period)	7,4535	7,4410
EUR 1 = NOK		
Income statement (average)	8,0080	8,7283
Balance sheet (at end of period)	7,8000	8,3022
EUR 1 = PLN		
Income statement (average)	3,9957	4,3189
Balance sheet (at end of period)	3,9750	4,1268
EUR 1 = RUB		
Income statement (average)	40,2749	44,0882
Balance sheet (at end of period)	40,8200	43,3452

Note 2 Segment reporting

Operating segments
Group

Income statement, EURm	Nordic Banking		New European Markets		Financial Institutions		Shipping, Oil Services & International		Other Operating segments		Total operating segments		Reconciliation		Total Group	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income	3,922	3,958	502	420	64	69	325	281	200	482	5,013	5,210	146	71	5,159	5,281
Net fee and commission income	1,913	1,491	85	64	164	148	63	49	11	10	2,236	1,762	–80	–69	2,156	1,693
Net result from items at fair value	720	561	68	64	163	178	31	48	870	1,236	1,852	2,087	–15	–141	1,837	1,946
Profit from companies accounted for under the equity method	28	33	0	0	0	0	0	0	18	0	46	33	20	15	66	48
Other income	21	19	9	5	31	51	0	1	0	28	61	104	55	1	116	105
Total operating income	**6,604**	**6,062**	**664**	**553**	**422**	**446**	**419**	**379**	**1,099**	**1,756**	**9,208**	**9,196**	**126**	**–123**	**9,334**	**9,073**
Staff costs	–1,244	–1,233	–139	–118	–34	–32	–43	–40	–597	–571	–2,057	–1,994	–727	–730	–2,784	–2,724
Other expenses	–2,239	–1,927	–143	–121	–156	–160	–15	–11	–137	–146	–2,690	–2,365	828	726	–1,862	–1,639
Depreciation, amortisation and impairment charges of tangible and intangible assets	–54	–56	–14	–10	0	0	–1	–1	–10	–11	–79	–78	–91	–71	–170	–149
Total operating expenses	**–3,537**	**–3,216**	**–296**	**–249**	**–190**	**–192**	**–59**	**–52**	**–744**	**–728**	**–4,826**	**–4,437**	**10**	**–75**	**–4,816**	**–4,512**
Profit before loan losses	**3,067**	**2,846**	**368**	**304**	**232**	**254**	**360**	**327**	**355**	**1,028**	**4,382**	**4,759**	**136**	**–198**	**4,518**	**4,561**
Net loan losses	–752	–1,151	–85	–216	3	15	–44	–96	0	0	–878	–1,448	–1	-38	–879	–1,486
Operating profit	**2,315**	**1,695**	**283**	**88**	**235**	**269**	**316**	**231**	**355**	**1,028**	**3,504**	**3,311**	**135**	**–236**	**3,639**	**3,075**
Income tax expense	–602	–441	–74	–23	-61	–70	–82	–60	–92	–267	–911	–861	–65	104	–976	–757
Net profit for the year	**1,713**	**1,254**	**209**	**65**	**174**	**199**	**234**	**171**	**263**	**761**	**2,593**	**2,450**	**70**	**–132**	**2,663**	**2,318**
Balance sheet, EURbn																
Loans to the public	253	227	18	16	3	4	14	13	18	23	306	283	8	–1	314	282
Deposits and borrowings from the public	137	125	5	5	12	9	6	4	12	12	172	155	4	–1	176	154

Reconciliation between total operating segments and financial statements

	Total operating income, EURm		Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	2010	2009	2010	2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Total Operating segments	9,208	9,196	3,504	3,311	306	283	172	155
Group functions[1]	126	106	–98	–152	—	—	—	—
Unallocated items	97	–71	68	–179	8	–1	4	–1
Eliminations	–97	–158	—	—	—	—	—	—
Differences in accounting policies[2]	—	—	165	95	—	—	—	—
Total	**9,334**	**9,073**	**3,639**	**3,075**	**314**	**282**	**176**	**154**

1) Consists of Executive Management, Group Internal Audit, Group Credit and Risk Control, Human Resources and Group Identity and Communications.
2) Internally developed and bought software is expensed as incurred in the operating segments, but capitalised as required by IAS 38 in the entity's balance sheet.

Note 2 Segment reporting, cont.

Reportable operating segments

Nordea's operating model defines four areas in the organisation reflecting different responsibilities; Customer areas, Product areas, Group operations and Support areas. The Operating segments have been identified based on the Customer areas in the operating model and on the internal reporting structure. The Customer areas are responsible for the overall business relation with a customer or customer group.

Nordic Banking conducts a full service banking operation. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic markets. The branches within Nordea's banking activities in the New European Markets offer full banking services for local and Nordic corporate and personal customers in Estonia, Latvia, Lithuania, Poland and Russia. Customers within Nordic Banking and New European Markets are offered a complete range of banking products and services including accounts products, transactions products, markets products and insurance products. The Financial Institutions segment is responsible for Nordea's customers within the financial institution industry. Nordea's financial institution services include single products such as funds, equity products etcetera as well as consulting services within asset allocation and fund sales. The segment Shipping, Oil Services & International is responsible for Nordea's customers within the shipping, offshore and oil services industries. Within this area Nordea provides tailor-made solutions and syndicated loan transactions.

Total operating income split on product groups

Group EURm	2010	2009
Banking products	5,163	5,072
Capital Markets products	2,010	2,254
Savings Products & Asset Management	675	517
Life & Pensions	367	271
Other	1,119	959
Total	**9,334**	**9,073**

Banking products consists of three product responsible divisions. Account products is responsible for developing and delivering account based products such as lending, deposits and cards and Netbank services. Transaction products provides and develops cash management, trade and project finance services. Nordea Finance is responsible for asset based financing through leasing, hire purchase and factoring as well as offering sales to finance partners such as dealers, vendors and retailers. Capital Markets products includes financial instruments, or arrangement for a financial instrument, that are available in the financial marketplace, including currencies, commodities, stocks, bonds, and existing arrangements. Asset Management includes Investment funds, Discretionary Management, Portfolio Advice, Equity Trading and Pension Accounts. Investment Funds is a bundled product where the fund company invests in stocks, bonds, derivatives or other standardised products on behalf of the fund's shareholders. Discretionary Management is a service providing the management of an investment portfolio on behalf of the customer and Portfolio Advise is a service provided to support the customers investment decision. Nordea Life & Pensions provides life insurance and pension products and services.

Geographical information

	Total operating income, EURm		Assets, EURbn	
Group	2010	2009	31 Dec 2010	31 Dec 2009
Sweden	1,968	1,729	133	116
Finland	1,363	1,679	94	38
Norway	1,753	1,572	71	72
Denmark	3,245	3,189	220	221
Baltic countries	158	158	8	8
Poland	218	158	7	5
Russia	223	210	4	3
Other	406	378	44	45
Total	**9,334**	**9,073**	**581**	**508**

Nordea's main geographical market comprises the Nordic countries, the Baltic countries, Poland and Russia. Revenues and assets are distributed to geographical areas based on the location of the legal entities. Goodwill is allocated to different countries based on the location of the business activities of the acquired entities.

Operating segments

Parent Company Income statement EURm	Nordic Banking		Group Corporate Centre		Other Operating segments		Total operating segments		Reconciliation		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income	695	672	–75	10	61	48	681	730	–97	–64	584	666
Net fee and commission income	698	518	0	–2	87	96	785	612	–214	–156	571	456
Net result from items at fair value	187	133	84	47	–78	–18	193	162	–36	–10	157	152
Dividends/Other income	3	3	2,216	989	0	5	2,219	997	107	99	2,326	1,096
Total operating income	**1,583**	**1,326**	**2,225**	**1,044**	**70**	**131**	**3,878**	**2,501**	**–240**	**–131**	**3,638**	**2,370**

Geographical information

	Sweden		Finland		Norway		Denmark		Others		Total	
EURm	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income	584	666	—	—	—	—	—	—	—	—	584	666
Net fee and commission income	571	456	—	—	—	—	—	—	—	—	571	456
Net result from items at fair value	157	152	—	—	—	—	—	—	—	—	157	152
Dividends/Other income	593	157	717	612	503	180	456	106	57	41	2,326	1,096
Total operating income	**1,905**	**1,431**	**717**	**612**	**503**	**180**	**456**	**106**	**57**	**41**	**3,638**	**2,370**

Note 3 Net interest income

	Group		Parent company	
EURm	2010	2009	2010	2009
Interest income				
Loans to credit institutions	231	356	430	534
Loans to the public	7,961	8,995	721	771
Interest-bearing securities	1,107	1,519	456	487
Other interest income	388	103	34	1
Interest income	**9,687**	**10,973**	**1,641**	**1,793**
Interest expense				
Deposits by credit institutions	–166	–258	–161	–267
Deposits and borrowings from the public	–1,437	–2,166	–155	–242
Debt securities in issue	–3,040	–3,092	–576	–421
Subordinated liabilities	–285	–275	–272	–238
Other interest expenses[1]	400	99	107	41
Interest expense	**–4,528**	**–5,692**	**–1,057**	**–1,127**
Net interest income	**5,159**	**5,281**	**584**	**666**

1) The net interest income from derivatives, measured at fair value and related to Nordea´s funding, can have both a positive and negative impact on other interest expense, for further information see Note 1.

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 6,955m (EUR 7,471m) for the Group and EUR 1,300m (EUR 1,402m) for the parent company. Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR –3,387m (EUR –3,855m) for the Group and EUR –1,167m (EUR –1,181m) for the parent company.

Net interest income	Group		Parent company	
EURm	2010	2009	2010	2009
Interest income	9,429	10,676	1,641	1,793
Leasing income, net	258	297	—	—
Interest expense	–4,528	–5,692	–1,057	–1,127
Total	**5,159**	**5,281**	**584**	**666**

Note 4 Net fee and commission income

	Group		Parent company	
EURm	2010	2009	2010	2009
Asset Management commissions	698	492	89	59
Life insurance	305	271	10	8
Brokerage	198	188	88	107
Custody	77	77	8	9
Deposits	45	43	27	27
Total savings related commissions	**1,323**	**1,071**	**222**	**210**
Payments	412	392	118	109
Cards	397	337	182	158
Total payment commissions	**809**	**729**	**300**	**267**
Lending	323	283	97	69
Guarantees and documentary payment	209	183	20	23
Total lending related to commissions	**532**	**466**	**117**	**92**
Other commission income	291	202	96	45
Fee and commission income	**2,955**	**2,468**	**735**	**614**
Life insurance	–62	–64	—	—
Payment expenses	–300	–280	–120	–109
State guarantee fees	–162	–201	–16	–20
Other commission expenses	–275	–230	–28	–29
Fee and commission expense	**–799**	**–775**	**–164**	**–158**
Net fee and commission income	**2,156**	**1,693**	**571**	**456**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounts to EUR 345m (EUR 308m) for the Group and EUR 123m (EUR 96m) for the parent company.

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amount to EUR 1,202m (EUR 951m) for the Group and EUR 182m (EUR 174m) for the parent company. The corresponding amount for fee expenses is EUR –62m (EUR –64m) for the Group.

Note 5 Net result from items at fair value

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Shares/participations and other share-related instruments	2,394	1,762	72	44
Interest-bearing securities and other interest-related instruments[1]	2,051	2,537	59	122
Other financial instruments	–230	–117	10	49
Foreign exchange gains/losses	–20	329	16	–63
Investment properties	161	117	0	—
Change in technical provisions, Life[3]	–2,423	–1,870	—	—
Change in collective bonus potential, Life	–160	–865	—	—
Insurance risk income, Life	312	297	—	—
Insurance risk expense, Life	–248	–244	—	—
Total	**1,837**	**1,946**	**157**	**152**

Net result from categories of financial instruments[2] EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Available for sale assets, realised	49	2	—	—
Financial instruments designated at fair value through profit or loss	153	20	32	0
Financial instruments held for trading[4]	1,305	1,764	110	146
Financial instruments under hedge accounting	24	–52	15	6
– of which net losses on hedging instruments	–330	–212	38	–147
– of which net gains on hedged items	354	160	–23	153
Other	1	3	0	0
Financial risk income, net Life[3]	241	157	—	—
Insurance risk income, net Life	64	52	—	—
Total	**1,837**	**1,946**	**157**	**152**

1) Of which EUR 21m related to financial assets held at amortised cost.
2) The figures disclosed for Life (financial risk income and insurance risk income) are disclosed on gross basis, ie before eliminations of intra-group transactions.
3) Premium income amounts to EUR 1,733m (EUR 1,667m).
4) Of which deferred day one profits amounts to EUR 16m (EUR 112m) for the Group and EUR 0m (EUR 9m) for the parent company.

Note 6 Dividends

EURm	Parent company 2010	Parent company 2009
Investments in group undertakings	2,203	973
Total	**2,203**	**973**

Note 7 Other operating income

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Sale of global custody operations	30	50	2	5
Divestment of shares	0	5	—	5
Income from real estate	8	7	0	0
Disposal of tangible and intangible assets	2	—	0	0
Other	76	43	121	113
Total	**116**	**105**	**123**	**123**

Note 8 Staff costs

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Salaries and remuneration (specification below)	–2,111	–1,932	–426	–370
Pension costs (specification below)	–272	–340	–120	–86
Social insurance contributions	–323	–292	–167	–139
Allocation to profit sharing[1]	–19	–98	–5	–27
Other staff costs	–59	–62	–27	–22
Total	**–2,784**	**–2,724**	**–745**	**–644**

1) Allocation to profit-sharing foundation 2010 EUR 19m consists of a new allocation of EUR 24m and a release related to prior years of EUR 5m.

Salaries and remuneration EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
To executives[1]				
– Fixed compensation and benefits	–16	–15	–5	–4
– Performance-related compensation	–5	–4	–1	—
Total	**–21**	**–19**	**–6**	**–4**
To other employees	–2,090	–1,913	–420	–366
Total	**–2,111**	**–1,932**	**–426**	**–370**

1) Executives include the Board of Directors (including deputies), CEO, deputy CEO, executive vice presidents and Group Executive Management in the parent company as well as the Board of Directors (including deputies), managing directors and executive vice presidents in operating subsidiaries. Former board members (including deputies), CEOs, deputy CEOs, managing directors and executive vice presidents, in the parent company and operating subsidiaries, are included. Executives amount to 223 (230) positions in the Group and to 20 (19) positions in the parent company.

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Pension costs				
Defined benefits plans (Note 37)	–37	–175	—	—
Actuarial pension costs (parent company only)	—	—	–83	–54
Defined contribution plans[1]	–235	–165	–37	–32
Total	**–272**	**–340**	**–120**	**–86**

1) See Note 37 for more information of the increase in the Group.

Additional disclosures on remuneration under Nordic FSAs' regulations and general guidelines

The qualitative disclosures under these regulations can be found in the separate section on remuneration in the Board of Directors' Report, while the quantitative disclosures will be published in a separate report on Nordea's homepage (www.nordea.com) in due time before the Annual General Meeting.

Note 8 Staff costs, cont.

Salaries and remuneration to the Board of Directors, CEO and Group Executive Management

The remuneration for the Board was resolved to be unchanged by the AGM 2010. Remuneration was; The Chairman EUR 252,000, Vice Chairman EUR 97,650 and members EUR 75,600. Remuneration for committee meetings was EUR 2,370 for the chairman of the committee and EUR 1,840 for other members per meeting. The remuneration is accounted for in SEK and translated into EUR based on the average exchange rate each year. Board members employed by Nordea do not receive separate compensation for their Board membership. There are no commitments for severance pay, pension or other compensation to the members of the Board, except for pension commitments to one board member previously employed by Nordea.

Hans Dalborg, Chairman of the Board, former CEO of Nordea, receives a pension amounting to a maximum of 65% of 180 Swedish "price base amounts" 2001, equal to SEK 36,900, and 32.5% of the remaining part of pensionable income. The pension is covered by an external insurance institute and paid in full by Nordea. Hence Nordea does not have any pension obligation towards Hans Dalborg.

The fixed salary, variable salary part and contract terms for the CEO are proposed by the Board Remuneration Committee (BRC) and approved by the Board. Variable salary part, which is based on agreed, specific targets, can amount to a maximum of 35% of the fixed salary. The fixed salary has been unchanged since April 2008. The increase in fixed salary 2010 is due to exchange rate effects. For 2009 and 2010 the CEO has earned no variable salary part due to Nordea's agreement with the Swedish National Debt Office in connection with the Swedish state subscribing for shares in the rights issue 2009. The CEO, in addition, takes part of the Long-Term Incentive Programmes as described in the separate section on remuneration in the Board of Directors' report and below. Benefits for the CEO include primarily car and housing benefits.

The retirement age for the CEO is 60 and his pension amounts to 50% of the pensionable income for life. The pen-

	Fixed salary/ Board fee[1]		Variable salary part[2]		Long Term Incentive Programmes[3]		Benefits		Total	
EUR	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Chairman of the Board:										
Hans Dalborg	–275,427	–290,700	—	—	—	—	—	—	–275,427	–290,700
Vice Chairman of the Board:										
Björn Wahlroos	–103,998	–103,178	—	—	—	—	—	—	–103,998	–103,178
Other Board members:[4]										
Marie Ehrling	–91,244	–94,000	—	—	—	—	—	—	–91,244	–94,000
Tom Knutzen	–85,890	–97,680	—	—	—	—	—	—	–85,890	–97,680
Lars G Nordström	–83,927	–88,480	—	—	—	—	—	—	–83,927	–88,480
Björn Savén	–85,890	–95,840	—	—	—	—	—	—	–85,890	–95,840
Svein Jacobsen	–95,960	–97,710	—	—	—	—	—	—	–95,960	–97,710
Stine Bosse	–80,286	–90,320	—	—	—	—	—	—	–80,286	–90,320
Sarah Russell[5]	–60,030	—	—	—	—	—	—	—	–60,030	—
Kari Stadigh[5]	–66,305	—	—	—	—	—	—	—	–66,305	—
Timo Peltola[6]	–26,818	–110,553	—	—	—	—	—	—	–26,818	–110,553
Heidi M Petersen[6]	–23,043	–88,480	—	—	—	—	—	—	–23,043	–88,480
Ursula Ranin[6]	—	–26,260	—	—	—	—	—	—	—	–26,260
CEO:										
Christian Clausen[7]	–860,564	–798,434	—	—	–232,178	–237,915	–30,817	–54,805	–1,123,559	–1,091,154
Group Executive Management:										
6 (6) individuals excluding CEO[8]	–3,663,331	–3,527,414	–588,563	—	–734,778	–588,814	–273,739	–157,233	–5,260,411	–4,273,461
Total	**–5,602,713**	**–5,509,049**	**–588,563**	**—**	**–966,956**	**–826,729**	**–304,556**	**–212,038**	**–7,462,788**	**–6,547,816**

1) The Board fee includes fixed remuneration and meeting fees which have been unchanged since 2009. These are accounted for in SEK and translated into EUR based on the average exchange rate each year.
2) In the beginning of 2009 CEO and four persons in GEM voluntarily waived fixed salary increases and variable salary part for the first four months of the year. This voluntary waiver was thereafter extended and widened through Nordea's agreement with the Swedish National Debt Office in connection with the Swedish state subscribing for shares in the rights issue and includes the whole calendar years 2009 and 2010. The other members of GEM waived variable salary part for 2009. Two members of GEM have earned variable salary part in 2010. In addition, variable salary part 2010 includes a guaranteed variable salary part for one new GEM member.
3) CEO and members of GEM hold 68,141 A-rights, 68,141 B-rights, 0 C-rights and 27,256 D-rights in LTIP 2009 (no C–rights can be exercised due to that performance conditions were not fulfilled) and 67,222 matching shares, 134,444 performance shares I and 67,222 performance shares II in LTIP 2010 (performance shares I and II are conditional). For more information on the valuation of the Long-Term Incentive Programmes, please see below. Disclosed expense is calculated in accordance with IFRS 2 "Share-based Payment".
4) Employee representatives excluded.
5) New members as from the Annual General Meeting 2010.
6) Resigned as board member during 2009 or 2010.
7) The fixed salary has been unchanged since 1 April 2008. The increase in 2010 is only due to exchange rate effects.
8) GEM members included for the period they have been appointed.

Note 8 Staff costs, cont.

sionable income is maximised to 190 Swedish "income base amounts". For the CEO, fixed salary and variable salary part are included in pensionable income. Since all funds are transferred to the employee when retiring, Nordea will have no obligations towards the CEO after retirement.

The BRC prepares alterations in salary levels and outcome of variable salary part as well as other changes in the compensation package for GEM, for resolution by the Board. Variable salary part, which is based on agreed, specific targets, can be a maximum of 35% of the fixed salary. For 2010 only two members of GEM have earned variable salary part due to Nordea's agreement with the Swedish National Debt Office in connection with the Swedish state subscribing for shares in the rights issue 2009. As for the CEO, GEM takes part of the Long-Term Incentive Programmes. Benefits include primarily car and/or housing benefits.

GEM members are entitled to retire with pension at the age of 60 or 62. Pension agreements are either Defined Benefit Plans (DBP) or Defined Contribution Plans (DCP), or a combination of the two. The pension agreements vary due to local practise in each country where the GEM members are employed. Three members have DBPs not based on collective agreements. Two of these DBPs provide retirement pension amounting to 50% of pensionable income for life from age 62. One of these two DBPs includes national pension benefits, and the other is fully earned and followed by a DCP covering future earnings. The third DBP not based on collective agreements provides a retirement pension (including both national pension benefits and previously earned paid-up policies) amounting to 70% of pensionable income for life from age 60. Two members have DBPs in accordance with the Swedish collective agreement and complementing DCPs. One member has a DCP only. Fixed salary is pensionable income for all GEM-members. Variable salary part is included for two members.

In accordance with their employment contracts CEO and one GEM member have a notice period of 12 months and a severance pay equal to 12 months' salary to be reduced by the salary that the executive receives as a result of any other employment during these 12 months. Four GEM members are entitled to 6 months' salary during the notice period, and with regard to severance pay 18 months' salary to be reduced by the salary that they receive as a result of any other employment during these 18 months. For one GEM member the notice period is 6 months.

Pension cost for executives, amounted to EUR 5m (EUR 4m) and pension obligations to EUR 54m (EUR 46m). Executives include the Board of Directors (including deputies), CEO, deputy CEO, executive vice presidents and Group Executive Management in the parent company as well as the Board of Directors (including deputies), managing directors and executive vice presidents in operating subsidiaries.

Pension costs and obligations to the Board of Directors, CEO and Group Executive Management

	2010		2009	
EUR	Pension cost[5]	Pension obligation[6]	Pension cost[5]	Pension obligation[6]
Board members[1]:				
Lars G Nordström	—	419,686	—	348,923
CEO:				
Christian Clausen[2]	–652,473	8,805,485	–556,281	7,227,314
Group Executive Management:				
6 (6) individuals excluding CEO[3]	–1,762,232	13,813,359	–1,762,336	11,632,955
Former Chairman of the board and CEOs:				
Vesa Vainio and Thorleif Krarup[4]	—	17,382,662	—	18,442,847
Total	**–2,414,705**	**40,421,192**	**–2,318,617**	**37,652,039**

1) Employee representatives excluded.
2) The CEO's pension agreement is unchanged. The main reason behind the increase in pension obligation and pension cost is the exchange rate effects (approximately 10%) and new pension rights earned in 2010. Nordea will have no obligation towards the CEO after retirement.
3) Members of GEM included for the period they have been appointed. The disclosed pension obligation is the obligation towards the members of GEM as of 31 December.
4) The pension obligation for Vesa Vainio and Thorleif Krarup is mainly due to pension rights earned in, and funded by, banks forming Nordea.
5) Pension costs for management is related to pension premiums paid in DCP agreements and pension rights earned during the year in DBP agreements (Service cost, Past service cost and Curtailments and settlements as defined in IAS 19). The increase in pension costs 2010 is mainly due to exchange rate effects, approximately 10% SEK to EUR and approximately 8% NOK to EUR.
6) Pension obligations calculated in accordance with IAS 19. These obligations are dependent of changes in actuarial assumptions and inter annual variations can therefore be significant. IAS 19 includes an assumption about future increases in salary, which leads to that the pension obligations disclosed are the earned pension rights calculated using the expected salary levels at retirement. The management pension plans are funded, meaning that these obligations are backed with plan assets with fair value generally on a similar level as the obligations. The main reason behind the increase in pension obligation is the exchange rate effect (approximately 10% SEK to EUR and approximately 8% NOK to EUR) and new pension rights earned in 2010.

Loans to key management personnel

Loans to key management personnel amounts to EUR 5m (EUR 2m) in the Group and EUR 0m (EUR 0m) in the parent company. Interest income on these loans amounts to EUR 0m (EUR 0m) in the Group and EUR 0m (EUR 0m) in the parent company.

For key management personnel who are employed by Nordea the same credit terms apply as for other employees, except for key management personnel in Denmark whose loans are granted on the same term as for external customers. In Norway the employee interest rate for loans is 100 basis points lower than the best corresponding interest rate for external customers, with a cap on the loan amount of 3 times salary grade 55 plus NOK 100,000. In Finland the employee interest rate for loans corresponds to Nordea's funding cost with a margin of 10 basis points up to EUR 400,000, and 30 basis points for loans over EUR 400,000. In Sweden the employee interest rate on fixed- and variable interest rate loans is 215 basis points lower than the corresponding interest rate for external customers (with a lower limit of 50 basis points for variable interest rate loans and 150 basis points for fixed interest rate loans). There is currently a cap of 57 Swedish price base amounts both on fixed- and variable interest rate loans. Interest on loans above the defined caps are set on market terms. Loans to family members of key management personnel are granted on normal market terms, as well as loans to key management personnel who are not employed by Nordea.

Note 8 Staff costs, cont.

Share-based payment

Conditional Rights LTIP 2010	2010 Matching Share	2010 Performance Share I	2010 Performance Share II
Granted	903,490	1,806,980	903,490
Forfeited	–6,845	–13,690	–6,845
Outstanding at end of year	**896,645**	**1,793,290**	**896,645**
– of which currently exercisable	—	—	—

Conditional Rights LTIP 2009	2010 A-rights	2010 B-C-rights	2010 D-rights	2009 A-rights	2009 B-C-rights	2009 D-rights
Outstanding at the beginning of year	981,332	1,962,664	981,332	—	—	—
Granted	—	—	—	990,097	1,980,194	990,097
Forfeited	–22,326	–1,003,658	–597,730	–8,765	–17,530	–8,765
Outstanding at end of year	**959,006**	**959,006**	**383,602**	**981,332**	**1,962,664**	**981,332**
– of which currently exercisable	—	—	—	—	—	—

Conditional Rights LTIP 2008	2010 A-rights	2010 B-C-rights	2010 D-rights	2009 A-rights	2009 B-C-rights	2009 D-rights
Outstanding at the beginning of year	485,466	485,466	388,373	501,771	501,771	501,771
Forfeited	–4,461	–4,461	–3,569	–16,305	–16,305	–113,398
Exercised	–382,750	–380,622	–304,109	—	—	—
Outstanding at end of year	**98,255**	**100,383**	**80,695**	**485,466**	**485,466**	**388,373**
– of which currently exercisable	98,255	100,383	80,695	—	—	—

Conditional Rights LTIP 2007	2010 A-rights	2010 B-C-rights	2010 D-rights	2009 A-rights	2009 B-C-rights	2009 D-rights
Outstanding at the beginning of year	141,575	134,139	160,390	452,246	441,663	452,246
Forfeited	—	—	—	–3,361	–3,286	–3,361
Exercised	–90,033	–101,812	–112,411	–307,310	–304,238	–288,495
Outstanding at end of year	**51,542**	**32,327**	**47,979**	**141,575**	**134,139**	**160,390**
– of which currently exercisable	51,542	32,327	47,979	141,575	134,139	160,390

Long Term Incentive Programmes

Participation in the Long Term Incentive Programmes (LTIPs) requires that the participants take direct ownership by investing in Nordea shares.

	LTIP 2010 Matching Share	LTIP 2010 Performance Share I	LTIP 2010 Performance Share II	LTIP 2009 A-rights	LTIP 2009 B-C-rights	LTIP 2009 D-rights
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price	—	—	—	EUR 0.77	EUR 0.38	EUR 0.38
Grant date	13 May 2010	13 May 2010	13 May 2010	14 May 2009	14 May 2009	14 May 2009
Vesting period	36 months	36 months	36 months	24 months	24 months	24 months
Contractual life	36 months	36 months	36 months	48 months	48 months	48 months
First day of exercise	April/May 2013	April/May 2013	April/May 2013	29 April 2011	29 April 2011	29 April 2011
Fair value at grant date	EUR 6.75	EUR 6.75	EUR 2.45	EUR 4.66	EUR 5.01	EUR 1.75

	LTIP 2008[1] A-rights	LTIP 2008[1] B-C-rights	LTIP 2008[1] D-rights	LTIP 2007[1] A-rights	LTIP 2007[1] B-C-rights	LTIP 2007[1] D-rights
Ordinary share per right	1.30	1.30	1.30	1.30	1.30	1.30
Exercise price	EUR 2.30	EUR 1.53	EUR 1.53	EUR 2.53	EUR 1.00	EUR 1.00
Grant date	13 May 2008	13 May 2008	13 May 2008	17 May 2007	17 May 2007	17 May 2007
Vesting period	24 months	24 months	24 months	24 months	24 months	24 months
Contractual life	48 months	48 months	48 months	48 months	48 months	48 months
First day of exercise	29 April 2010	29 April 2010	29 April 2010	30 April 2009	30 April 2009	30 April 2009
Fair value at grant date	EUR 7.53	EUR 8.45	EUR 4.14	EUR 8.76	EUR 10.49	EUR 7.76

1) The new rights issue, which was resolved on an extra ordinary general meeting on 12 March 2009, triggered recalculations of some of the parameters in LTIP 2007 and LTIP 2008, in accordance with the agreements of the programmes. The recalculations were performed with the purpose of putting the participants in an equivalent financial position as the one being at hand immediately prior to the new rights issue.

Note 8 Staff costs, cont.

Conditions and requirements

For each ordinary share the participants locked in to the LTIPs, they are granted a conditional A-right /Matching Share to acquire or receive ordinary shares based on continued employment and the conditional B-D-rights/Performance Share I and II to acquire or receive additional ordinary shares based on fulfilment of certain performance conditions. The performance conditions for B- and C-rights and for Performance Share I comprise a target growth in risk adjusted profit per share (RAPPS). Should the reported earnings per share (EPS) be lower than a predetermined level the participants are not entitled to exercise any B- or C-rights or Performance Share I. The performance conditions for D-rights and Performance Share II are market related and comprise growth in total shareholder return (TSR) in comparison with a peer group's TSR.

When the performance conditions are not fulfilled in full, the rights that are no longer exercisable are shown as forfeited in the previous tables, together with shares forfeited due to participants leaving the Nordea Group.

The exercise price, where applicable, for the ordinary shares is adjusted for dividends, however never adjusted below a predetermined price. Furthermore the profit for each right is capped.

	LTIP 2010	LTIP 2009[1]	LTIP 2008[1]	LTIP 2007
Service condition, A-D-rights/Matching Share / Performance Share I and II	Employed within the Nordea Group during the three year vesting period.	Employed within the Nordea Group during the two year vesting period.	Employed within the Nordea Group during the two year vesting period.	Employed within the Nordea Group during the two year vesting period.
Performance condition, B-rights/Performance Share I	Compound Annual Growth Rate in RAPPS from year 2009 (base year) to and including year 2012. Full right to exercise will be obtained if the Compound Annual Growth Rate amount to or exceed 9 %.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2007 compared to 2006. Full right to exercise was obtained if RAPPS increased by 15% or more.
EPS knock out, B-rights/ Performance Share I	Average reported EPS for 2010–2012 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.26.	Reported EPS for 2008 lower than EUR 0.80.	Reported EPS for 2007 lower than EUR 0.80.
Performance condition, C-rights	—	Increase in RAPPS 2010 compared to 2009. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.
EPS knock out, C-rights	—	Reported EPS for 2010 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.52.	Reported EPS for 2008 lower than EUR 0.80.
Performance conditions, D-rights/Performance Share II	TSR during 2010–2012 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1–5.	TSR during 2009–2010 in comparison with a peer group. Full right to exercise was obtained if Nordea was ranked number 1.	TSR during 2008–2009 in comparison with a peer group. Full right to exercise was obtained if Nordea was ranked number 1.	TSR during 2007–2008 in comparison with a peer group. Full right to exercise was obtained if Nordea's TSR exceeded peer group index by 10 percentage points or more.
Cap	The market value of the alloted shares is capped to the participant´s annual salary for year-end 2009.	The profit per A-D-right is capped to EUR 9.59 per right.	The profit per A-D-right is capped to EUR 21.87 per right.	The profi t per A-D-right is capped to EUR 19.18 per right.
Exercise price adjustments	—	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the vesting period and the exercise period, however never adjusted below EUR 0.10.

1) RAPPS for the financial year 2008 used for LTIP 2008 (C-rights) and LTIP 2009 (B-rights), RAPPS for the financial year 2009 used for LTIP 2009 (C-rights), EPS knock out in LTIP 2008 (C-rights) and LTIP 2009 (B- and C-rights) and the cap in LTIP 2009, LTIP 2008 and LTIP 2007 has been adjusted due to the financial effects of the new rights issue.

Note 8 Staff costs, cont.

Fair value calculations

The fair value is measured through the use of generally accepted valuation models with the following input factors:

	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Weighted average share price	EUR 6.88	EUR 5.79	EUR 11.08	EUR 12.33
Right life	3.0 years	2.5 years	2.5 years	3.0 years
Deduction of expected dividends	No	Yes	Yes	Yes
Risk free rate	1.99%	1.84%	3.83%	4.20%
Expected volatility	40%	29%	21%	20%

Expected volatility is based on historical values. As the exercise price (zero for LTIP 2010) is significantly below the share price at grant date, the value has a limited sensitivity to expected volatility and risk-free interest. The fair value calculations are also based on estimated early exercise behaviour during the programmes' exercise windows, however not applicable for LTIP 2010.

The value of the D-rights/Performance Share II are based on market related conditions and fulfilment of the TSR targets have been taken into consideration when calculating the rights' fair value at grant date. When calculating the impact from the TSR targets it has been assumed that all possible outcomes have equal possibilities.

Expenses[1]

	Group				Parent company			
EURm	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Expected expense	–18	–11	–10	–12	–6	–4	–3	–4
Maximum expense	–20	–11	–10	–12	–6	–4	–3	–4
Total expense 2010	–2	–6	–3	—	–1	–3	–2	—
Total expense 2009	—	–2	–5	–2	—	–1	–1	–1

1) All amounts excluding social charges.

When calculating the expected expense an expected annual employee turnover of 5% has been used in LTIP 2010. The expected expense is recognised over the vesting period of 36 months (LTIP 2010) and 24 months (LTIP 2009, 2008 and 2007).

Average number of employees

	Total		Men		Women	
Group	2010	2009	2010	2009	2010	2009
Full-time equivalents						
Denmark	8,881	8,143	4,042	3,939	4,839	4,204
Finland	7,957	8,033	1,913	1,839	6,044	6,194
Sweden	7,675	7,902	3,353	3,394	4,322	4,508
Norway	3,548	3,578	1,905	1,936	1,643	1,642
Poland	2,099	1,949	725	714	1,374	1,235
Russia	1,659	1,569	692	719	967	850
Latvia	504	512	127	135	377	377
Estonia	452	440	106	102	346	338
Luxembourg	399	411	249	255	150	156
Lithuania	368	363	106	114	262	249
United States	81	74	44	41	37	33
United Kingdom	67	54	40	34	27	20
Singapore	58	53	24	19	34	34
Germany	43	37	22	19	21	18
Total average	**33,791**	**33,118**	**13,348**	**13,260**	**20,443**	**19,858**
Total number of employees (FTEs), end of period	**33,809**	**33,347**				

	Total		Men		Women	
Parent company	2010	2009	2010	2009	2010	2009
Full-time equivalents						
Sweden	7,429	7,798	3,266	3,343	4,163	4,455
Other countries	65	62	47	46	18	16
Total average	**7,494**	**7,860**	**3,313**	**3,389**	**4,181**	**4,471**

Note 8 Staff costs, cont.

Salaries and renumeration per country

Group, EURm	2010 Executives	2010 Other employees	2009 Executives	2009 Other employees
Denmark	–4	–747	–4	–707
Finland	–2	–403	–2	–402
Sweden	–4	–442	–4	–358
Norway	–3	–307	–2	–280
Poland	–2	–45	–2	–35
Russia	–1	–48	–1	–38
Latvia	0	–10	—	–10
Estonia	0	–10	—	–9
Luxembourg	–2	–48	–2	–44
Lithuania	–1	–6	–1	–6
United States	–1	–14	–1	–12
United Kingdom	0	–5	—	–5
Singapore	—	–2	—	–4
Germany	–1	–3	—	–3
Total	**–21**	**–2,090**	**–19**	**–1,913**

Parent company, EURm	2010 Executives	2010 Other employees	2009 Executives	2009 Other employees
Sweden	–4	–408	–3	–356
Other countries	–2	–12	–1	–10
Total	**–6**	**–420**	**–4**	**–366**

Note 9 Other expenses

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Information technology	–639	–593	–207	–168
Marketing and entertainment[1]	–144	–105	–35	–20
Postage, transportation, telephone and office expenses	–227	–218	–74	–71
Rents, premises and real estate	–400	–367	–102	–93
Other[1,2]	–452	–356	–108	–91
Total	**–1,862**	**–1,639**	**–526**	**–443**

1) Comparative figures have been restated to reflect the new catogories used during 2010.
2) Including fees and remuneration to auditors distributed as follows.

Auditors' fee

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
KPMG				
Auditing assignments	–4	–4	–1	–1
Audit-related services	–4	–2	–1	–1
Tax advisory services	–1	–1	0	0
Other assignments	–2	–1	–2	–1
PriceWaterhouseCoopers				
Auditing assignments	0	0	—	—
Audit-related services	0	0	—	0
Other assignments	0	0	—	0
Total	**–11**	**–8**	**–4**	**–3**

Gender distribution, executives

Per cent	31 Dec 2010	31 Dec 2009
Nordea Bank AB (publ)		
Board of Directors		
– Men	70	70
– Women	30	30
Other executives		
– Men	86	86
– Women	14	14

In the Board of Directors of the Nordea Group companies, 84% (88%) were men and 16% (12%) were women. The corresponding numbers for Other executives were 85% (88%) men and 15% (12%) women. Internal Boards consist mainly of management in Nordea.

Sick leave[1]

Parent company	Sick leave as a percentage of ordinary working hours 2010	Sick leave as a percentage of ordinary working hours 2009	Proportion of long-term sick leave in per cent 2010	Proportion of long-term sick leave in per cent 2009
Total	**3.0**	**3.4**	**33**	**34**
Men	1.6	1.9	25	27
Women	4.0	4.4	35	36
18–29	2.5	2.8		
30–49	2.4	2.6		
50–65	4.1	4.6		

1) Ordinary working hours refer to the number of hours agreed in the employment contract, excluding overtime. Long-term sick leave refers to a continuous period of absence of 60 days or more. The sick leave of each category is stated as a percentage of the category's ordinary working hours.

Note 10 Depreciation, amortisation and impairment charges of tangible and intangible assets

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Depreciation/amortisation				
Property and equipment (Note 25)				
Equipment	–98	–93	–25	–20
Buildings	–1	–1	0	0
Intangible assets (Note 24)				
Goodwill	—	—	–72	–72
Computer software	–43	–31	–9	–8
Other intangible assets	–24	–15	–6	–4
Total	**–166**	**–140**	**–112**	**–104**
Impairment charges/Reversed impairment charges				
Property and equipment (Note 25)				
Equipment	—	–9	—	–2
Intangible assets (Note 24)				
Other intangible assets	–4	—	—	—
Total	**–4**	**–9**	**—**	**–2**
Total	**–170**	**–149**	**–112**	**–106**

Note 11 Net loan losses

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Divided by class				
Loans to credit institutions	0	–14	0	–2
– of which provisions	–1	–18	–1	–4
– of which write-offs	–3	0	–3	—
– of which allowances used for covering write-offs	3	0	3	—
– of which reversals	1	4	1	2
Loans to the public	–738	–1,337	–33	–159
– of which provisions	–1,185	–1,448	–69	–126
– of which write-offs	–535	–478	–70	–95
– of which allowances used for covering write-offs	378	277	43	30
– of which reversals	531	238	42	14
– of which recoveries	73	74	21	18
Off-balance sheet items[1]	–141	–135	0	–4
– of which provisions	–156	–177	–3	–5
– of which write-offs	–52	—	—	—
– of which allowances to cover write-offs	52	—	—	—
– of which reversals	15	42	3	1
– of which recoveries	0	—	—	—
Total	**–879**	**–1,486**	**–33**	**–165**
Specification				
Changes of allowance accounts in the balance sheet	–795	–1,359	–27	–118
– of which Loans, individually assessed[2]	–720	–819	–32	–80
– of which Loans, collectively assessed[2]	66	–405	4	–34
– of which Off-balance sheet items, individually assessed[1]	–143	–166	1	–1
– of which Off-balance sheet items, collectively assessed[1]	2	31	0	–3
Changes directly recognised in the income statement	–84	–127	–6	–47
– of which realised loan losses, individually assessed	–157	–200	–27	–65
– of which realised recoveries, individually assessed	73	73	21	18
Total	**–879**	**–1,486**	**–33**	**–165**

1) Included in Note 36 Provisions as "Transfer risk, off-balance", "Individually assessed, off-balance sheet".
2) Included in Note 16 Loans and their impairment.

Key ratios

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Loan loss ratio, basis points[1]	31	56	12	57
– of which individual	33	42	13	45
– of which collective	–2	14	–1	12

1) Net loan losses (annualised) divided by opening balance of loans to the public (lending).

Note 12 Appropriations

EURm	Parent company 2010	Parent company 2009
Change in depreciation in excess of plan, equipment	0	–3
Total	**0**	**–3**

Note 13 Taxes

Income tax expense

	Group		Parent company	
EURm	2010	2009	2010	2009
Current tax[1]	–1,022	–926	–101	–17
Deferred tax	46	169	–14	–7
Total	**–976**	**–757**	**–115**	**–24**
1) Of which relating to prior years	–38	–36	–1	5

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate of Sweden as follows:

	Group		Parent company	
EURm	2010	2009	2010	2009
Profit before tax	3,639	3,075	2,117	1,009
Tax calculated at a tax rate of 26.3%	–957	–809	–557	–265
Effect of different tax rates in other countries	11	10	—	—
Tax not related to profit	–10	97	–14	13
Income from associated undertakings	12	11	—	—
Tax-exempt income	86	59	505	253
Non-deductible expenses	–79	–79	–48	–20
Adjustments relating to prior years	–38	–36	–1	–5
Income tax due to tax assets previously not recognised	0	1	—	—
Not creditable foreign taxes	–1	–11	—	—
Tax charge	**–976**	**–757**	**–115**	**–24**
Average effective tax rate	27%	25%	5%	2%

Deferred tax

	Group		Parent company	
EURm	2010	2009	2010	2009
Deferred tax expense (–)/income (+)				
Deferred tax due to temporary differences, including tax losses carry-forward	46	168	–14	–7
Deferred tax due to tax assets previously not recognised	0	1	—	—
Income tax expense, net	**46**	**169**	**–14**	**–7**
Deferred tax assets				
Deferred tax assets due to tax losses carry-forward	22	64	—	—
Deferred tax assets due to temporary differences	256	61	8	20
Total	**278**	**125**	**8**	**20**
– of which expected to be settled after more than 1 year	111	96	7	18
Deferred tax liabilities				
Deferred tax liabilities due to untaxed reserves	122	148	—	—
Deferred tax liabilities due to temporary differences	763	722	0	0
Total	**885**	**870**	**0**	**0**
– of which expected to be settled after more than 1 year	746	605	—	—

Note 13 Taxes, cont.

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Deferred tax assets (+)/liabilities (–), net				
Deferred tax assets due to tax losses carry-forward	22	64	—	—
Deferred tax liabilities due to untaxed reserves	–122	–148	—	—
Deferred tax assets/liabilities in loans to the public	–316	–318	—	—
Deferred tax assets/liabilities in derivatives	123	–27	0	0
Deferred tax assets/liabilities in intangible assets	–71	–29	—	—
Deferred tax assets/liabilities in property and equipment	–14	–13	—	—
Deferred tax assets/liabilities in investment property	–192	–103	—	—
Deferred tax assets/liabilities in retirement benefit obligations	18	27	—	—
Deferred tax asset/liability due to hedge of net investments in foreign operations	11	–43	—	—
Deferred tax assets/liabilities in liabilities/provisions	–66	–155	8	20
Deferred tax assets/liabilities, net	**–607**	**–745**	**8**	**20**
Movements in deferred tax assets/liabilities, net are as follows:				
Deferred tax relating to items recognised in other comprehensive income	106	131	0	–2
Reclassification to current tax asset	—	–75	—	—
Translation differences	–31	–34	2	1
Acquisitions and others	17	53	—	—
Deferred tax in the income statement	46	169	–14	–7
Total change	**138**	**244**	**–12**	**–8**
Current and deferred tax recognised in other comprehensive income				
Deferred tax liabilitiy due to hedge of net investments in foreign operations	107	133	—	—
Deferred tax relating to available-for-sale investments	–1	0	0	0
Deferred tax relating to cash flow hedges	0	–2	0	–2
Current tax relating to group contribution	—	—	29	–40
Total	**106**	**131**	**29**	**–42**
Current tax assets	**262**	**329**	**1**	**0**
– of which expected to be settled after more than 1 year	19	—	—	—
Current tax liabilities	**502**	**565**	**110**	**34**
– of which expected to be settled after more than 1 year	34	56	—	—
Unrecognised deferred tax assets				
Unused tax losses carry-forward	54	68	—	—
Unused tax credits	48	49	—	—
Total	**102**	**117**	**—**	**—**
Expire date 2010	—	0	—	—
Expire date 2011	1	1	—	—
Expire date 2012	1	1	—	—
Expire date 2013	28	28	—	—
Expire date 2014	18	19	—	—
No expiry date	54	68	—	—
Total	**102**	**117**	**—**	**—**

Note 14 Earnings per share

Group

	2010	2009
Earnings:		
Profit attributable to shareholders of Nordea Bank AB (publ) (EURm)	2,657	2,314
Number of shares (in millions):		
Number of shares outstanding at beginning of year	4,037	2,600
Average number of issued C-shares[1]	3	5
Average number of repurchased own C-shares[1]	–3	–5
Average number of own shares in trading portfolio	–16	–10
Basic weighted average number of shares outstanding before bonus element and new issue of shares	**4,021**	**2,590**
Bonus element[2]	—	201
Basic weighted average number of shares outstanding before new issue of shares	**4,021**	**2,791**
Average number shares related to the rights issue	—	1,054
Basic weighted average number of shares outstanding	**4,021**	**3,845**
Adjustment for diluted weighted average number of additional ordinary shares outstanding[1, 3]	1	1
Diluted weighted average number of shares outstanding	**4,022**	**3,846**
Basic earnings per share, EUR	0.66	0.60
Diluted earnings per share, EUR	0.66	0.60

1) Relates to the Long-Term Incentive Programmes (LTIP).
2) The number of ordinary shares in issue in prior years have been adjusted retrospectively for the bonus element of the rights issue completed in April/May 2009.
3) Contingently issuable shares not included, that can potentially dilute basic earnings per share in future periods, exist in the Long Term Incentive Programmes.

Note 15 Treasury bills

	Group		Parent company[1]	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
State and sovereigns	18,140	12,895	10,946	4,947
Municipalities and other public bodies	25	97	15	4
Total	**18,165**	**12,992**	**10,961**	**4,951**

1) Of which EUR 630m (EUR 550m) held at amortised cost with a nominal amount of EUR 630m (EUR 550m)

All treasury bills are subject to variable interest rate risk.

– of which Financial instruments pledged as collateral (Note 18)	5,053	48	6,103	1,295
Total	**13,112**	**12,944**	**4,858**	**3,656**

Note 16 Loans and their impairment

Group	Credit institutions		The public[1]		Total	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009[2]	31 Dec 2010	31 Dec 2009[2]
Loans, not impaired	15,791	18,558	311,893	280,391	327,684	298,949
Impaired loans	33	35	4,816	4,205	4,849	4,240
– of which performing	4	4	2,834	2,368	2,838	2,372
– of which non-performing	29	31	1,982	1,837	2,011	1,868
Loans before allowances	**15,824**	**18,593**	**316,709**	**284,596**	**332,533**	**303,189**
Allowances for individually assessed impaired loans	–33	–35	–1,719	–1,350	–1,752	–1,385
– of which performing	–4	–4	–965	–729	–969	–733
– of which non-performing	–29	–31	–754	–621	–783	–652
Allowances for collectively assessed impaired loans	–3	–3	–779	–835	–782	–838
Allowances	**–36**	**–38**	**–2,498**	**–2,185**	**–2,534**	**–2,223**
Loans, carrying amount	**15,788**	**18,555**	**314,211**	**282,411**	**329,999**	**300,966**

Parent company	Credit institutions		The public[1]		Total	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Loans, not impaired	48,153	43,503	33,742	28,756	81,895	72,259
Impaired loans	6	8	282	315	288	323
– of which performing	4	4	240	177	244	181
– of which non-performing	2	4	42	138	44	142
Loans before allowances	**48,159**	**43,511**	**34,024**	**29,071**	**82,183**	**72,582**
Allowances for individually assessed impaired loans	–6	–8	–136	–132	–142	–140
– of which performing	–4	–4	–99	–67	–103	–71
– of which non-performing	–2	–4	–37	–65	–39	–69
Allowances for collectively assessed impaired loans	–2	–2	–88	–79	–90	–81
Allowances	**–8**	**–10**	**–224**	**–211**	**–232**	**–221**
Loans, carrying amount	**48,151**	**43,501**	**33,800**	**28,860**	**81,951**	**72,361**

1) Finance leases, where Nordea Group is a lessor, are included in Loans to the public, see Note 26 Leasing.
2) Comparative figures have been restated as a consequence of the acquisition of Fionia Bank.

Reconciliation of allowance accounts for impaired loans[1]

Group	Credit institutions			The public			Total		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed[2]	Collectively assessed[2]	Total[2]	Individually assessed[2]	Collectively assessed[2]	Total[2]
Opening balance at 1 Jan 2010	**–35**	**–3**	**–38**	**–1,350**	**–835**	**–2,185**	**–1,385**	**–838**	**–2,223**
Provisions	0	0	0	–966	–220	–1,186	–966	–220	–1,186
Reversals	0	1	1	246	285	531	246	286	532
Changes through the income statement	**0**	**1**	**1**	**–720**	**65**	**–655**	**–720**	**66**	**–654**
Allowances used to cover write-offs	3	—	3	378	—	378	381	—	381
Reclassification	—	—	—	12	—	12	12	—	12
Translation differences	–1	–1	–2	–39	–9	–48	–40	–10	–50
Closing balance at 31 Dec 2010	**–33**	**–3**	**–36**	**–1,719**	**–779**	**–2,498**	**–1,752**	**–782**	**–2,534**
Opening balance at 1 Jan 2009	**–20**	**–3**	**–23**	**–742**	**–405**	**–1,147**	**–762**	**–408**	**–1,170**
Provisions	–17	–1	–18	–954	–493	–1,447	–971	–494	–1,465
Reversals	2	2	4	150	87	237	152	89	241
Changes through the income statement	**–15**	**1**	**–14**	**–804**	**–406**	**–1,210**	**–819**	**–405**	**–1,224**
Allowances used to cover write-offs	0	0	0	278	—	278	278	0	278
Reclassification	—	—	—	–54	–13	–67	–54	–13	–67
Translation differences	0	–1	–1	–28	–11	–39	–28	–12	–40
Closing balance at 31 Dec 2009	**–35**	**–3**	**–38**	**–1,350**	**–835**	**–2,185**	**–1,385**	**–838**	**–2,223**

1) See Note 11 Net loan losses.
2) Comparative figures have been restated as a consequence of the acquisition of Fionia Bank.

Note 16 Loans and their impairment, cont.

Reconciliation of allowance accounts for impaired loans[1]

Parent company

	Credit institutions			The public			Total		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2010	**–8**	**–2**	**–10**	**–132**	**–79**	**–211**	**–140**	**–81**	**–221**
Provisions	0	–1	–1	–71	1	–70	–71	0	–71
Reversals	0	1	1	39	3	42	39	4	43
Changes through the income statement	**0**	**0**	**0**	**–32**	**4**	**–28**	**–32**	**4**	**–28**
Allowances used to cover write-offs	3	—	3	43	—	43	46	0	46
Translation differences	–1	—	–1	–15	–13	–28	–16	–13	–29
Closing balance at 31 Dec 2010	**–6**	**–2**	**–8**	**–136**	**–88**	**–224**	**–142**	**–90**	**–232**
Opening balance at 1 Jan 2009	**–6**	**–2**	**–8**	**–76**	**–42**	**–118**	**–82**	**–44**	**–126**
Provisions	–4	—	–4	–91	–35	–126	–95	–35	–130
Reversals	2	—	2	13	1	14	15	1	16
Changes through the income statement	**–2**	**0**	**–2**	**–78**	**–34**	**–112**	**–80**	**–34**	**–114**
Allowances used to cover write-offs	—	—	—	30	—	30	30	—	30
Translation differences	—	—	—	–8	–3	–11	–8	–3	–11
Closing balance at 31 Dec 2009	**–8**	**–2**	**–10**	**–132**	**–79**	**–211**	**–140**	**–81**	**–221**

1) See Note 11 Net loan losses.

Allowances and provisions

Group	Credit institutions		The public		Total	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009[1]	31 Dec 2010	31 Dec 2009[1]
Allowances for items in the balance sheet	–36	–38	–2,498	–2,185	–2,534	–2,223
Provisions for off balance sheet items	–20	–19	–311	–217	–331	–236
Total allowances and provisions	**–56**	**–57**	**–2,809**	**–2,402**	**–2,865**	**–2,459**
Parent company						
Allowances for items in the balance sheet	–8	–10	–224	–211	–232	–221
Provisions for off balance sheet items	–5	–1	–4	–6	–9	–7
Total allowances and provisions	**–13**	**–11**	**–228**	**–217**	**–241**	**–228**

Key ratios

	Group		Parent company	
	31 Dec 2010	31 Dec 2009[1]	31 Dec 2010	31 Dec 2009
Impairment rate, gross[2], basis points	146	140	35	45
Impairment rate, net[3], basis points	93	94	18	25
Total allowance rate[4], basis points	76	73	28	30
Allowances in relation to impaired loans[5], %	36	33	49	43
Total allowances in relation to impaired loans[6], %	52	52	81	68
Non-performing loans, not impaired[7], EURm	316	296	—	—

1) Comparative figures have been restated as a consequence of the acquisition of Fionia Bank.
2) Individually assessed impaired loans before allowances divided by total loans before allowances.
3) Individually assessed impaired loans after allowances divided by total loans before allowances.
4) Total allowances divided by total loans before allowances.
5) Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.
6) Total allowances divided by total impaired loans before allowances.
7) Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 17 Interest-bearing securities

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company[1] 31 Dec 2010	Parent company[1] 31 Dec 2009
Issued by public bodies	11,118	8,349	0	—
Issued by other borrowers	61,940	58,915	15,905	18,000
Total	**73,058**	**67,264**	**15,905**	**18,000**
Listed securities	55,797	62,755	12,625	14,131
Unlisted securities	17,261	4,509	3,280	3,869
Total	**73,058**	**67,264**	**15,905**	**18,000**

1) Of which EUR 4,212m (EUR 4,692m) held at amortised cost with a nominal amount of EUR 4,170m (EUR 4,628m).

– of which Financial instruments pledged as collateral (Note 18)	3,921	11,109	57	981
Total	**69,137**	**56,155**	**15,848**	**17,019**

Note 18 Financial instruments pledged as collateral

Financial instruments pledged as collateral

In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterpart receiving the collateral has the right to sell or repledge the assets, the assets are reclassified in the balance sheet to the item Financial instruments pledged as collateral.

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Repurchase agreements	9,006	11,169	6,160	2,276
Securities lending agreements	488	71	—	—
Total	**9,494**	**11,240**	**6,160**	**2,276**

Transferred assets that are still recognised in the balance sheet and associated liabilities

The types of assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since Nordea is still exposed to changes in the fair value of the assets. Therefore, these assets and its associated liabilities are included in the tables below.

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Repurchase agreements				
Treasury bills	5,053	48	6,103	1,295
Interest-bearing securities	3,921	11,109	57	981
Shares	32	12	—	—
Securities lending agreements				
Shares	488	71	—	—
Total	**9,494**	**11,240**	**6,160**	**2,276**

Note 18 Financial instruments pledged as collateral, cont.

Liabilities associated with the assets

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Repurchase agreements				
Deposits by credit institutions	7,421	8,297	6,276	2,313
Deposits and borrowings from the public	1,661	2,445	—	—
Total	**9,082**	**10,742**	**6,276**	**2,313**

Note 19 Shares

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Shares held for trading	4,496	4,316	262	660
Shares designated at fair value through profit or loss	13,311	9,464	58	22
– of which shares taken over for protection of claims	18	2	18	2
Shares available for sale	6	6	—	—
Total	**17,813**	**13,786**	**320**	**682**
Listed shares	13,413	9,668	277	659
Unlisted shares	4,400	4,118	43	23
Total	**17,813**	**13,786**	**320**	**682**
– of which Financial instruments pledged as collateral (Note 18)	520	83	—	—
Total	**17,293**	**13,703**	**320**	**682**
– of which expected to be settled after more than 1 year	588	399	58	23

Note 20 Derivatives and Hedge accounting

31 Dec 2010, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	70,576	69,121	2,951,621	918	893	104,677
FRAs	574	605	1,192,366	64	65	15,949
Futures and forwards	495	87	69,145	3	2	800
Options	8,034	7,993	525,945	17	19	1,587
Other	4	4	22,102	4	4	22,698
Total	**79,683**	**77,810**	**4,761,179**	**1,006**	**983**	**145,711**
Equity derivatives						
Equity swaps	9	31	253	27	34	67
Futures and forwards	39	31	1,407	15	2	47
Options	724	742	20,343	76	48	1,456
Other	7	—	—	—	—	—
Total	**779**	**804**	**22,003**	**118**	**84**	**1,570**
Foreign exchange derivatives						
Currency and interest rate swaps	5,797	6,092	326,883	681	638	17,507
Currency forwards	6,743	7,108	489,883	9	126	13,699
Options	629	648	41,924	0	0	0
Other	1	7	1,608	—	—	—
Total	**13,170**	**13,855**	**860,298**	**690**	**764**	**31,206**
Credit derivatives						
Credit default swaps	908	929	51,224	50	47	6,451
Total	**908**	**929**	**51,224**	**50**	**47**	**6,451**
Commodity derivatives						
Swaps	1,385	1,395	13,725	—	—	—
Futures and forwards	82	67	706	—	—	—
Options	67	63	1,392	—	—	—
Total	**1,534**	**1,525**	**15,823**	—	—	—
Other derivatives						
Swaps	21	276	750	—	—	—
Futures and forwards	0	—	—	0	0	—
Options	4	2	100	0	0	0
Other	0	25	2,054	0	25	2,054
Total	**25**	**303**	**2,904**	**0**	**25**	**2,054**
Total derivatives held for trading	**96,099**	**95,226**	**5,713,431**	**1,864**	**1,903**	**186,992**

Note 20 Derivatives and Hedge accounting, cont.

	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
31 Dec 2010, EURm	Positive	Negative	amount	Positive	Negative	amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	461	417	29,001	488	156	19,131
Options	0	5	642	0	0	0
Total	**461**	**422**	**29,643**	**488**	**156**	**19,131**
Equity derivatives						
Options	0	1	9	1	1	17
Total	**0**	**1**	**9**	**1**	**1**	**17**
Foreign exchange derivatives						
Currency and interest rate swaps	265	238	4,526	258	114	3,893
Currency forwards	—	—	—	—	0	107
Total	**265**	**238**	**4,526**	**258**	**114**	**4,000**
Total derivatives used for hedge accounting	**726**	**661**	**34,178**	**747**	**271**	**23,148**
– of which fair value hedges	726	661	34,178	747	271	23,148
– of which cash flow hedges	—	—	—	—	—	—
Total derivatives	**96,825**	**95,887**	**5,747,609**	**2,611**	**2,174**	**210,140**

Note 20 Derivatives and Hedge accounting, cont.

	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
31 Dec 2009, EURm	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	54,155	52,632	2,344,711	813	868	56,291
FRAs	780	754	942,168	51	60	60,184
Futures and forwards	296	230	62,159	1	—	116
Options	5,822	5,797	238,734	21	21	1,346
Other	0	0	30	—	1	11,442
Total	**61,053**	**59,413**	**3,587,802**	**886**	**950**	**129,379**
Equity derivatives						
Equity swaps	34	3	317	34	7	26
Futures and forwards	65	126	949	1	2	45
Options	812	945	18,103	60	15	1,049
Other	3	0	497	—	—	—
Total	**914**	**1,074**	**19,866**	**95**	**24**	**1,120**
Foreign exchange derivatives						
Currency and interest rate swaps	4,533	3,443	250,470	974	888	17,205
Currency forwards	5,791	5,630	418,676	79	8	4,288
Options	607	683	47,085	—	—	—
Other	22	5	183	—	—	—
Total	**10,953**	**9,761**	**716,414**	**1,053**	**896**	**21,493**
Credit derivatives						
Credit default swaps	1,224	1,238	78,669	—	20	400
Total	**1,224**	**1,238**	**78,669**	**—**	**20**	**400**
Commodity derivatives						
Swaps	719	631	8,991	—	—	—
Futures and forwards	50	64	549	—	—	—
Options	46	45	1,585	—	—	—
Total	**815**	**740**	**11,125**	**—**	**—**	**—**
Other derivatives						
Swaps	56	113	3,799	—	—	—
Options	17	17	93	—	—	—
Other	0	27	1,930	—	27	1,930
Total	**73**	**157**	**5,822**	**—**	**27**	**1,930**
Total derivatives held for trading	**75,032**	**72,383**	**4,419,698**	**2,034**	**1,917**	**154,322**

Note 20 Derivatives and Hedge accounting, cont.

31 Dec 2009, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	267	276	22,034	245	50	11,665
Options	0	2	252	—	—	—
Total	**267**	**278**	**22,286**	**245**	**50**	**11,665**
Equity derivatives						
Options	1	2	34	2	2	47
Total	**1**	**2**	**34**	**2**	**2**	**47**
Foreign exchange derivatives						
Currency and interest rate swaps	122	380	5,253	140	182	3,388
Currency forwards	—	—	—	—	22	350
Total	**122**	**380**	**5,253**	**140**	**204**	**3,738**
Total derivatives used for hedge accounting	**390**	**660**	**27,573**	**387**	**256**	**15,450**
– of which fair value hedges	368	530	25,979	334	125	13,383
– of which cash flow hedges	22	130	1,594	53	131	2,067
Total derivatives	**75,422**	**73,043**	**4,447,271**	**2,421**	**2,173**	**169,772**

Note 21 Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Carrying amount at beginning of year	763	413	332	27
Changes during the year				
Revaluation of hedged items	335	331	463	305
Translation differences	29	19	—	—
Carrying amount at end of year	**1,127**	**763**	**795**	**332**
Liabilities EURm				
Carrying amount at beginning of year	874	532	285	42
Changes during the year				
Revaluation of hedged items	–33	308	464	243
Translation differences	57	34	—	—
Carrying amount at end of year	**898**	**874**	**749**	**285**

The carrying amount at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset respectively a liability. When the hedged item is an asset, the change in the fair value of the hedged item is presented within assets and when the hedged item is a liability, the change is presented as a liability.

Note 22 Investments in Group undertakings

Parent company EURm	31 Dec 2010	31 Dec 2009
Acquisition value at beginning of year	16,659	16,360
Acquisitions/capital contributions during the year	535	294
Sales during the year	—	0
IFRS 2 expenses[1]	9	5
Acquisition value at end of year	**17,203**	**16,659**
Accumulated impairment charges at beginning of year	–494	–494
Impairment charges during the year	–105	0
Reclassification	3	—
Translation differences	—	0
Accumulated impairment charges at end of year	**–596**	**–494**
Total	**16,607**	**16,165**

1) Allocation of IFRS 2 expenses for LTIP 2007–2010 related to the subsidiaries. For more information, see Note 8.

– of which, listed shares — —

The total amount is expected to be settled after more than 1 year.

Note 22 Investments in group undertakings, cont.

Specification

This specification includes all directly owned group undertakings and major group undertakings to the directly owned companies.

Parent company

31 Dec 2010	Number of shares	Carrying amount 2010, EURm	Carrying amount 2009, EURm	Voting power of holding %	Domicile	Registration number
Nordea Bank Finland Plc	1,030,800,000	5,954	5,951	100.0	Helsinki	1680235-8
Nordea Finance Finland Ltd				100.0	Espoo	0112305-3
Nordea Bank Danmark A/S	50,000,000	3,507	3,505	100.0	Copenhagen	13522197
Nordea Finans Danmark A/S				100.0	Høje Taastrup	89805910
Nordea Kredit Realkreditaktieselskab				100.0	Copenhagen	15134275
Fionia Asset Company A/S[1]				100.0	Copenhagen	31934745
Nordea Bank Norge ASA	551,358,576	2,405	2,403	100.0	Oslo	911044110
Nordea Eiendomskreditt AS				100.0	Oslo	971227222
Nordea Finans Norge AS				100.0	Oslo	924507500
Privatmegleren AS				67.0	Oslo	986386661
Nordea Bank Polska S.A.	55,061,403	362	262	99.0	Gdynia	KRS0000021828
OOO Promyshlennaya Companiya Vestkon	4,601,942,680[2]	659	658	100.0	Moscow	1027700034185
OJSC Nordea Bank				100.0[4]	Moscow	1027739436955
Nordea Life Holding AB	1,000	626	301	100.0	Stockholm	556742-3305
Nordea Liv & Pension, Livforsikrings-selskab A/S				100.0	Ballerup	24260577
Nordea Liv Holding Norge AS				100.0	Bergen	984739303
Livforsikringsselskapet Nordea Liv Norge AS				100.0	Bergen	959922659
Nordea Livförsäkring Sverige AB (publ)				100.0	Stockholm	516401-8508
Nordea Life Holding Finland Ltd				100.0	Helsinki	1737788-3
Nordea Life Assurance Finland Ltd				100.0	Helsinki	0927072-8
Nordea Hypotek AB (publ)	100,000	1,898	1,898	100.0	Stockholm	556091-5448
Nordea Fonder AB	15,000	229	679	100.0	Stockholm	556020-4694
Nordea Bank S.A.	999,999	453	323	100.0	Luxembourg	B14157
Nordea Finans Sverige AB (publ)	1,000,000	77	77	100.0	Stockholm	556021-1475
Nordea Fondene Norge AS	1,200	29	29	100.0	Oslo	930954616
Nordea Investment Management AB	12,600	223	64	100.0	Stockholm	556060-2301
Nordea Investment Fund Company Finland Ltd	3,350	138	4	100.0	Helsinki	1737785-9
Nordea Ejendomsinvestering A/S	1,000	29	1	100.0	Copenhagen	26640172
Nordea Investment Fund Management A/S	25,000	8	—	100.0	Copenhagen	13917396
Nordea Investment Funds I Company SA	39,996	0	0	100.0	Luxembourg	B30550
PK Properties Int'l Corp	100,000	0	0	100.0	Atlanta, USA	601624718
Nordea Hästen Fastighetsförvaltning AB	1,000	0	0	100.0	Stockholm	556653-6800
Nordea Putten Fastighetsförvaltning AB	1,000	0	0	100.0	Stockholm	556653-5257
Nordea North America Inc.	1,000	0	0	100.0	Delaware, USA	51-0276195
Nordea Do Brasil Representações LTDA	1,162,149	0	0	100.0	Sao Paulo, Brasil	51-696.268/0001-40
Nordic Baltic Holding (NBH) AB[3]	1,000	9	9	100.0	Stockholm	556592-7950
Nordea Fastigheter AB[3]	3,380,000	1	1	100.0	Stockholm	556021-4917
Total		**16,607**	**16,165**			

1) Preiously named Fionia Bank A/S.
2) Nominal value expressed in RUB, representing Nordea's participation in Vestkon.
3) Dormant.
4) Combined ownership, Nordea Bank AB (publ) directly 7.2% and indirectly 92,8% through OOO Promyshlennaya Companiya Vestkon.

Note 22 Investments in group undertakings, cont.

Group

Special Purpose Entities (SPEs) – Consolidated

SPEs that have been set up for enabling investments in structured credit products and for acquiring assets from customers.

EURm	Purpose	Duration	Nordea's investment	Total assets
Viking ABCP Conduit[1]	Factoring	<5 years	948	1,000
CMO Denmark A/S[2]	Collateralised Mortgage Obligation	>5 years	11	26
Kalmar Structured Finance A/S[3]	Credit Linked Note	>5 years	25	91
Kirkas Northern Lights Ltd[4]	Collateralised Mortgage Obligation	>5 years	5,014	5,014
Total			**5,998**	**6,131**

1) The Viking ABCP Conduit (Viking) has been established with the purpose of supporting trade receivable or accounts payable securitisations to core Nordic customers. The SPEs purchase trade receivables from the approved sellers and fund the purchases either by issuing Commercial Papers (CP) via the established Asset Backed Commercial Papers programme or by drawing funds on the liquidity facilities available. Nordea has provided liquidity facilities of maximum EUR 1,300m and at year end 2010 EUR 948m were utilised. There is no outstanding CP issue at year end 2010. These SPEs are consolidated as they are closely linked to the activities within Nordea. Also, Nordea is exposed to credit risk through the liquidity facility. There are no significant restriction on repayment of loans from Viking apart from that the payments are dependant on the pace in which Viking realises its assets.
2) Collateralised Mortgage Obligations Denmark A/S (CMO Denmark A/S) was established with the purpose to issue CMOs in order to meet specific customer preferences in terms of credit risk, interest rate risk, prepayment risk, maturity etc. The SPE purchased a pool of mortgage bonds and reallocated the risks through tranching a similar bond issue (CMOs). At year end 2010 the total notional of outstanding bonds were EUR 26m available to investors. Nordea holds bonds issued by CMO Denmark A/S as part of offering a secondary market for the bonds. The investment amounted to EUR 11m as of year end 2010.
3) Kalmar Structured Finance A/S was established to allow customers to invest in structured products in the global credit markets. The SPE enters into Credit Default Swaps (CDS) and hereby acquires a credit risk on an underlying portfolio of names (like corporate names) and at the same time the SPE issues Credit Linked Notes (CLN) with a similar credit risk that reflects the terms in the CDSs. Nordea is the counterpart in the derivative transactions. The total notional of outstanding CLNs in this category was EUR 91m at year end 2010. Nordea holds CLNs issued by the SPE as part of offering a secondary market for the notes. The investment amounted to EUR 25m at year end 2010.
4) Kirkas Northern Lights Ltd (Kirkas) was established in 2008. Assets have been sold from Nordea's ordinary lending portfolio to Kirkas. Kirkas has used the assets as collateral for bonds issued. The total notional of bonds and subordinated loans was EUR 5,014m at year end 2010, which are held in full by Nordea. Nordea still holds the majority of the residual- and ownership risks in the SPE, why the SPE is consolidated into the Nordea Group.

Note 23 Investments in associated undertakings

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Acquisition value at beginning of year	481	441	2	2
Acquisitions during the year[1]	18	8	2	—
Sales during the year	–10	–1	—	0
Share in earnings[2]	72	32	—	—
Dividend received	–51	–29	—	—
Reclassifications	42	—	—	—
Translation differences	12	30	—	—
Acquisition value at end of year	**564**	**481**	**4**	**2**
Accumulated impairment charges at beginning of year	–11	–10	—	—
Translation differences	1	–1	—	—
Accumulated impairment charges at end of year	**–10**	**–11**	**—**	**—**
Total	**554**	**470**	**4**	**2**
– of which, listed shares	—	—	—	—

1) Of which acqusition through business combinations EUR -m (EUR 4m).
2) Share in earnings

EURm	2010	2009
Profit from companies accounted for under the equity method	66	48
Portfolio hedge, Eksportfinans ASA	–5	–29
Associated undertakings in Life, reported as Net result from items at fair value	11	13
Share in earnings	**72**	**32**

The total amount is expected to be settled after more than 1 year.

Nordea's share of the associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2010	31 Dec 2009
Total assets	8,108	7,785
Total liabilities	7,506	7,320
Operating income	194	210
Operating profit	66	–59

Nordea has issued contingent liabilities of EUR 1,688m (EUR 1,527m) on behalf of associated undertakings.

Note 23 Investments in associated undertakings, cont.

Group

31 Dec 2010	Registration number	Domicile	Carrying amount, EURm	Voting power of holding %
Eksportfinans ASA	816521432	Oslo	133	23
Ejendomspartnerskabet af 1/7 2003	27134971	Ballerup	180	49
Luottokunta	0201646-0	Helsinki	42	26
LR Realkredit A/S	26045304	Copenhagen	12	39
Oy Realinvest Ab	0680035-9	Helsinki	5	49
Realia Holding Oy	2106796-8	Helsinki	5	41
Samajet Nymøllevej 59-91	24247961	Ballerup	21	25
E-nettet Holding A/S	28308019	Copenhagen	2	20
Hovedbanens Forretningscenter K/S	16301671	Ballerup	14	50
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	9	33
Axel IKU Invest A/S	24981800	Copenhagen	1	33
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	8	33
KIFU-AX II A/S	25893662	Copenhagen	3	25
Bankernas Kontantservice A/S	33077599	Copenhagen	3	20
Multidata Holding A/S	27226027	Ballerup	10	29
Samejet Lautruphøj I/S	50857859	Ballerup	6	50
Nets Holding A/S	27225993	Ballerup	79	21
NorVega SGR S.p.A.	1060050156	Milano	4	40
Upplysningscentralen UC AB	556137-5113	Stockholm	3	26
BAB Bankernas Automatbolag AB	556817-9716	Stockholm	2	20
Other			12	
Total			**554**	

Parent company

31 Dec 2010	Registration number	Domicile	Carrying amount, EURm	Voting power of holding %
BDB Bankernas Depå AB	556695-3567	Stockholm	1	40
Bankpension Sverige AB	556695-8194	Stockholm	1	20
BAB Bankernas Automatbolag AB	556817-9716	Stockholm	2	20
Other			0	
Total			**4**	

Note 24 Intangible assets

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Goodwill[1]				
Nordea Bank Danmark A/S	439	439	—	—
Nordea Bank Norge ASA	1,055	995	—	—
Nordea Bank Sverige AB (publ)	183	160	521	593
Nordea Bank Polska S.A.	68	65	—	—
OJSC Nordea Bank	274	258	—	—
Life insurance companies	311	309	—	—
Fionia Asset Company A/S	158	126	—	—
Other goodwill	97	94	—	—
Goodwill, total	**2,585**	**2,446**	**521**	**593**
Computer software	515	375	138	95
Other intangible assets	119	126	12	13
Total	**3,219**	**2,947**	**671**	**701**

1) Excluding goodwill in associated undertakings.

Note 24 Intangible assets, cont.

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Goodwill				
Acquisition value at beginning of year	2,447	2,144	1,059	1,059
Acquisitions during the year	3	126	—	—
Reclassifications	31	—	—	—
Translation differences	105	177	—	—
Acquisition value at end of year	**2,586**	**2,447**	**1,059**	**1,059**
Accumulated amortisation at beginning of year	—	—	–466	–394
Amortisation according to plan for the year	—	—	–72	–72
Accumulated amortisation at end of year	**—**	**—**	**–538**	**–466**
Accumulated impairment charges at beginning of year	–1	–1	—	—
Translation differences	0	0	—	—
Accumulated impairment charges at end of year	**–1**	**–1**	**—**	**—**
Total	**2,585**	**2,446**	**521**	**593**

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Computer software				
Acquisition value at beginning of year	476	379	123	102
Acquisitions during the year	163	90	52	23
Sales/disposals during the year	–5	0	0	—
Reclassifications	0	–10	0	–2
Translation differences	26	17	0	—
Acquisition value at end of year	**660**	**476**	**175**	**123**
Accumulated amortisation at beginning of year	–95	–71	–28	–20
Amortisation according to plan for the year	–43	–31	–9	–8
Accumulated amortisation on sales/disposals during the year	4	—	—	—
Reclassifications	1	10	—	—
Translation differences	–7	–3	—	—
Accumulated amortisation at end of year	**–140**	**–95**	**–37**	**–28**
Accumulated impairment charges at beginning of year	–6	–5	0	–2
Impairment charges during the year	—	0	—	—
Reclassifications	—	—	—	2
Translation differences	1	–1	—	—
Accumulated impairment charges at end of year	**–5**	**–6**	**0**	**0**
Total	**515**	**375**	**138**	**95**

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Other intangible assets				
Acquisition value at beginning of year	208	157	50	45
Acquisitions during the year[1]	17	66	4	5
Sales/disposals during the year	–13	–9	–6	—
Reclassifications	0	–10	—	—
Translation differences	9	4	—	—
Acquisition value at end of year	**221**	**208**	**48**	**50**

1) Of which acquisitions through business combinations EUR 1m (EUR 51m).

Note 24 Intangible assets, cont.

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Accumulated amortisation at beginning of year	–82	–68	–37	–33
Amortisation according to plan for the year	–24	–15	–6	–4
Accumulated amortisation on sales/disposals during the year	13	1	7	—
Reclassifications	0	3	—	—
Translation differences	–5	–3	—	—
Accumulated amortisation at end of year	**–98**	**–82**	**–36**	**–37**
Accumulated impairment charges at beginning of year	—	—	—	—
Impairment charges during the year	–4	—	—	—
Accumulated impairment charges at end of year	**–4**	**—**	**—**	**—**
Total	**119**	**126**	**12**	**13**

The total amount is expected to be settled after more than 1 year.

Impairment test

A cash generating unit, defined as the operating segment, is the basis for the goodwill impairment test.

Cash flows in the near future (between 2–5 years) are based on financial forecasts, derived from forecasted margins, volumes, sales and cost development. These input variables are based on historical data adjusted to reflect Nordea's assumptions about the future. Longer term cash flows (up to 30 years) are based on estimated sector growth rates.

For impairment testing, a growth rate of 4% has been used for all cash generating units except in Russia, where a growth rate of 9% has been used, and the Life operations in Poland, where a growth rate of 6% has been used. Growth rates are based on historical data, updated to reflect the current situation.

Cash flows are risk adjusted using normalised loan losses.

The derived cash flows are discounted at the Group's defined post-tax average cost of equity of 9.5% (equal to what is used for internal performance management purposes), except for operations in Russia and Life operations in Poland where an additional risk premium of 250 basis points has been applied.

The impairment tests conducted in 2010 did not indicate any need for goodwill impairment. See Note 1 section 4 for more information.

Note 25 Property and equipment

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Property and equipment	454	452	77	79
– of which buildings for own use	70	89	0	0
Total	**454**	**452**	**77**	**79**
Equipment				
Acquisition value at beginning of year	857	866	183	206
Acquisitions during the year[1]	143	115	24	23
Sales/disposals during the year	–153	–110	–12	–43
Reclassifications	–7	–20	–2	–3
Translation differences	51	6	—	—
Acquisition value at end of year	**891**	**857**	**193**	**183**
Accumulated depreciation at beginning of year	–472	–498	–102	–125
Accumulated depreciation on sales/disposals during the year	90	95	8	43
Reclassifications	10	16	3	—
Depreciations according to plan for the year	–98	–93	–25	–20
Translation differences	–27	8	—	—
Accumulated depreciation at end of year	**–497**	**–472**	**–116**	**–102**
Accumulated impairment charges at beginning of year	–22	–13	–2	—
Accumulated impairment charges on sales/disposals during the year	13	—	—	—
Reclassifications	—	–2	2	—
Impairment charges during the year	—	–9	—	–2
Translation differences	–1	2	—	—
Accumulated impairment charges at end of year	**–10**	**–22**	**—**	**–2**
Total	**384**	**363**	**77**	**79**

1) Of which acquisitions through business combinations EUR 0m (EUR 2m).

Note 25 Property and equipment, cont.

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Land and buildings				
Acquisition value at beginning of year	97	27	0	0
Acquisitions during the year[1]	3	68	—	—
Sales/disposals during the year	0	–1	—	—
Reclassifications	–22	—	—	—
Translation differences	1	3	—	—
Acquisition value at end of year	**79**	**97**	**0**	**0**
Accumulated depreciation at beginning of year	–8	–7	0	0
Accumulated depreciation on sales/disposals during the year	0	0	—	—
Depreciation according to plan for the year	–1	–1	0	0
Translation differences	0	0	0	—
Accumulated depreciation at end of year	**–9**	**–8**	**0**	**0**
Accumulated impairment charges at beginning of year	—	0	—	—
Reclassifications	—	0	—	—
Accumulated impairment charges at end of year	**—**	**—**	**—**	**—**
Total	**70**	**89**	**0**	**—**

1) Of which acquisitions through business combinations EUR -m (EUR 34m).

The total amount is expected to be settled after more than 1 year.

Parent company

The parent company owns properties with a carrying amount of EUR 0.4m (EUR 0.4m). Tax value amounts to EUR 0.7m (EUR 0.6m) with an estimated market value of EUR 0.9m (EUR 0.8m).

Note 26 Leasing

Nordea as a lessor

Finance leases

Nordea owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans to the public" (see Note 16) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments:

EURm	Group 31 Dec 2010	Group 31 Dec 2009
Gross investments	6,946	6,417
Less unearned finance income	–444	–422
Net investments in finance leases	**6,502**	**5,995**
Less unguaranteed residual values accruing to the benefit of the lessor	–60	–64
Present value of future minimum lease payments receivable	**6,442**	**5,931**
Accumulated allowance for uncollectible minimum lease payments receivable	8	9

As of 31 December 2010 the gross investment and the net investment by remaining maturity was distributed as follows:

EURm	Group 31 Dec, 2010 Gross Investment	Group 31 Dec, 2010 Net Investment
2011	1,514	1,436
2012	1,340	1,277
2013	1,268	1,227
2014	752	718
2015	653	609
Later years	1,419	1,235
Total	**6,946**	**6,502**

Operating leases

Assets subject to operating leases mainly comprise real estate, vehicles, aeroplanes and other equipment. In the balance sheet they are reported as tangible assets.

Carrying amount of leased assets, EURm	Group 31 Dec 2010	Group 31 Dec 2009
Acquisition value	125	187
Accumulated depreciations	–43	–70
Accumulated impairment charges	—	–22
Carrying amount at end of year	**82**	**95**
– of which repossessed leased property, carrying amount	—	16
Carrying amount distributed on groups of assets, EURm		
Equipment	82	95
Carrying amount at end of year	**82**	**95**

Depreciation for 2010 amounted to EUR 19m (EUR 26m).

Note 26 Leasing, cont.

Under non-cancellable operating leases, the future minimum lease payments receivable are distributed as follows:

EURm	Group 31 Dec 2010
2011	19
2012	12
2013	3
2014	2
2015	1
Later years	0
Total	**37**

Nordea as a lessee

Finance leases

Nordea has only to a minor extent entered into finance lease agreements. The carrying amount of assets subject to finance leases amounts to EUR 8m (EUR 2m).

Operating leases

Nordea has entered into operating lease agreements for premises and office equipment.

	Group		Parent company	
Leasing expenses during the year, EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Leasing expenses during the year	–262	–243	–84	–78
– of which minimum lease payments	–259	–240	–84	–78
– of which contingent rents	–3	–3	—	—
Leasing income during the year regarding sublease payments	6	6	36	34

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

EURm	Group 31 Dec 2010	Parent company 31 Dec 2010
2011	317	300
2012	156	99
2013	119	87
2014	104	64
2015	60	22
Later years	291	168
Total	**1,047**	**740**

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 18m for the Group and EUR 305m for the parent company. For the parent company EUR 288m of the subleases are towards group undertakings.

Note 27 Investment property

Group

Movement in the balance sheet

EURm	31 Dec 2010	31 Dec 2009
Carrying amount at beginning of year	3,505	3,334
Acquisitions during the year	87	258
Sales/disposals during the year	–60	–146
Net gains or losses from fair value adjustments	62	–49
Transfers/reclassifications during the year	8	26
Translation differences	–34	82
Carrying amount at end of year	**3,568**	**3,505**

The total amount is expected to be settled after more than 1 year.

Tax value amount for Swedish properties	45	32

Amounts recognised in the income statement[1]

EURm	2010	2009
Rental income	241	236
Direct operating expenses that generate rental income	–65	–68
Direct operating expenses that did not generate rental income	–3	–1

1) Together with fair value adjustments included in Net result from items at fair value.

The method applied when calculating fair value is a rate of return calculation, based on internal models. As a supplement to these values, appraisals were obtained from independent external valuers for parts of the investment property.

Note 28 Other assets

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Claims on securities settlement proceeds	17,725	10,104	98	98
Reinsurance recoverables	4	5	—	—
Cash/margin receivables	3,130	2,384	—	—
Other	1,998	1,904	2,522	1,512
Total	**22,857**	**14,397**	**2,620**	**1,610**
– of which expected to be settled after more than 1 year	218	14	—	—

Note 29 Prepaid expenses and accrued income

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Accrued interest income	1,518	1,762	497	415
Other accrued income	315	260	21	20
Prepaid expenses	617	470	491	359
Total	**2,450**	**2,492**	**1,009**	**794**
– of which expected to be settled after more than 1 year	615	196	425	329

Note 30 Deposits by credit institutions

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Central banks	6,910	18,779	1,231	6,105
Other banks	32,221	30,364	25,645	23,573
Other credit institutions	1,605	3,047	1,768	509
Total	**40,736**	**52,190**	**28,644**	**30,187**

Note 31 Deposits and borrowings from the public

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Deposits from the public	163,870	148,377	39,499	34,558
Borrowings from the public	12,520	5,200	121	59
Total	**176,390**	**153,577**	**39,620**	**34,617**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included. Portfolio schemes in Nordea Bank Danmark A/S of EUR 3,868m (EUR 3,377m) are also included in Deposits.

Note 32 Liabilities to policyholders

EURm	31 Dec 2010	31 Dec 2009
Traditional life insurance provisions	21,819	21,166
– of which guaranteed provisions	21,708	21,161
– of which non-guaranteed provisions	111	5
Unit-linked insurance provisions	5,202	4,480
– of which guaranteed provisions	609	627
– of which non-guaranteed provisions	4,593	3,853
Insurance claims provision	434	394
Provisions, Health & personal accident	181	179
Total insurance contracts	**27,636**	**26,219**
Investment contracts	9,339	6,178
– of which guaranteed provisions	2,953	511
– of which non-guaranteed provisions	6,386	5,667
Collective bonus potential	1,791	1,434
Total	**38,766**	**33,831**

Group

Liabilities to policyholders are obligations related to insurance contracts. These contracts are divided into contracts containing insurance risk and contracts without insurance risk. The latter are pure investments contracts.

Insurance contracts consists of Life insurance provisions and other insurance related items.

Life insurance contracts are measured and recognised in accordance with IFRS 4, i.e. the measurement and recognition principle under previous GAAP has been maintained consequently resulting in non-uniform accounting policies method on consolidation. Each market represented by Nordic and European entities measure and recognises insurance contracts using local accounting policies.

31 Dec 2010, EURm	Traditional life insurance provisions	Unit– linked insurance provisions	Insurance claims provisions	Provisions, Health & personal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/ bonus potentials, beginning of year	**21,166**	**4,480**	**394**	**179**	**6,178**	**1,434**	**33,831**
Gross premiums written	1,493	656	—	—	2,898	—	5,047
Transfers	–60	60	—	—	–23	—	–23
Addition of interest/Investment return	715	578	—	—	806	—	2,099
Claims and benefits	–1,869	-444	36	–4	–836	—	–3,117
Expense loading including addition of expense bonus	–142	-47	—	—	–64	—	–253
Change in provisions/bonus potential	—	—	—	6	—	275	281
Other	271	–98	—	—	–34	24	163
Translation differences	245	17	4	0	414	58	738
Provisions/ bonus potentials, end of year	**21,819**	**5,202**	**434**	**181**	**9,339**	**1,791**	**38,766**
Provision relating to bonus chemes/ discretionary participation feature:	99%				24%		

Note 32 Liabilities to policyholders, cont.

31 Dec 2009, EURm	Traditional life insurance provisions	Unit– linked insurance provisions	Insurance claims provisions	Provisions, Health & personal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/ bonus potentials, beginning of year	**20,286**	**3,611**	**363**	**173**	**4,022**	**783**	**29,238**
Gross premiums written	1,626	452	—	—	2,064	—	4,142
Transfers	–186	239	—	—	–173	—	–120
Addition of interest/Investment return	599	700	—	—	815	—	2,114
Claims and benefits	–1,626	–453	24	2	–670	—	–2,723
Expense loading including addition of expense bonus	–146	–38	—	—	–48	—	–232
Change in provisions/bonus potential	—	—	—	3	—	638	641
Other	–12	–66	—	—	–31	—	–109
Translation differences	625	35	7	1	199	13	880
Provisions/ bonus potentials, end of year	**21,166**	**4,480**	**394**	**179**	**6,178**	**1,434**	**33,831**
Provision relating to bonus chemes/ discretionary participation feature:	98%				30%		

Insurance risks

Insurance risk is described in the Risk, Liquidity and Capital management section of the Board of Directors' Report. Additional quantitative information is found below.

Life insurance risk and market risks in the Life insurance operations

	31 Dec 2010		31 Dec 2009	
Sensitivites EURm	Effect on policyholders	Effect on Nordea's own account	Effect on policyholders	Effect on Nordea's own account
Mortality – increased living with 1 year	–133.1	–73.4	–124.5	–21.3
Mortality – decreased living with 1 year	189.5	8.1	125.7	23.1
Disability – 10% increase	–27.7	–5.0	–24.2	–3.7
Disability – 10% decrease	27.5	5.0	24.0	3.7
50 bp increase in interest rates	–77.9	–0.2	–69.9	–0.4
50 bp decrease in interest rates	32.1	0.2	–19.6	0.3
12% decrease in all shareprices	–457.4	–5.7	–217.4	–8.3
8% decrease in property value	–262.7	–8.3	–235.8	–5.8
8% loss on counterparts	–458.2	–33.5	–153.7	–10.3

Liabilities to policyholders divided in guarantee levels (technical interest rate)

31 Dec 2010, EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	11,089	3,267	11,665	10,169	170	36,360

31 Dec 2009, EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	7,046	4,196	10,613	9,791	178	31,824

Note 32 Liabilities to policyholders, cont.

Risk profiles on insurance

Product	Risk types	Material effect
Traditional	– Mortality	Yes
	– Disability	Yes
	– Return guaranties	Yes
Unit-Link	– Mortality	Yes
	– Disability	Yes
	– Return guaranties	No
Health and personal accident	– Mortality	No
	– Disability	Yes
	– Return guaranties	No
Financial contract	– Mortality	No
	– Disability	No
	– Return guaranties	No

Note 33 Debt securities in issue

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Certificates of deposit	43,265	40,636	11,516	7,687
Commercial papers	12,792	12,585	—	0
Bond loans	95,369	77,148	21,787	14,313
Other	152	150	121	119
Total	**151,578**	**130,519**	**33,424**	**22,119**

Note 34 Other liabilities

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Liabilities on securities settlement proceeds	17,516	13,484	2,620	3,076
Sold, not held, securities	14,048	8,593	604	1,699
Accounts payable	267	195	23	14
Cash/margin payable	2,896	2,101	—	—
Other	3,863	4,216	1,211	1,401
Total	**38,590**	**28,589**	**4,458**	**6,190**
– of which expected to be settled after more than 1 year	51	18	0	—

Note 35 Accrued expenses and prepaid income

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Accrued interest	1,993	2,006	361	205
Other accrued expenses	1,074	953	167	150
Prepaid income	323	219	193	98
Total	**3,390**	**3,178**	**721**	**453**
– of which expected to be settled after more than 1 year	3	9	0	—

Note 36 Provisions

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Reserve for restructuring costs	20	27	6	2
Transfer risk, off-balance	22	24	6	5
Individually assessed, off-balance sheet	309	165	3	3
Tax	111	0	—	—
Other	119	93	20	20
Total	**581**	**309**	**35**	**30**

Group	Restructuring	Transfer risk	Off-balance sheet	Tax	Other	Total
At beginning of year	27	24	165	0	93	309
New provisions made	5	3	168	103	101	380
Provisions utilised	–2	—	–6	—	–72	–80
Reversals	–10	–6	–23	—	–8	–47
Discount effect	—	—	6	—	—	6
Translation differences	0	1	–1	8	5	13
At end of year	**20**	**22**	**309**	**111**	**119**	**581**
– of which expected to be settled after more than 1 year	4	21	294	111	84	514

Reserve for restructuring costs amounts to EUR 20m and relates mainly to group initiatives.

Provision for Transfer risk is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 16. Provision for transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed off-balance sheet items (ie Gurantees and L/C's) amounted to EUR 309m.

Nordea has an on-going tax litigation related to the sales gain in respect of the divestment of Nordea's owner occupied properties in Sweden, which has been provided for with EUR 111m. Nordea is of the opinion that all tax rules and regulations have been complied with and is contesting the claim in court. The court procedures are expected to have a duration of several years.

Other provisions refers to the following provisions: Provision for premiums in Defined Contribution Plans EUR 53m (see Note 37 for more information), provision for state guarantee fees EUR 27m (expected to be settled 2011) and other provisions amounting to EUR 39m (EUR 8m expected to be settled 2011). The provision related to Defined Contribution Plans is expected to be settled as related premiums are paid.

Parent company	Restructuring	Transfer risk	Off-balance sheet	Other	Total
At beginning of year	2	5	3	20	30
New provisions made	6	3	1	20	30
Provisions utilised	–1	—	—	–19	–20
Reversals	–1	–3	–1	–3	–8
Translation differences	—	1	—	2	3
At end of year	**6**	**6**	**3**	**20**	**35**
– of which expected to be settled after more than 1 year	0	6	3	0	9

Provision for transfer risk is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 16.

Provision for transfer risk is depending on the volume of business with different countries. Other provision of EUR 20m relates to state guarantee fees.

Note 37 Retirement benefit obligations

Group

EURm	31 Dec 2010	31 Dec 2009
Defined benefit plans, net	150	260
Total	**150**	**260**

Nordea has pension obligations from defined benefit plans (DBP) in all Nordic countries with the predominant share in Sweden, Norway and Finland. The plans in Finland, and Norway as from 2011, are closed to new employees and pensions for new employees are instead based on defined contribution plan (DCP) arrangements as is also the case in Denmark. DCPs are not reflected on the balance sheet, except when earned pensions rights have not yet been paid for. Nordea also contributes to public pension plans.

IAS 19 secures that the market based value of pension obligations net of plan assets backing these obligations will be reflected in the Group's balance sheet. The major plans in each country are funded schemes covered by assets in pension funds/foundations.

Note 37 Retirement benefit obligations, cont.

Funded schemes	Swe	Nor	Fin	Den
2010				
Members	21,979	6,936	19,208	59
Average member age	56	56	61	73
2009				
Members	21,331	6,318	19,672	59
Average member age	54	55	60	72

Changes in pension plans 2010

During 2010 Nordea agreed with the employees in Norway to align the existing DBPs with the common practice in the Norwegian market. A new DCP was furthermore introduced. The existing employees have the option to stay in the DBPs with benefits reduced from 70% to 66% of the final salary for pension rights earned as from 2011, or to transfer to the new DCP. In addition the employees will not earn spouse pension or disability pensions as from 2011. A curtailment gain of EUR 42m excluding social charges (EUR 48m including social charges) has been recognised as a consequence of that the pension obligation, for old age pension, under IAS 19 before the change included 70% of future salary increases, and after the change only 66% of future salary increases. There is also an impact from that the spouse pension and disibility pension will be based on the final salary as of 31 December 2010, instead of on the salary at retirement.

A change has furthermore been made to the AFP (Avtalefestet Pensjon) plan in Norway as from 2011. The change gives rise to a new multiemployer DBP plan that cannot be calculated as a DBP, due to that information on Nordea's share of the whole plan is not available. This plan consequently has to be accounted for as a DCP. The existing obligation net of actuarial gains/losses has therefore been recognised as "Curtailments and settlements" amounting to EUR 39m excluding social charges (EUR 44m including social charges) in 2010. As the employees covered by the AFP plan have already rendered services qualifying for pension to Nordea, Nordea has recognised a provision and a corresponding DCP expense for contributions payable to the AFP plan of EUR 46m excluding social charges (EUR 53m including social charges).

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions fixed for each of the Group's pension plans.

Assumptions	Swe	Nor	Fin	Den
2010				
Discount rate	4.0%	4.0%	4.5%	4.0%
Salary increase	3.5%	3.5%	3.5%	3.5%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	5.0%	5.0%	5.5%	5.0%
2009				
Discount rate	4.0%	4.5%	4.5%	4.5%
Salary increase	3.5%	3.5%	3.5%	3.5%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	5.0%	5.5%	5.5%	5.5%

The expected return on assets is based on long-term expectations for return on the different asset classes. On bonds, this is linked to the discount rate while equities and real estate have an added risk premium.

The discount rate has the most significant impact on the obligation and pension cost. If the discount rate is reduced the pension obligation will increase and vice versa. A one percentage point increase in the discount rate would lead to a decrease in pension obligation of 14% and in service cost of 21%. A one percentage point decrease in the discount rate would lead to an increase in pension obligation of 16% and in service cost of 26%.

Asset composition

The combined return on assets in 2010 was 8.0% (8.5%) mainly reflecting the general positive development in the market. At the end of the year, the equity exposure in pension funds/foundations represented 19% (17%) of total assets.

Asset composition in funded schemes	Swe 2010	Nor 2010	Fin 2010	Den 2010	Total 2010	Total 2009
Equity	20%	14%	21%	12%	19%	17%
Bonds	79%	69%	73%	65%	74%	76%
Real estate	—	17%	6%	—	5%	5%
– of which Nordea real estate	—	—	2%	—	1%	1%
Other plan assets	1%	—	—	23%	2%	2%

Amounts recognised in the balance sheet

EURm	Swe 2010	Nor 2010	Fin 2010	Den 2010	Total 2010	Total 2009
PBO	1,463	941	785	116	3,305	3,087
Plan assets	1,155	614	872	125	2,766	2,397
Total surplus/deficit (–)	**–308**	**–327**	**87**	**9**	**–539**	**–690**
– of which unrecognised actuarial gains/losses (–)	–241	–149	10	–9	–389	–430
Of which recognised in the balance sheet	**–67**	**–178**	**77**	**18**	**–150**	**–260**
– of which retirement benefit assets	57	1	106	23	187	134
– of which retirement benefit obligations	124	179	29	5	337	394
– of which related to unfunded plans (PBO)	133	188	20	5	346	326

Note 37 Retirement benefit obligations, cont.

Overview of surplus or deficit in the plans

EURm	Total 2010	Total 2009	Total 2008	Total 2007	Total 2006
PBO	3,305	3,087	2,830	2,775	3,004
Plan Assets	2,766	2,397	2,099	2,407	2,367
Surplus/deficit (–)	**–539**	**–690**	**–731**	**–368**	**–637**

Changes in the PBO

EURm	Swe 2010	Nor 2010	Fin 2010	Den 2010	Total 2010	Total 2009
PBO at 1 Jan[1]	1,300	881	796	110	3,087	2,837
Service cost	32	37	3	1	73	78
Interest cost	54	39	35	4	132	122
Pensions paid	–60	–36	–44	–8	–148	–135
Curtailments and settlements	—	–106	0	—	–106	–1
Past service cost	–4	6	1	—	3	25
Actuarial gains (–)/losses	–46	75	–8	9	30	–62
Translation differences	194	53	2	0	249	215
Change in provision for SWT/SSC[1]	–7	–8	—	—	–15	8
PBO at 31 Dec	**1,463**	**941**	**785**	**116**	**3,305**	**3,087**

1) Change in provision for special wage tax (SWT) and the social security contribution (SSC) in Sweden and Norway calculated on recognised amounts in the balance sheet.

Changes in the fair value of plan assets

EURm	Swe 2010	Nor 2010	Fin 2010	Den 2010	Total 2010	Total 2009
Assets at 1 Jan	920	526	832	119	2,397	2,099
Expected return on assets	42	30	43	5	120	106
Pensions paid	—	–36	–41	–6	–83	–78
Contributions	28	48	9	2	87	61
Actuarial gains/losses (–)	27	12	27	5	71	73
Translation differences	138	34	2	0	174	136
Plan assets at 31 Dec	**1,155**	**614**	**872**	**125**	**2,766**	**2,397**
Actual return on plan assets	**69**	**42**	**70**	**10**	**191**	**179**

Overview of actuarial gains/losses

EURm	Total 2010	Total 2009	Total 2008	Total 2007	Total 2006
Effects of changes in actuarial assumptions	–44	51	–337	230	–15
Experience adjustments	85	84	–268	–41	10
– of which on plan assets	71	73	–225	–34	9
– of which on plan liabilities	14	11	–43	–7	1
Actuarial gains/losses	**41**	**135**	**–605**	**189**	**–5**

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year is EUR 37m (EUR 175m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 8.)

Recognised net defined benefit cost, EURm	Swe 2010	Nor 2010	Fin 2010	Den 2010	Total 2010	Total 2009
Service cost	32	37	3	1	73	78
Interest cost	54	39	35	4	132	122
Expected return on assets	–42	–30	–43	–5	–120	–106
Curtailments and settlements[1]	—	–81	0	—	–81	–1
Recognised past service cost	–4	6	1	—	3	25
Recognised actuarial gains (–)/losses	17	2	1	—	20	33
SWT/SSC[2]	14	–4	—	—	10	24
Pension cost on defined benefit plans	**71**	**–31**	**–3**	**0**	**37**	**175**

1) Includes recognised actuarial losses of EUR 25m related to the curtailment.
2) Cost related to special wage tax (SWT) in Sweden and the social security contribution (SSC) in Norway.

Note 37 Retirement benefit obligations, cont.

The pension cost is lower than expected in the beginning of the year, mainly due to the curtailments in Norway described above. The net pension cost on defined benefit plans is expected to increase in 2011, mainly as a consequence of that curtailments are expected to decrease.

The Group expects to contribute EUR 44m to its defined benefit plans in 2011.

Key management personnel

The Group's total pension obligations relating to key management personnel amounted to EUR 40m (EUR 38m) at the end of the year. These obligations are to a high degree covered by plan assets. Defined benefit pension costs (Service cost, Past service cost and Curtailments and settlements as defined in IAS 19) relating to key management personnel in 2010 were EUR 2m (EUR 2m). Complete information concerning key management personnel is disclosed in Note 8.

Pension provisions

Parent company

The pension liabilities of Nordea Bank AB (publ) are mainly covered by allocations to its pension foundation.

The provisions in the balance sheet pertain almost exclusively to former employees of Postgirot Bank. EUR 125m (EUR 105m) of the provisions are covered by "Tryggandelagen".

A small percentage of the pension obligations are covered by insurance policies.

The following figures are based on calculations in accordance with Swedish rules ("Tryggandelagen").

Specification of amounts recognised in the balance sheet

	31 Dec 2010	31 Dec 2009
Present value of commitments relating to in whole or in part funded pension plans	–996	–864
Fair value at the end of the period relating to specifically separated assets	1,081	881
Surplus in the pension foundation	**85**	**17**
Present value of commitments relating to unfunded pension plans	–149	–128
Unrecognised surplus in the pension foundation	–85	–17
Reported liability net in the balance sheet	**–149**	**–128**

Specification of changes in the liability recognised in balance sheet as pension

	31 Dec 2010	31 Dec 2009
Balance at 1 Jan recognised as pension commitments	128	118
Pensions paid related to former employees of Postgirot Bank	–5	–5
Actuarial pension calculations	12	6
Effect of exchange rate changes	14	9
Balance at 31 Dec	**149**	**128**

Specification of cost and income in respect of pensions

	2010	2009
Pensions paid related to former employees of Postgirot Bank	–5	–5
Pensions paid related to the pension foundation	–54	–48
Payment to pension fund	–17	—
Actuarial pension calculation	–7	–1
Pensions under own management excluding taxes	**–83**	**–54**
Defined contribution plan	–37	–32
Pension costs[1]	**–120**	**–86**
Return on specifically separated assets, %	4.3	4.3

1) See Note 8 Staff costs.

Actual value of holdings in pension foundations

EURm	31 Dec 2010	31 Dec 2009
Shares	219	175
Interest-bearing securities	820	671
Other assets	42	35
Total	**1,081**	**881**

Assumptions for benefit-determined obligations

	2010	2009
Discount rate	3.1%	3.0%
The calculation is based on pay and pension levels on the accounting date	Yes	Yes

Next year's expected payment to defined benefit plans amounts to EUR 63m.

Note 38 Subordinated liabilities

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Dated subordinated debenture loans	5,173	4,773	5,173	4,773
Undated subordinated debenture loans	626	580	—	—
Hybrid capital loans	1,962	1,832	1,962	1,832
Total	**7,761**	**7,185**	**7,135**	**6,605**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans and hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

Parent company
At 31 December two loans – with terms specified below – exceeded 10% of the total outstanding volume.

EURm	Nominal value	Carrying amount	Interest rate (coupon)
Nordea Bank AB (publ)[1]	1,000	995	Fixed
Nordea Bank AB (publ)[2]	750	745	Fixed

1) Call date 26 March 2020.
2) Call date 29 March 2021.

Note 39 Untaxed reserves

EURm	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Accumulated excess depreciation		
Equipment	6	5
Total	**6**	**5**

Note 40 Assets pledged as security for own liabilities

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Assets pledged for own liabilities				
Lease agreements[1]	128	120	—	—
Securities etc[2]	38,705	34,190	6,843	2,564
Loans to the public	103,453	83,812	—	—
Other pledged assets	21,659	20,465	—	—
Total	**163,945**	**138,587**	**6,843**	**2,564**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	18,520	20,446	6,700	2,542
Deposits and borrowings from the public	12,585	7,192	290	180
Debt securities in issue	67,756	64,662	—	—
Other liabilities and commitments	13,294	9,878	—	—
Total	**112,155**	**102,178**	**6,990**	**2,722**

1) The agreements are financial lease agreements where Nordea is the lessor. The associated assets are Loans to the public.
2) Of which EUR 21,844m relates to securities not recognised in the balance sheet.

Assets pledged for own liabilities contain securities pledged as security in repurchase agreement and in securities lending. The transactions are conducted under standard agreements employed by financial markets participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months. Loans to the public have been registered as collateral for issued covered bonds and mortgage bonds. In the event of the company's insolvency, the holders of these bonds have priority to the assets registered as collateral. Other relates to a certificate of deposits pledged by Nordea to comply with authority requirements and assets funded by finance lease agreements.

Note 41 Other assets pledged

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Other assets pledged[1]				
Lease agreements	0	0	—	—
Securities etc	5,951	6,615	7,259	6,963
Other assets pledged	21	20	—	—
Total	**5,972**	**6,635**	**7,259**	**6,963**
The above pledges[2] pertain to the following liability and commitment items				
Deposits by credit institutions	5,718	6,602	5,718	6,602
Other liabilities and commitments	233	14	1,541	361
Total	**5,951**	**6,616**	**7,259**	**6,963**

1) Collaterals pledged on behalf of other items other than the company's own liabilities, eg, on behalf of a third party or on behalf of the company's own contingent liabilities are accounted for under this item.
2) For undertakings of the company itself or for a third party.

Securities etc. includes interest-bearing securities pledged as security for payment settlements within the Central bank of Sweden. The terms and conditions require day to day security and relate to liquidity intraday/over night. Other pledged assets relate to pledged deposits.

Note 42 Contingent liabilities

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Guarantees				
– Loan guarantees	5,644	4,289	8,367	4,318
– Other guarantees	15,646	14,569	15,531	14,180
Documentary credits	2,515	3,201	—	—
Other contingent liabilities	158	208	5	5
Total	**23,963**	**22,267**	**23,903**	**18,503**

In the normal business of Nordea, the bank issues various forms of guarantees in favour of the bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are off-balance sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

Nordea Bank AB (publ) has issued a guarantee covering all commitments in Nordea Investment Management AB, org no 556060-2301 and Nordea Fastigheter AB, org no 556021-4917.

Nordea Bank AB (publ) has undertaken, in relation to certain individuals and on certain conditions, to be responsible for the potential payment liability against them in their capacity as managing directors or board member in subsidiaries to Nordea Bank AB (publ).

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age. For further disclosures, see Note 8.

Legal proceedings

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

Note 43 Commitments

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Future payment obligations	1,848	950	—	—
Credit commitments[1]	88,740	77,619	29,485	27,667
Other commitments	2,161	1,228	1,453	793
Total	**92,749**	**79,797**	**30,938**	**28,460**

1) Including unutilised portion of approved overdraft facilities of EUR 50,522m (EUR 46,462m) for the Group and EUR 13,972m (EUR 10,095m) for the parent company.

For information about derivatives see Note 20.

Note 44 Insurance activities[1]

Group

Operating profit, insurance

EURm	2010	2009
Operating income[1]		
Fee and commission income	336	290
Fee and commission expense	–126	–124
Net fee and commission income	**210**	**166**
Net result on items at fair value	305	209
Operating income	**515**	**375**
Operating expenses		
Staff costs	–124	–118
Other expenses	–81	–68
Depreciation, amortisation and impairment charges of tangible and intangible assets	–6	–5
Total operating expenses	**–211**	**–191**
Operating profit, insurance	**304**	**184**

1) Before allocations and elimination of intra-group transactions.

Reconcilation between legal and product result for the insurance business

EURm	2010	2009
Operating profit for the insurance sub-group	304	184
Reversal of interest expense on internal funding	37	61
Reversal of internal sales commissions paid	23	24
Calculated cost for distribution	–13	–13
Other adjustments	16	15
Product result before tax	**367**	**271**

Operating profit, insurance

EURm	2010	2009
Technical result		
Premiums written	5,113	4,188
Investment income, investment contracts	806	815
Investment income, insurance contracts	1,984	1,978
Other technical income	–20	–31
Claims paid	–3,163	–2,739
Change in technical provisions, investment contracts	–2,778	–1,954
Change in technical provisions, insurance contracts	–1,180	–995
Change in collective bonus potential	–159	–853
Operating expenses	–333	–314
Technical result	**270**	**95**
Non-technical investment income	34	89
Operating profit	**304**	**184**

Balance sheet

EURm	31 Dec 2010	31 Dec 2009
Assets		
Cash and balances with central banks	66	89
Treasury bills	—	2,715
Loans to the public	2,152	1,856
Interest bearing securities	25,591	21,569
Shares and participations	13,184	9,381
Derivatives	313	66
Participating interests	223	215
Intangible assets	341	336
Tangible assets	28	26
Investment property	3,506	3,486
Deferred tax assets	12	3
Current tax assets	3	73
Other assets	426	578
Prepaid expenses and accrued income	404	286
Total assets	**46,249**	**40,679**
– of which intra-group transactions	–3,455	–2,926
Liabilities		
Deposits by credit institutions and central banks	0	0
Deposits and borrowings from the public	4,013	3,563
Liabilities to Life insurance policyholders	38,766	33,831
Derivatives	356	89
Current tax liabilities	24	77
Other liabilities	680	918
Accrued expenses and deferred income	160	169
Deferred tax liabilities	266	239
Retirement benefit obligation	7	11
Subordinated liabilities	522	877
Total liabilities	**44,794**	**39,774**
Equity	**1,455**	**905**
Total liabilities and equity	**46,249**	**40,679**
– of which intra-group transactions	–4,182	–3,540

Note 45 Capital adequacy

Reconciliation of exposure types to the balance sheet

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Calculation of total capital base				
Equity	24,538	22,420	16,527	15,506
Proposed/actual dividend	–1,168	–1,006	–1,168	–1,006
Hybrid capital loans	1,946	1,811	1,946	1,811
Deferred tax assets	–266	–122	–8	–20
Intangible assets	–2,878	–2,612	–691	–704
IRB provisions excess (+)/shortfall (–)	–234	–211	–31	–24
Deduction for investments in credit institutions (50%)	–106	–98	—	—
Other items, net	–783	–605	—	—
Tier 1 capital (net after deduction)	**21,049**	**19,577**	**16,575**	**15,563**
– of which hybrid capital	1,946	1,811	1,946	1,811
Tier 2 capital	**5,305**	**4,933**	**4,594**	**4,251**
– of which perpetual subordinated loans	710	682	—	—
IRB provisions excess (+)/shortfall (–)	–234	–211	–31	–24
Deduction for investments in credit institutions (50%)	–106	–98	—	—
Other deduction	–1,280	–1,275	0	0
Total	**24,734**	**22,926**	**21,138**	**19,790**

Capital requirements and RWA

Group EURm	31 Dec 2010 Capital requirement	31 Dec 2010 Basel II RWA	31 Dec 2009 Capital requirement	31 Dec 2009 Basel II RWA
Credit risk	**13,173**	**164,662**	**12,250**	**153,123**
IRB foundation	10,028	125,346	9,655	120,692
– of which corporate	7,204	90,047	7,060	88,249
– of which institutions	722	9,021	821	10,262
– of which retail	1,964	24,556	1,673	20,912
– of which other	138	1,722	101	1,269
Standardised	3,145	39,316	2,595	32,431
– of which sovereign	35	434	70	871
– of which retail	781	9,760	711	8,887
– of which other	2,329	29,122	1,814	22,673
Market risk	461	5,765	431	5,386
– of which trading book, VaR	105	1,317	107	1,335
– of which trading book, non–VaR	278	3,469	267	3,341
– of which FX, non–VaR	78	979	57	710
Operational risk	1,176	14,704	1,057	13,215
– of which standardised	1,176	14,704	1,057	13,215
Sub total	**14,810**	**185,131**	**13,738**	**171,724**
Adjustment for transition rules				
Additional capital requirement according to transition rules	2,370	29,629	1,611	20,134
Total	**17,180**	**214,760**	**15,349**	**191,858**

Parent company EURm	31 Dec 2010 Capital requirement	31 Dec 2010 Basel II RWA	31 Dec 2009 Capital requirement	31 Dec 2009 Basel II RWA
Credit risk	**4,622**	**57,778**	**4,183**	**52,283**
IRB foundation	2,390	29,869	2,004	25,049
– of which corporate	2,003	25,043	1,614	20,175
– of which institutions	147	1,834	169	2,116
– of which retail	209	2,609	167	2,089
– of which other	31	383	54	669
Standardised	2,232	27,909	2,179	27,234
– of which sovereign	0	0	0	0
– of which retail	—	—	—	—
– of which other	2,232	27,909	2,179	27,234
Market risk	**111**	**1,392**	**91**	**1,138**
– of which trading book, VaR	13	163	10	126
– of which trading book, non–VaR	18	221	25	314
– of which FX, non–VaR	80	1,008	56	698
Operational risk	**175**	**2,185**	**551**	**6,893**
– of which standardised	175	2,185	551	6,893
Sub total	**4,908**	**61,355**	**4,825**	**60,314**
Adjustment for transition rules				
Additional capital requirement according to transition rules	—	—	—	—
Total	**4,908**	**61,355**	**4,825**	**60,314**

More Capital Adequacy information for the Group can be found in the Risk, Liquidity and Capital management section page 57. The qualitative disclosures in the Risk, Liquidity and Capital management section covers also the parent company where applicable.

Generally, Nordea Group has the ability to transfer capital within its legal entities without material restrictions. International transfers of capital between legal entities are normally possible after approval by of the local regulator and are of importance when governing the capital position within the Group. The guarantee schemes introduced within EU during 2008 has under certain circumstances limited the transferability of capital with impact on crossborder financial groups. There are no such restrictions directly affecting Nordea as per end of 2010.

Note 46 Classification of financial instruments

Group

31 Dec 2010, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Financial assets at fair value through profit or loss: Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	10,023	—	—	—	—	—	—	10,023
Treasury bills	—	638	9,776	2,698	—	—	—	13,112
Loans to credit institutions	7,619	—	7,413	756	—	—	—	15,788
Loans to the public	251,090	—	17,256	45,865	—	—	—	314,211
Interest-bearing securities	—	15,417	28,536	19,425	—	5,759	—	69,137
Financial instruments pledged as collateral	—	—	9,494	—	—	—	—	9,494
Shares	—	—	3,976	13,311	—	6	—	17,293
Derivatives	—	—	96,099	—	726	—	—	96,825
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,127	—	—	—	—	—	—	1,127
Investments in associated undertakings	—	—	—	—	—	—	554	554
Intangible assets	—	—	—	—	—	—	3,219	3,219
Property and equipment	—	—	—	—	—	—	454	454
Investment property	—	—	—	—	—	—	3,568	3,568
Deferred tax assets	—	—	—	—	—	—	278	278
Current tax assets	—	—	—	—	—	—	262	262
Retirement benefit assets	—	—	—	—	—	—	187	187
Other assets	19,208	—	55	3,573	—	—	21	22,857
Prepaid expenses and accrued income	2,086	—	8	41	—	—	315	2,450
Total	**291,153**	**16,055**	**172,613**	**85,669**	**726**	**5,765**	**8,858**	**580,839**

Group

31 Dec 2010, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Financial liabilities at fair value through profit or loss: Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	11,827	7,545	—	21,364	—	40,736
Deposits and borrowings from the public	12,180	6,064	—	158,146	—	176,390
Liabilities to policyholders		9,339	—	—	29,427	38,766
Debt securities in issue	5,907	30,963	—	114,708	—	151,578
Derivatives	95,226	—	661	—	—	95,887
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	898	—	898
Current tax liabilities	—	—	—	—	502	502
Other liabilities	14,048	3,510	—	20,954	78	38,590
Accrued expenses and prepaid income	—	546	—	1,770	1,074	3,390
Deferred tax liabilities	—	—	—	—	885	885
Provisions	—	—	—	—	581	581
Retirement benefit obligations	—	—	—	—	337	337
Subordinated liabilities	—	—	—	7,761	—	7,761
Total	**139,188**	**57,967**	**661**	**325,601**	**32,884**	**556,301**

Note 46 Classification of financial instruments, cont.

Group

31 Dec 2009, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Financial assets at fair value through profit or loss: Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	11,500	—	—	—	—	—	—	11,500
Treasury bills	—	571	12,373	—	—	—	—	12,944
Loans to credit institutions	12,474	—	6,081	—	—	—	—	18,555
Loans to the public	224,035	—	16,035	42,341	—	—	—	282,411
Interest-bearing securities	—	17,382	21,331	17,437	—	5	—	56,155
Financial instruments pledged as collateral	—	—	11,240	—	—	—	—	11,240
Shares	—	—	4,233	9,464	—	6	—	13,703
Derivatives	—	—	75,032	—	390	—	—	75,422
Fair value changes of the hedged items in portfolio hedge of interest rate risk	763	—	—	—	—	—	—	763
Investments in associated undertakings	—	—	—	—	—	—	470	470
Intangible assets	—	—	—	—	—	—	2,947	2,947
Property and equipment	—	—	—	—	—	—	452	452
Investment property	—	—	—	—	—	—	3,505	3,505
Deferred tax assets	—	—	—	—	—	—	125	125
Current tax assets	—	—	—	—	—	—	329	329
Retirement benefit assets	—	—	—	—	—	—	134	134
Other assets	10,991	—	22	3,368	—	—	16	14,397
Prepaid expenses and accrued income	1,835	—	368	29	—	—	260	2,492
Total	**261,598**	**17,953**	**146,715**	**72,639**	**390**	**11**	**8,238**	**507,544**

Group

31 Dec 2009, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Financial liabilities at fair value through profit or loss: Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	13,461	10,667	—	28,062	—	52,190
Deposits and borrowings from the public	4,906	5,719	—	142,952	—	153,577
Liabilities to policyholders	—	6,178	—	—	27,653	33,831
Debt securities in issue	6,147	29,422	—	94,950	—	130,519
Derivatives	72,383	—	660	—	—	73,043
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	874	—	874
Current tax liabilities	—	—	—	—	565	565
Other liabilities	8,630	3,357	—	16,460	142	28,589
Accrued expenses and prepaid income	639	115	—	1,471	953	3,178
Deferred tax liabilities	—	—	—	—	870	870
Provisions	—	—	—	—	309	309
Retirement benefit obligations	—	—	—	—	394	394
Subordinated liabilities	—	—	—	7,185	—	7,185
Total	**106,166**	**55,458**	**660**	**291,954**	**30,886**	**485,124**

Note 46 Classification of financial instruments, cont.

Parent company

31 Dec 2010, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Financial assets at fair value through profit or loss: Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	182	—	—	—	—	—	—	182
Treasury bills	—	630	4,228	—	—	—	—	4,858
Loans to credit institutions	43,699	—	2,522	1,930	—	—	—	48,151
Loans to the public	30,858	—		2,942	—	—	—	33,800
Interest-bearing securities	—	4,212	6,397	3,052	—	2,187	—	15,848
Financial instruments pledged as collateral	—	—	6,160	—	—	—	—	6,160
Shares	—	—	262	58	—	—	—	320
Derivatives	—	—	1,864	—	747	—	—	2,611
Fair value changes of the hedged items in portfolio hedge of interest rate risk	795	—	—	—	—	—	—	795
Investments in group undertakings	—	—	—	—	—	—	16,607	16,607
Investments in associated undertakings	—	—	—	—	—	—	4	4
Intangible assets	—	—	—	—	—	—	671	671
Property and equipment	—	—	—	—	—	—	77	77
Deferred tax assets	—	—	—	—	—	—	8	8
Current tax assets	—	—	—	—	—	—	1	1
Other assets	2,535	—	55	30	—	—	—	2,620
Prepaid expenses and accrued income	980	—	—	8	—	—	21	1,009
Total	**79,049**	**4,842**	**21,488**	**8,020**	**747**	**2,187**	**17,389**	**133,722**

Parent company

31 Dec 2010, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Financial liabilities at fair value through profit or loss: Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	6,276	156	—	22,212	—	28,644
Deposits and borrowings from the public	—	307	—	39,313	—	39,620
Debt securities in issue		—	—	33,424	—	33,424
Derivatives	1,903	—	271	—	—	2,174
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	749	—	749
Current tax liabilities	—	—	—	—	110	110
Other liabilities	604	109	—	3,711	34	4,458
Accrued expenses and prepaid income	—	0	—	554	167	721
Deferred tax liabilities	—	—	—	—	0	0
Provisions	—	—	—	—	35	35
Retirement benefit obligations	—	—	—	—	149	149
Subordinated liabilities	—	—	—	7,135	—	7,135
Total	**8,783**	**572**	**271**	**107,098**	**495**	**117,219**

Note 46 Classification of financial instruments, cont.

Parent company

31 Dec 2009, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Financial assets at fair value through profit or loss: Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	208	—	—	—	—	—	—	208
Treasury bills	—	550	3,106	—	—	—	—	3,656
Loans to credit institutions	40,383	—	2,629	489	—	—	—	43,501
Loans to the public	26,492	—	—	2,368	—	—	—	28,860
Interest-bearing securities	—	4,692	7,986	4,341	—	—	—	17,019
Financial instruments pledged as collateral	—	—	2,276	—	—	—	—	2,276
Shares	—	—	660	22	—	—	—	682
Derivatives	—	—	2,034	—	387	—	—	2,421
Fair value changes of the hedged items in portfolio hedge of interest rate risk	332	—	—	—	—	—	—	332
Investments in group undertakings	—	—	—	—	—	—	16,165	16,165
Investments in associated undertakings	—	—	—	—	—	—	2	2
Intangible assets	—	—	—	—	—	—	701	701
Property and equipment	—	—	—	—	—	—	79	79
Deferred tax assets	—	—	—	—	—	—	20	20
Current tax assets	—	—	—	—	—	—	0	0
Other assets	1,265	—	—	345	—	—	—	1,610
Prepaid expenses and accrued income	767	—	—	7	—	—	20	794
Total	**69,447**	**5,242**	**18,691**	**7,572**	**387**	**—**	**16,987**	**118,326**

Parent company

31 Dec 2009, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Financial liabilities at fair value through profit or loss: Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	2,313	233	—	27,641	—	30,187
Deposits and borrowings from the public	—	443	—	34,174	—	34,617
Debt securities in issue	—	—	—	22,119	—	22,119
Derivatives	1,917	—	256	—	—	2,173
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	285	—	285
Current tax liabilities	—	—	—	—	34	34
Other liabilities	1,699	388	—	4,076	27	6,190
Accrued expenses and prepaid income	—	1	—	303	149	453
Deferred tax liabilities	—	—	—	—	0	0
Provisions	—	—	—	—	30	30
Retirement benefit obligations	—	—	—	—	128	128
Subordinated liabilities	—	—	—	6,605	—	6,605
Total	**5,929**	**1,065**	**256**	**95,203**	**368**	**102,821**

Note 46 Classification of financial instruments, cont.

Loans designated at fair value through profit or loss

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Carrying amount	46,621	42,341	4,872	2,857
Maximum exposure to credit risk	46,621	42,341	4,872	2,857
Carrying amount of credit derivatives used to mitigate the credit risk	—	—	—	—

Financial liabilities designated at fair value through profit or loss

Changes in fair values attributable to changes in credit risk

Issued mortgage bonds in the wholly owned Danish subsidiary Nordea Kredit Realkreditaktieselskab are measured at fair value. Deposits made by Markets as well as the funding of Markets operations are measured at fair value and classified into the category "Fair value through profit or loss".

The change in fair value attributable to credit risk of the liabilities is for 2010 EUR 652m (EUR –512m). The cumulative change since designation is EUR 433m (EUR –219m). The calculation method of the fair value changes attributable to changes in market conditions is based on relevant benchmark interest rates, which is the average yield on Danish and German (EUR) government bonds. For the issued mortgage bonds a change in the liability's credit risk and price will have a corresponding effect on the value of the loan. The reason is that a change in the price of the bonds will be offset by the opposite change in the value of the prepayment option of the loan.

The change in the fair value of loans attributable to changes in credit risk is for 2010 EUR 6.6m (EUR 67.0m). The cumulative change since designation is EUR 65.0m (EUR 58.4m).

Comparison of carrying amount and contractual amount to be paid at maturity

2010, EURm	Group Carrying amount	Group Amount to be paid at maturity	Parent company Carrying amount	Parent company Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	57,967	57,954	572	572

2009, EURm	Group Carrying amount	Group Amount to be paid at maturity	Parent company Carrying amount	Parent company Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	55,458	56,430	1,065	1,065

Liabilities to policyholders have no fixed maturities and there is no fixed amount to be paid. The amount disclosed to be paid at maturity has been set to the carrying amount.

Note 47 Assets and liabilities at fair value

Group

EURm	31 Dec 2010 Carrying amount	31 Dec 2010 Fair value	31 Dec 2009 Carrying amount	31 Dec 2009 Fair value
Assets				
Cash and balances with central banks	10,023	10,023	11,500	11,500
Treasury bills	13,112	13,109	12,944	12,944
Loans to credit institutions	15,788	15,827	18,555	18,573
Loans to the public	314,211	314,212	282,411	282,521
Interest-bearing securities	69,137	69,119	56,155	56,233
Financial instruments pledged as collateral	9,494	9,494	11,240	11,240
Shares	17,293	17,293	13,703	13,703
Derivatives	96,825	96,825	75,422	75,422
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,127	1,127	763	763
Investments in associated undertakings	554	554	470	470
Intangible assets	3,219	3,219	2,947	2,947
Property and equipment	454	454	452	452
Investment property	3,568	3,568	3,505	3,505
Deferred tax assets	278	278	125	125
Current tax assets	262	262	329	329
Retirement benefit assets	187	187	134	134
Other assets	22,857	22,857	14,397	14,397
Prepaid expenses and accrued income	2,450	2,450	2,492	2,492
Total assets	**580,839**	**580,858**	**507,544**	**507,750**
Liabilities				
Deposits by credit institutions	40,736	40,729	52,190	52,178
Deposits and borrowings from the public	176,390	176,418	153,577	153,607
Liabilities to policyholders	38,766	38,766	33,831	33,831
Debt securities in issue	151,578	152,088	130,519	130,721
Derivatives	95,887	95,887	73,043	73,043
Fair value changes of the hedged items in portfolio hedge of interest rate risk	898	898	874	874
Current tax liabilities	502	502	565	565
Other liabilities	38,590	38,590	28,589	28,589
Accrued expenses and prepaid income	3,390	3,390	3,178	3,178
Deferred tax liabilities	885	885	870	870
Provisions	581	581	309	309
Retirement benefit obligations	337	337	394	394
Subordinated liabilities	7,761	7,760	7,185	7,183
Total liabilities	**556,301**	**556,831**	**485,124**	**485,342**

Note 47 Assets and liabilities at fair value, cont.

Parent company

EURm	31 Dec 2010 Carrying amount	31 Dec 2010 Fair value	31 Dec 2009 Carrying amount	31 Dec 2009 Fair value
Assets				
Cash and balances with central banks	182	182	208	208
Treasury bills	4,858	4,855	3,656	3,656
Loans to credit institutions	48,151	48,185	43,501	43,516
Loans to the public	33,800	33,803	28,860	28,873
Interest-bearing securities	15,848	15,812	17,019	17,107
Financial instruments pledged as collateral	6,160	6,160	2,276	2,276
Shares	320	320	682	682
Derivatives	2,611	2,611	2,421	2,421
Fair value changes of the hedged items in portfolio hedge of interest rate risk	795	795	332	332
Investments in group undertakings	16,607	16,607	16,165	16,165
Investments in associated undertakings	4	4	2	2
Intangible assets	671	671	701	701
Property and equipment	77	77	79	79
Deferred tax assets	8	8	20	20
Current tax assets	1	1	0	0
Other assets	2,620	2,620	1,610	1,610
Prepaid expenses and accrued income	1,009	1,009	794	794
Total assets	**133,722**	**133,720**	**118,326**	**118,442**
Liabilities				
Deposits by credit institutions	28,644	28,644	30,187	30,184
Deposits and borrowings from the public	39,620	39,626	34,617	34,628
Debt securities in issue	33,424	33,735	22,119	22,143
Derivatives	2,174	2,174	2,173	2,173
Fair value changes of the hedged items in portfolio hedge of interest rate risk	749	749	285	285
Current tax liabilities	110	110	34	34
Other liabilities	4,458	4,458	6,190	6,190
Accrued expenses and prepaid income	721	721	453	453
Deferred tax liabilities	0	0	0	0
Provisions	35	35	30	30
Retirement benefit obligations	149	149	128	128
Subordinated liabilities	7,135	7,134	6,605	6,605
Total liabilities	**117,219**	**117,535**	**102,821**	**102,853**

Estimation of fair value for assets and liabilities

Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of loans, deposits and borrowings and issued securities.

The carrying amounts on loans, deposits and borrowings and issued securities are adjusted for the value of the fixed interest term, unless the interest risk is hedged, in order to estimate the fair values that are presented in the tables above. The value of the fixed interest term is a result of changes in the relevant market interest rates. The discount rates used are based on current market rates for each term. The fair value of the hedged interest rate risk is included in the balance sheet item "Fair value changes of the hedged items in portfolio hedge of interest rate risk".

Fair value is estimated to be equal to the carrying amount for short-term financial assets and financial liabilities. The carrying amount is a reasonable approximation of fair value due to limited credit risk and short time to maturity.

Fair value is set to carrying amount, in the tables above, for assets and liabilities for which no reliable fair value has been possible to estimate. This is valid for the line items investments in associated undertakings, investments in group undertakings, intangible assets, property and equipment and provisions.

Nordea holds very limited amounts of financial instruments with discretionary participating features in the Life business, which are recognised in the balance sheet in the line "Liabilities to policyholders". These instruments can not be reliably measured at fair value and consequently the fair value for these instruments are set to carrying amount.

Nordea holds very limited amounts of equity instruments measured at cost. Fair value is set to carrying amount for these instruments as the fair value can not be measured reliably.

For further information about valuation of items normally measured at fair value, see Note 1.

Deferred Day 1 profit or loss

In accordance with the Group's accounting policy as described in Note 1, if there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any trade date profit is deferred. 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 changes in the balance of this difference (movement of deferred Day 1 profit or loss).

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Amount at beginning of year	44	104	0	9
Deferred profit/loss on new transactions	14	52	—	—
Recognised in the income statement during the year	–16	–112	0	–9
Amount at end of year	**42**	**44**	**0**	**0**

Note 47 Assets and liabilities at fair value, cont

Determination of fair value from quoted market prices or valuation techniques

Fair value measurements are categorised using a fair value hierarchy. The financial instruments carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy that reflects the significance of inputs. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. To categorise the instruments into the three levels, the relevant pricing models for each product is considered in combination with used input market data, the significance of derived input data, the complexity of the model and the accessible pricing data to verify model input. Although the complexity of the model is considered, a high complexity does not by default require that products are categorised into level 3. It is the use of model parameters and the extent of unobservability that defines the fair value hierarchy levels.

For bonds the categorisation into the three levels is based on the internal pricing methodology. The bonds can either be directly quoted in active markets (level 1) or measured using a methodology giving a quote based on observable inputs (level 2). Level 3 bonds are characterised by illiquidity.

Valuation of Private Equity Funds (PEF) and unlisted equities will in nature be more uncertain than valuations of more actively traded equity instruments. Emphasis is put on using a consistent approach across all assets and over time. The methods are consistent with the guideline "International Private Equity and Venture Capital Valuation Guidelines" issued by EVCA (European Venture Capital Association). The EVCA guidelines are considered as best practice in the PEF industry. For US based funds, similar methods are applied.

Level 1 consist of financial assets and financial liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes listed derivatives, listed equities, government bonds in developed countries, and most liquid mortgage bonds and corporate bonds where direct tradable price quotes exists.

Level 2 consists of financial assets and financial liabilities which do not have directly quoted market prices available from an active market. The fair values are estimated using a valuation technique or valuation model based on market prices or rates prevailing at the balance sheet date and any unobservable inputs are insignificant in the fair values. This is the case for the majority of Nordea's OTC derivatives, securities purchased/sold under resale/repurchase agreements, securities borrowed/loaned and other instruments where an active market supplies the input to the valuation technique or model.

Level 3 consists of those types of financial instruments which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for investments in unlisted securities, private equity funds, hedge funds, and both more complex or less active markets supplying input to the technique or model for OTC derivatives, certain complex or structured financial instruments such as CLNs and CDOs, and illiquid bonds.

The following table presents the valuation methods used to determine fair values of financial instruments carried at fair value.

Group

31 Dec 2010, EURm	Quoted prices in active markets for 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							
Loans to credit institutions	—	—	8,169	—	—	—	8,169
Loans to the public	—	—	63,121	—	—	—	63,121
Debt securities[1]	54,916	17,502	18,404	2,835	1,848	1,787	75,168
Shares[2]	13,483	10,674	93	85	4,237	2,425	17,813
Derivatives	700	7	93,928	17	2,197	—	96,825
Other assets	—	—	3,628	—	—	—	3,628
Prepaid expenses and accrued income	—	—	49	—	—	—	49
Liabilities							
Deposits by credit institutions	—	—	19,372	—	—	—	19,372
Deposits and borrowings from the public	—	—	18,244	—	—	—	18,244
Liabilities to policy holders	—	—	9,339	9,339	—	—	9,339
Debt securities in issue	30,963	—	5,907	—	—	—	36,870
Derivatives	421	2	93,204	15	2,262	—	95,887
Other liabilities	7,501	—	10,057	—	—	—	17,558
Accrued expenses and prepaid income	—	—	546	—	—	—	546

1) Of which EUR 12,474m Treasury bills and EUR 53,720m Interest-bearing securities (the portion held at fair value in Note 46). EUR 8,974m relates to the balance sheet item Financial instruments pledged as collateral.
2) EUR 520m relates to the balance sheet item Financial instruments pledged as collateral.

Note 47 Assets and liabilities at fair value, cont

Group

31 Dec 2009, EURm	Quoted prices in active markets for 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							
Loans to credit institutions	37	—	6,044	—	—	—	6,081
Loans to the public	—	—	58,376	—	—	—	58,376
Debt securities[1]	47,052	17,000	13,695	2,703	1,556	1,436	62,303
Shares[2]	10,079	7,094	2	—	3,705	2,288	13,786
Derivatives	597	18	72,484	2	2,341	—	75,422
Other assets	—	—	3,390	—	—	—	3,390
Prepaid expenses and accrued income	—	—	397	—	—	—	397
Liabilities							
Deposits by credit institutions	—	—	24,128	—	—	—	24,128
Deposits and borrowings from the public	—	—	10,625	—	—	—	10,625
Liabilities to policy holders	—	—	6,178	6,178	—	—	6,178
Debt securities in issue	29,422	—	6,147	—	—	—	35,569
Derivatives	583	54	70,175	9	2,285	—	73,043
Other liabilities	15	—	11,972	—	—	—	11,987
Accrued expenses and prepaid income	—	—	754	—	—	—	754

1) Of which EUR 12,373m Treasury bills and EUR 38,773m Interest-bearing securities (the portion held at fair value in Note 46). EUR 11,157m relates to the balance sheet item Financial instruments pledged as collateral.
2) EUR 83m relates to the balance sheet item Financial instruments pledged as collateral.

Parent company

31 Dec 2010, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	—	4,452	—	4,452
Loans to the public	—	2,942	—	2,942
Debt securities[1]	18,059	3,958	7	22,024
Shares	271	6	43	320
Derivatives	105	2,506	—	2,611
Other assets	—	85	—	85
Prepaid expenses and accrued income	—	8	—	8
Liabilities				
Deposits by credit institutions	—	6,432	—	6,432
Deposits and borrowings from the public	—	307	—	307
Debt securities in issue	—	—	—	—
Derivatives	91	2,082	1	2,174
Other liabilities	—	713	—	713
Accrued expenses and prepaid income	—	—	—	—

1) Of which EUR 4,228m Treasury bills and EUR 11,636m Interest-bearing securities (the portion held at fair value in Note 46). EUR 6,160m relates to the balance sheet item Financial instruments pledged as collateral.

Note 47 Assets and liabilities at fair value, cont

Parent company

31 Dec 2009, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	—	3,118	—	3,118
Loans to the public	—	2,368	—	2,368
Debt securities[1]	12,729	4,973	7	17,709
Shares	657	2	23	682
Derivatives	78	2,343	0	2,421
Other assets	—	345	—	345
Prepaid expenses and accrued income	—	7	—	7
Liabilities				
Deposits by credit institutions	—	2,546	—	2,546
Deposits and borrowings from the public	—	443	—	443
Derivatives	73	2,096	4	2,173
Other liabilities	—	2,087	—	2,087
Accrued expenses and prepaid income	—	1	—	1

1) Of which EUR 3,106m Treasury bills and EUR 12,327m Interest-bearing securities (the portion held at fair value in Note 46). EUR 2,276m relates to the balance sheet item Financial instruments pledged as collateral.

Transfers between level 1 and 2

During the year, Nordea Group transferred debt securities of EUR 31m (EUS 1,586m) from level 1 to level 2 and EUR 949m (EUR 0m) from level 2 to level 1 of the fair value hierarchy for financial assets and liabilities at fair value. The reason for transfers from level 1 to level 2 was that the instruments ceased to be actively traded during the year and fair values have now been obtained using valuation techniques with observable market inputs. The reason for transfers from level 2 to level 1 was that the instruments have again been actively traded during the year and reliable qouted prices are obtained in the markets.

Movements in level 3

The following table shows a reconciliation of the opening and closing carrying amounts of level 3 financial assets and liabilities recognised at fair value.

Group

		Fair value gains/losses recognised in the income statement during the year							
31 Dec 2010, EURm	1 Jan 2010	Realised	Unrealised[1]	Purchases	Sales	Settle-ments	Net transfers into/ out of level 3	Translation differences	31 Dec 2010
Debt securities	1,556	42	145	997	–919	—	15	12	1,848
– of which Life	1,436	49	115	980	–821	—	29	–1	1,787
Shares	3,705	237	377	2,048	–2,139	—	—	9	4,237
– of which life	2,288	310	96	1,171	–1,450	—	—	10	2,425
Derivatives (net of assets and liabilities)	56	8	–121	—	—	–8	—	0	–65

1) Relates to those assets and liabilities held at the end of the reporting period.

31 Dec 2009, EURm	1 Jan 2009	Realised	Unrealised[1]	Purchases	Sales	Settle-ments	Net transfers into/ out of level 3	Translation differences	31 Dec 2009
Debt securities	16	13	45	264	–334	—	1,546	6	1,556
– of which Life	9	12	45	257	–334	—	1,442	5	1,436
Shares	2,139	–189	312	1,073	–1,206	–33	1,576	33	3,705
– of which life	1,385	–44	99	1,024	–722	–32	550	28	2,288
Derivatives (net of assets and liabilities)	–141	219	164	—	—	–237	51	0	56

1) Relates to those assets and liabilities held at the end of the reporting period.

Fair value gains/losses recognised in the income statement during the year are included in "Net result from items at fair value" (see Note 5).

Note 47 Assets and liabilities at fair value, cont

Parent Company

31 Dec 2010, EURm	1 Jan 2010	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales	Settlements	Net transfers into/ out of level 3	Translation differences	31 Dec 2010
Debt securities	7	—	—	—	—	—	—	—	7
Shares	23	–4	21	3	—	—	—	—	43
Derivatives (net of assets and liabilities)	–4	3	—	—	—	—	—	—	–1

1) Relates to those assets and liabilities held at the end of the reporting period.

31 Dec 2009, EURm	1 Jan 2009	Realised	Unrealised[1]	Purchases	Sales	Settlements	Net transfers into/ out of level 3	Translation differences	31 Dec 2009
Debt securities	0	—	—	7	—	—	—	—	7
Shares	458	–146	134	—	–423	—	—	—	23
Derivatives (net of assets and liabilities)	149	143	–153	—	—	–143	—	—	–4

1) Relates to those assets and liabilities held at the end of the reporting period.

Sensitivity of level 3 financial instruments measured at fair value to changes in key assumptions

Included in the fair value of financial instruments carried at fair value on the balance sheet are those estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. Portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques (for further information see Note 1 section 11 "Determination of fair value of financial instruments").

This disclosure shows the potential impact from the relative uncertainty in the fair value of financial instruments for which the valuation is dependent on unobservable input parameters. The estimates disclosed below are likely to be greater than the true uncertainty in fair value of these instruments, as it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. The disclosure is neither predictive nor indicative of future movements in fair value.

The following table shows the sensitivity of the fair value of level 3 instruments to changes in key assumptions, by class of instruments. Where the exposure to an unobservable parameter is offset across different instruments only the net impact is disclosed in the table.

	Group			Parent company		
		Effect of reasonably possible alternative assumptions			Effect of reasonably possible alternative assumptions	
31 Dec 2010, EURm	Carrying amount	Favourable	Unfavourable	Carrying amount	Favourable	Unfavourable
Debt securities	1,848	92	–92	7	0	0
– of which Life	1,787	89	–89	—	—	—
Shares	4,237	389	–389	43	4	–4
– of which Life	2,425	242	–242	—	—	—
Derivatives	–65	22	–29	–1	0	0
31 Dec 2009, EURm						
Debt securities	1,556	230	–233	7	0	0
– of which Life	1,436	224	–224	—	—	—
Shares	3,705	207	–207	23	2	–2
– of which Life	2,288	103	–103	—	—	—
Derivatives	56	18	–31	–4	0	0

In order to calculate the effect on level 3 fair values, from altering the assumptions of the valuation technique or model, the sensitivity to unobservable input data is assessed. For the derivatives portfolio key inputs, that are based on pricing model assumptions or unobservability of market data inputs, are replaced by alternative estimates or assumptions and the impact on the valuation computed. The majority of the effect on the derivatives is related to various types of correlations or correlation related inputs in credit derivatives, in interest rate OTC derivatives or OTC structured equity derivatives. For the level 3 portfolios of shares and debt securities the fair value was increased and decreased within a range of 3–10 percentage units, which are assessed to be reasonable changes in market movements.

Note 48 Assets and liabilities in foreign currencies

Group

31 Dec 2010, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	8.3	3.5	0.0	0.7	0.6	0.0	13.1
Loans to credit institutions	4.6	2.5	4.6	0.3	3.0	0.8	15.8
Loans to the public	88.2	79.5	67.5	45.8	21.7	11.5	314.2
Interest-bearing securities	18.3	16.5	25.8	4.5	3.0	1.0	69.1
Other assets	86.0	17.0	30.7	12.7	15.1	7.1	168.6
Total assets	**205.4**	**119.0**	**128.6**	**64.0**	**43.4**	**20.4**	**580.8**
Liabilities and equity							
Deposits by credit institutions	13.0	5.2	1.2	3.9	12.1	5.3	40.7
Deposits and borrowings from the public	55,9	38.9	36.6	25.5	11.0	8.5	176.4
Debt securities in issue	35.0	29.5	31.7	2.4	42.9	10.1	151.6
Provisions	0.0	0.2	0.3	0.1	0.0	0.0	0.6
Subordinated liabilities	3.8	0.4	0.0	0.0	2.8	0.8	7.8
Other liabilities and equity	114.2	22.2	37.8	14.7	6.9	7.9	203.7
Total liabilities and equity	**221.9**	**96.4**	**107.6**	**46.6**	**75.7**	**32.6**	**580.8**

Group

31 Dec 2009, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	3.7	4.4	0.0	4.5	0.3	0.0	12.9
Loans to credit institutions	2.7	6.2	6.2	0.4	1.8	1.3	18.6
Loans to the public	79.7	66.5	64.4	40.3	20.4	11.1	282.4
Interest-bearing securities	20.5	7.5	21.2	4.1	2.2	0.7	56.2
Other assets	76.1	14.6	18.4	12.9	8.3	7.1	137.4
Total assets	**182.7**	**99.2**	**110.2**	**62.2**	**33.0**	**20.2**	**507.5**
Liabilities and equity							
Deposits by credit institutions	18.1	5.3	1.3	5.8	11.5	10.2	52.2
Deposits and borrowings from the public	47.6	34.4	34.0	22.6	8.8	6.2	153.6
Debt securities in issue	35.0	22.0	27.4	1.3	36.6	8.2	130.5
Provisions	0.1	0.0	0.2	0.0	0.0	0.0	0.3
Subordinated liabilities	2.8	0.5	0.0	0.0	2.6	1.3	7.2
Other liabilities and equity	92.6	17.3	29.0	11.4	6.2	7.2	163.7
Total liabilities and equity	**196.2**	**79.5**	**91.9**	**41.1**	**65.7**	**33.1**	**507.5**

Note 48 Assets and liabilities in foreign currencies, cont.

Parent company

31 Dec 2010, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	3.4	0.9	—	—	0.6	—	4.9
Loans to credit institutions	21.6	15.7	0.1	0.3	9.0	1.5	48.2
Loans to the public	5.9	20.9	2.2	0.6	3.3	0.9	33.8
Interest-bearing securities	3.6	7.8	3.6	0.1	0.7	—	15.8
Other assets	16.1	5.3	2.6	2.9	2.0	2.1	31.0
Total assets	**50.6**	**50.6**	**8.5**	**3.9**	**15.6**	**4.5**	**133.7**
Liabilities and equity							
Deposits by credit institutions	6.3	9.3	3.4	0.3	9.2	0.1	28.6
Deposits and borrowings from the public	2.9	35.2	0.3	0.2	0.7	0.3	39.6
Debt securities in issue	20.2	1.7	0.0	0.3	7.9	3.3	33.4
Provisions	0.0	—	—	—	—	—	0.0
Subordinated liabilities	3.8	0.4	—	—	2.6	0.3	7.1
Other liabilities and equity	19.7	0.6	3.7	0.1	0.7	0.2	25.0
Total liabilities and equity	**52.9**	**47.2**	**7.4**	**0.9**	**21.1**	**4.2**	**133.7**

Parent company

31 Dec 2009, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	1.2	2.0	—	0.2	0.3	—	3.7
Loans to credit institutions	15.9	19.3	0.3	0.9	5.7	1.4	43.5
Loans to the public	4.5	17.5	1.0	0.6	3.1	2.2	28.9
Interest-bearing securities	6.9	6.9	2.4	0.1	0.7	—	17.0
Other assets	16.4	5.6	0.2	2.6	0.3	0.1	25.2
Total assets	**44.9**	**51.3**	**3.9**	**4.4**	**10.1**	**3.7**	**118.3**
Liabilities and equity							
Deposits by credit institutions	8.1	12.3	1.4	0.4	6.3	1.7	30.2
Deposits and borrowings from the public	2.3	31.1	0.2	0.2	0.6	0.2	34.6
Debt securities in issue	16.8	1.4	0.0	0.1	1.9	1.9	22.1
Provisions	—	0.0	—	—	—	—	0.0
Subordinated liabilities	2.8	0.5	—	—	2.4	0.9	6.6
Other liabilities and equity	18.5	4.1	1.6	0.1	0.5	0.0	24.8
Total liabilities and equity	**48.5**	**49.4**	**3.2**	**0.8**	**11.7**	**4.7**	**118.3**

Note 49 Obtained collaterals which are permitted to be sold or repledged

Nordea obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under standard terms for most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions. The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements are disclosed below.

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	29,229	24,669	2,495	2,575
– of which repledged or sold	21,844	11,892	17	1,019
Securities borrowing agreements				
Received collaterals which can be repledged or sold	1,493	634	1,453	793
– of which repledged or sold	1,501	634	1,453	793
Total	**30,722**	**25,303**	**3,948**	**3,368**

Note 50 Investments, customer bearing the risk

Life Group and Nordea Bank Danmark A/S have assets and liabilities included in their balance sheet where customers are bearing the risk. Since the assets and liabilities legally belong to the entities, these assets and liabilities are included in the Group's balance sheet.

	Group	
EURm	31 Dec 2010	31 Dec 2009
Assets		
Interest-bearing securities	1,860	1,575
Shares	13,766	10,139
Other assets	604	888
Total assets	**16,230**	**12,602**
Liabilities		
Deposits and borrowings from the public	3,868	3,377
Insurance contracts	5,202	4,480
Investment contracts	6,738	4,122
Other liabilities	422	623
Total liabilities	**16,230**	**12,602**

Note 51 Maturity analysis for assets and liabilities

Group

Remaining maturity

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		10,023	—	—	—	—	—	10,023
Treasury bills	15	—	533	1,127	8,057	3,395	—	13,112
Loans to credit institutions	16	3,683	9,685	974	1,380	66	—	15,788
Loans to the public	16	22,965	75,677	18,509	73,079	123,981	—	314,211
Interest-bearing securities	17	512	9,609	15,298	26,577	17,141	—	69,137
Financial instruments pledged as collateral	18	31	975	1,666	4,878	1,944	—	9,494
Derivatives	20	—	7,030	6,605	28,804	54,386	—	96,825
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	73	16	426	612	—	1,127
Total assets with fixed maturities		**37,214**	**103,582**	**44,195**	**143,201**	**201,525**	**—**	**529,717**
Other assets		—	—	—	—	—	51,122	51,122
Total assets		**37,214**	**103,582**	**44,195**	**143,201**	**201,525**	**51,122**	**580,839**
Deposits by credit institutions	30	10,462	27,199	2,176	255	644	—	40,736
Deposits and borrowings from the public	31	126,893	34,237	7,222	1,056	6,982	—	176,390
– of which Deposits		126,738	22,020	7,221	909	6,982	—	163,870
– of which Borrowings		155	12,217	1	147	0	—	12,520
Liabilities to policyholders	32	608	446	1,147	4,706	31,859	—	38,766
Debt securities in issue	33	2	54,608	17,355	48,178	31,435	—	151,578
– of which Debt securities in issue		—	54,486	17,327	48,178	31,435	—	151,426
– of which Other		2	122	28	—	—	—	152
Derivatives	20	—	7,255	6,944	29,858	51,830	—	95,887
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	5	58	341	494	—	898
Subordinated liabilities	38	—	—	598	2,545	4,618	—	7,761
Total liabilities with fixed maturities		**137,965**	**123,750**	**35,500**	**86,939**	**127,862**	**—**	**512,016**
Other liabilities		—	—	—	—	—	44,285	44,285
Equity		—	—	—	—	—	24,538	24,538
Total liabilities and equity		**137,965**	**123,750**	**35,500**	**89,939**	**127,862**	**68,823**	**580,839**

Remaining maturity

31 Dec 2009, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		11,500	—	—	—	—	—	11,500
Treasury bills	15	—	1,564	2,769	6,180	2,431	—	12,944
Loans to credit institutions	16	2,462	13,643	1,728	646	76	—	18,555
Loans to the public	16	14,466	69,107	19,990	62,436	116,412	—	282,411
Interest-bearing securities	17	371	9,354	9,355	18,422	18,653	—	56,155
Financial instruments pledged as collateral	18	12	3,602	2,251	1,274	4,101	—	11,240
Derivatives	20	—	5,782	7,369	26,859	35,412	—	75,422
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	20	55	542	146	—	763
Total assets with fixed maturities		**28,811**	**103,072**	**43,517**	**116,359**	**177,231**	**—**	**468,990**
Other assets		—	—	—	—	—	38,554	38,554
Total assets		**28,811**	**103,072**	**43,517**	**116,359**	**177,231**	**38,554**	**507,544**

Note 51 Maturity analysis for assets and liabilities, cont.

31 Dec 2009, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Deposits by credit institutions	30	8,147	32,076	9,198	457	2,312	—	52,190
Deposits and borrowings from the public	31	114,762	26,119	5,546	1,024	6,126	—	153,577
– of which Deposits		114,700	21,259	5,440	866	6,112	—	148,377
– of which Borrowings		62	4,860	106	158	14	—	5,200
Liabilities to policyholders	32	12	0	4	0	33,815	—	33,831
Debt securities in issue	33	—	52,935	16,058	38,360	23,166	—	130,519
– of which Debt securities in issue		—	52,811	16,056	38,336	23,166	—	130,369
– of which Other		—	124	2	24	—	—	150
Derivatives	20	—	5,408	7,161	26,471	34,003	—	73,043
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	5	89	681	99	—	874
Subordinated liabilities	38	—	—	—	585	6,600	—	7,185
Total liabilities with fixed maturities		**122,921**	**116,543**	**38,056**	**67,578**	**106,121**	**—**	**451,219**
Other liabilities		—	—	—	—	—	33,905	33,905
Equity		—	—	—	—	—	22,420	22,420
Total liabilities and equity		**122,921**	**116,543**	**38,056**	**67,578**	**106,121**	**56,325**	**507,544**

Parent company
Remaining maturity

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		182	—	—	—	—	—	182
Treasury bills	15	—	91	430	2,561	1,776	—	4,858
Loans to credit institutions	16	5,317	25,438	14,734	2,145	517	—	48,151
Loans to the public	16	4,404	13,546	3,363	12,259	228	—	33,800
Interest-bearing securities	17	—	1,091	5,150	9,195	412	—	15,848
Financial instruments pledged as collateral	18	—	—	23	5,683	454	—	6,160
Derivatives	20	—	301	277	1,367	666	—	2,611
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	68	1	303	423	—	795
Total assets with fixed maturities		**9,903**	**40,535**	**23,978**	**33,513**	**4,476**	**—**	**112,405**
Other assets		—	—	—	—	—	21,317	21,317
Total assets		**9,903**	**40,535**	**23,978**	**33,513**	**4,476**	**21,317**	**133,722**
Deposits by credit institutions	30	1,168	24,906	2,359	211	—	—	28,644
Deposits and borrowings from the public	31	33,297	3,509	2,716	98	—	—	39,620
– of which Deposits		33,176	3,509	2,716	98	—	—	39,499
– of which Borrowings		121	0	—	—	—	—	121
Debt securities in issue	33	—	10,964	1,880	13,245	7,335	—	33,424
– of which Debt securities in issue		—	10,843	1,880	13,245	7,335	—	33,303
– of which Other		—	121	—	—	—	—	121
Derivatives	20	—	381	307	986	500	—	2,174
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	1	9	396	343	—	749
Subordinated liabilities	38	—	—	598	2,160	4,377	—	7,135
Total liabilities with fixed maturities		**34,465**	**39,761**	**7,869**	**17,096**	**12,555**	**—**	**111,746**
Other liabilities		—	—	—	—	—	5,479	5,479
Equity		—	—	—	—	—	16,497	16,497
Total liabilities and equity		**34,465**	**39,761**	**7,869**	**17,096**	**12,555**	**21,976**	**133,722**

Note 51 Maturity analysis for assets and liabilities, cont.

Remaining maturity

31 Dec 2009, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		208	—	—	—	—	—	208
Treasury bills	15	—	1	—	2,898	757	—	3,656
Loans to credit institutions	16	5,671	24,556	11,516	1,480	278	—	43,501
Loans to the public	16	3,539	9,708	3,456	11,667	490	—	28,860
Interest-bearing securities	17	—	4,483	3,104	9,144	288	—	17,019
Financial instruments pledged as collateral	18	—	0	233	1,663	380	—	2,276
Derivatives	20	—	135	554	1,471	261	—	2,421
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	8	6	313	5	—	332
Total assets with fixed maturities		**9,418**	**38,891**	**18,869**	**28,636**	**2,459**	**—**	**98,273**
Other assets		—	—	—	—	—	20,053	20,053
Total assets		**9,418**	**38,891**	**18,869**	**28,636**	**2,459**	**20,053**	**118,326**
Deposits by credit institutions	30	4,566	16,604	7,888	1,129	—	—	30,187
Deposits and borrowings from the public	31	28,318	4,934	1,353	12	—	—	34,617
– of which Deposits		28,258	4,934	1,353	12	—	—	34,557
– of which Borrowings		60	—	—	—	—	—	60
Debt securities in issue	33	—	8,071	5,393	8,647	8	—	22,119
– of which Debt securities in issue		—	7,951	5,393	8,647	8	—	21,999
– of which Other		—	120	—	—	—	—	120
Derivatives	20	—	39	540	1,385	209	—	2,173
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	0	15	270	—	—	285
Subordinated liabilities	38	—	—	—	223	6,382	—	6,605
Total liabilities with fixed maturities		**32,884**	**29,648**	**15,189**	**11,666**	**6,599**	**—**	**95,986**
Other liabilities		—	—	—	—	—	6,840	6,840
Equity		—	—	—	—	—	15,500	15,500
Total liabilities and equity		**32,884**	**29,648**	**15,189**	**11,666**	**6,599**	**22,340**	**118,326**

Group

Cash flow analysis

31 Dec 2010, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	43,027	55,280	49,582	157,977	214,917	520,783
Non interest-bearing financial assets	—	—	—	—	149,593	149,593
Total financial assets	**43,027**	**55,280**	**49,582**	**157,977**	**364,510**	**670,376**
Interest-bearing financial liabilities	126,133	136,049	36,425	72,019	72,473	443,099
Non interest-bearing financial liabilities	—	—	—	—	204,374	204,374
Total financial liabilities	**126,133**	**136,049**	**36,425**	**72,019**	**276,847**	**647,473**
Derivatives, cash inflow	—	459,741	173,362	195,877	67,016	895,996
Derivatives, cash outflow	—	458,386	169,376	191,621	65,686	885,069
Net exposure	**—**	**1,355**	**3,986**	**4,256**	**1,330**	**10,927**
Exposure	**–83,106**	**–79,414**	**17,143**	**90,214**	**88,993**	**33,830**
Cumulative exposure	**–83,106**	**–162,520**	**–145,377**	**–55,163**	**33,830**	**—**

Note 51 Maturity analysis for assets and liabilities, cont.

Group
Cash flow analysis

31 Dec 2009, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	50,689	44,942	38,465	129,614	174,304	438,014
Non interest-bearing financial assets	—	—	—	—	114,822	114,822
Total financial assets	**50,689**	**44,942**	**38,465**	**129,614**	**289,126**	**552,836**
Interest-bearing financial liabilities	107,380	135,209	36,139	52,670	33,083	364,481
Non interest-bearing financial liabilities	—	—	—	—	130,243	130,243
Total financial liabilities	**107,380**	**135,209**	**36,139**	**52,670**	**163,326**	**494,724**
Derivatives, cash inflow	—	377,514	145,993	168,633	40,188	732,328
Derivatives, cash outflow	—	376,305	143,724	162,471	39,367	721,867
Net exposure	**—**	**1,209**	**2,269**	**6,162**	**821**	**10,461**
Exposure	**–56,691**	**–89,058**	**4,595**	**83,106**	**126,621**	**68,573**
Cumulative exposure	**–56,691**	**–145,749**	**–141,154**	**–58,048**	**68,573**	**—**

The table is based on contractual maturities for on balance sheet financial instruments. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and derivative liabilities, as derivatives are managed on a net basis. In addition to the on balance sheet and derivative instruments, Nordea has credit commitments amounting to EUR 88,740m (EUR 77,619m), which could be drawn on at any time. For furhter information about remaining maturity, see also the section of Risk, Liquidity and Capital management.

Note 52 Related-party transactions

The information below is presented from a Nordea perspective, meaning that the information shows the effect from related party transactions on the Nordea figures.

Group

	Associated undertakings		Other related parties[1]	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Assets				
Loans	272	291	8	10
Derivatives	154	109	—	—
Investments in associated undertakings	554	470	—	—
Total assets	**980**	**870**	**8**	**10**
Liabilities				
Deposits	121	165	71	75
Debt securities in issue	30	—	—	—
Derivatives	89	93	—	—
Total liabilities	**240**	**258**	**71**	**75**
Off balance[2]	**9,358**	**8,524**	**—**	**—**

Group

	Associated undertakings		Other related parties[1]	
EURm	2010	2009	2010	2009
Interest income and interest expense				
Interest income	5	7	0	0
Interest expense	0	0	0	0
Net interest income and expense	**5**	**7**	**0**	**0**

1) Shareholders with significant influence and companies significantly influenced by key management personnel in Nordea Group as well as companies significantly influenced by close family members to these key management personnel are considered to be related parties to Nordea. Included in this group of related parties are Sampo Oyj, Danisco A/S, IK Investment Partners AB and TrygVesta A/S. Transactions with related companies, that are made in Nordea's and the related companies' ordinary course of business and on the same criteria and terms as those for comparable transactions with companies of similar standing, are not included in the table.
2) Including nominal values on derivatives.

Parent company

	Group undertakings		Associated undertakings		Other related parties	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Assets						
Loans and receivables	47,005	39,406	45	34	—	—
Interest-bearing securities	4,128	2,914	—	—	—	—
Financial instrument pledged as collateral	57	1,496	—	—	—	—
Derivatives	1,131	1,180	—	—	—	—
Investments in associated undertakings	—	—	4	2	—	—
Investments in group undertakings	16,585	16,152	—	—	—	—
Other assets	463	277	—	—	—	—
Prepaid expenses and accrued income	492	397	—	—	—	—
Total assets	**69,861**	**61,822**	**49**	**36**	**—**	**—**

Note 52 Related-party transactions, cont.

Parent company

EURm	Group undertakings 31 Dec 2010	Group undertakings 31 Dec 2009	Associated undertakings 31 Dec 2010	Associated undertakings 31 Dec 2009	Other related parties 31 Dec 2010	Other related parties 31 Dec 2009
Liabilities						
Deposits	20,925	21,207	1	1	44	37
Debt securities in issue	155	90	—	—	—	—
Derivatives	1,364	1,565	25	27	—	—
Other liabilities	265	287	—	—	—	—
Accrued expenses and deferred income	19	15	—	—	—	—
Total liabilities	**22,728**	**23,164**	**26**	**28**	**44**	**37**
Off balance[1]	**30,707**	**29,651**	**2,056**	**1,931**	**—**	**—**

1) Including nominal values on derivatives.

EURm	Group undertakings 2010	Group undertakings 2009	Associated undertakings 2010	Associated undertakings 2009	Other related parties 2010	Other related parties 2009
Interest income and interest expense						
Interest income	485	611	0	—	—	—
Interest expense	–463	–445	—	–2	0	–10
Net interest income and expense	**22**	**166**	**0**	**–2**	**0**	**–10**

Compensation and loans to key management personnel

Compensation and loans to key management personnel are specified in Note 8.

Other related-party transactions

Group

Starting in March 2008 Nordea takes part in a guarantee consortium to support Norwegian Eksportfinans ASA in relation to its securities portfolio. Nordea owns 23% of the company with other owners being the Norwegian state and other Nordic banks. Nordea's share of the negative fair value of the contract as of the balance sheet date amounts to approx. EUR 25m. The agreement's expiring date corresponds with the maturity dates of the bonds included in the guarantee. The latest maturity is on 31 December 2023.

In 2009 Nordea entered into one transaction with a company under significant influence by a member of key management personnel, which is disclosed separately in this note due to the transaction's significance for the related company. The related company has a credit limit of EUR 21m, of which EUR 8m was utilised as of 31 December 2010. The latest maturity is 30 June 2011, with the possibility of yearly prolongation after a new credit review. Nordea has collateral in securities (shares) corresponding to 200 percent of the utilised credit limit. The transaction is made on the same criteria and terms as those for comparable transactions with companies of similar standing.

Note 53 Acquisitions

Fionia Bank

Nordea acquired Fionia Bank on November 30, 2009. The provisional purchase price allocation has been adjusted in 2010 to reflect new information about facts that existed at the acquisition date related to the tax situation in Fionia and also to reflect adjustments to the final purchase price paid. Nordea has reduced the value of the tax losses carry forward that the Group is estimated to utilize. The original and adjusted Purchase Price Allocation (PPA) is disclosed below.

EURm	Original PPA	Adjustment	Final PPA
Loans to the public	746	—	746
Other assets	598	6	604
Deposits and borrowings from the public	–1,192	1	–1,191
Other liabilities	–60	—	–60
Acquired net assets in accordance with IFRS	**92**	**7**	**99**
Cost of combination	322	8	330
Surplus value	**230**	**1**	**231**

Allocation of surplus value:			
Customer related intangible asset	51	—	51
Deferred tax asset	53	–31	22
Goodwill	126	32	158

Nordea Investment Fund MGMT A/S

Nordea acquired Nordea Investment Fund MGMT A/S in June 2010 for a purchase price of EUR 8m. Acquired assets amounted to EUR 8m and liabilities assumed to EUR 2m. The surplus value of EUR 2m was recognised as goodwill.

Note 54 Credit risk disclosures

Group

Credit risk management and credit risk analysis are described in the Risk, Liquidity and Capital management section of the Board of Directors´ Report. Additional information on credit risk is also disclosed in the Capital and Risk management Report (Pillar 3) 2010, which is available on www.nordea.com. Much of the information in this note is collected from the Pillar 3 report in order to fulfil the disclosure requirement regarding credit risk in the Annual report.

The Pillar 3 report contains the disclosures required by the Capital Requirements Directive (CRD), which is based on the Basel II framework. The pillar 3 disclosure is aligned to how Nordea manages credit risk and is believed to be the best way to explain the credit risk exposures in Nordea. Credit risk exposures occur in different forms and are divided into the following types:

Exposure types, EURm	31 Dec 2010	31 Dec 2009
On balance sheet items	369,839	326,212
Off balance sheet items	57,887	50,422
Securities financing	1,197	519
Derivatives	28,174	28,792
Exposure At Default (EAD)	**457,097**	**405,945**

Tables presented in this note, containing exposure, are presented as Exposure At Default (EAD). EAD is the exposure after applying credit conversion factors (CCF).

Reconciliation of exposure types to the balance sheet

The CRD concept of EAD is different from the accounting framework. The tables below show reconciliations from the recognised amount in the accounts to EAD. Capital requirement for credit risk is only calculated for the banking book. The counterparty risk from derivatives and repos are included in the credit exposure, while assets related to the trading book are included in market risk. Assets in the Life operations are not part of the capital requirement calculation and consequently not included in the trading or banking books. The table below shows the reconciliation of the balance sheet assets to the EAD for credit risk. Assets outside the banking book contains credit risk, but from a CRD perspective these assets are measured in other risk classes.

On balance sheet items

31 Dec 2010, EURm	Orignal exposure	Items related to market risk	Repos, derivatives, securities lending	Life insurance operations	Other	Balance sheet
Cash and balances with central banks	9,957	—	—	66	—	10,023
Treasury bills, other interest-bearing securities and pledged instruments	48,918	18,446	—	24,379	—	91,743
Loans to credit institutions	7,965	—	7,825	—	–2	15,788
Loans to the public	296,756	—	19,701	327	–2,573	314,211
Derivatives[1]	—	—	96,801	24	—	96,825
Intangible assets	—	—	—	341	2,878	3,219
Other assets and prepaid expenses	6,846	24,217	83	17,657	227	49,030
Total assets	**370,442**	**42,663**	**124,410**	**42,794**	**530**	**580,839**
Exposure at default[2]	**369,839**					

1) Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives are included in the credit risk.
2) The on-balance exposure have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.

31 Dec 2009, EURm	Orignal exposure	Items related to market risk	Repos, derivatives, securities lending	Life insurance operations	Other	Balance sheet
Cash and balances with central banks	11,411	—	—	89	—	11,500
Treasury bills, other interest-bearing securities and pledged instruments	31,422	25,903	—	23,014	—	80,339
Loans to credit institutions	12,426	—	6,142	—	–13	18,555
Loans to the public	263,510	—	18,418	310	173	282,411
Derivatives[1]	—	—	75,402	20	—	75,422
Intangible assets	—	—	—	336	2,611	2,947
Other assets and prepaid expenses	8,369	12,929	3	13,984	1,085	36,370
Total assets	**327,138**	**38,832**	**99,965**	**37,753**	**3,856**	**507,544**
Exposure at default[2]	**326,212**					

1) Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives are included in the credit risk.
2) The on-balance exposure have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.

Note 54 Credit risk disclosures, cont.

Off balance sheet items

31 Dec 2010, EURm	Credit risk in Basel II calculation	Life insurance operations	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	23,852	111	—	23,963
Commitments	89,574	1,033	2,142	92,749
Total	**113,426**	**1,144**	**2,142**	**116,712**

31 Dec 2010, EURm	Credit risk in Basel II calculation	Items not included in accounts	Gross amounts	Average conversion factor	Exposure at default EAD
Credit facilities	48,446	31,173	79,619	35%	28,034
Checking accounts	25,188	—	25,188	23%	5,751
Loan commitments	15,181	2,379	17,560	49%	8,555
Guarantees	23,088	—	23,088	64%	14,852
Other	1,523	—	1,523	46%	695
Total	**113,426**	**33,552**	**146,978**		**57,887**

Off balance sheet items

31 Dec 2009, EURm	Credit risk in Basel II calculation	Life insurance operations	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	22,062	205	—	22,267
Commitments	78,273	890	634	79,797
Total	**100,335**	**1,095**	**634**	**102,064**

31 Dec 2009, EURm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	41,000	33,015	74,015	33%	24,354
Checking accounts	23,498	—	23,498	22%	5,083
Loan commitments	13,655	1,415	15,070	44%	6,686
Guarantees	19,871	—	19,871	67%	13,347
Other	2,311	—	2,311	41%	952
Total	**100,335**	**34,430**	**134,765**		**50,422**

Exposure classes split by exposure type

31 Dec 2010, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	40,906	978	114	1,657	43,655
Institutions	39,750	2,307	664	18,474	61,195
Corporate	133,564	41,195	419	7,691	182,869
Retail	146,909	13,362	0	59	160,330
Other	8,710	45	—	293	9,048
Total exposure	**369,839**	**57,887**	**1,197**	**28,174**	**457,097**

31 Dec 2009, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	40,051	915	310	1,586	42,862
Institutions	26,339	2,487	155	20,595	49,576
Corporate	122,930	35,505	53	6,533	165,021
Retail	130,248	11,479	1	48	141,776
Other	6,644	36	—	30	6,710
Total exposure	**326,212**	**50,422**	**519**	**28,792**	**405,945**

Note 54 Credit risk disclosures, cont.

Exposure split by geography and exposure classes

31 Dec 2010, EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Poland	Russia	Other	Total
Government, local authorities and central banks	39,726	4,195	16,137	2,272	17,122	835	922	288	1,884	43,655
Institutions	54,380	10,355	26,871	2,412	14,742	79	593	185	5,958	61,195
Corporate	160,056	39,915	39,067	34,634	46,440	4,385	1,526	4,387	12,515	182,869
Retail	155,036	48,944	35,071	28,389	42,632	1,490	3,373	276	155	160,330
Other	6,337	1,967	1,024	607	2,739	1,510	288	137	776	9,048
Total exposure	**415,534**	**105,376**	**118,170**	**68,314**	**123,675**	**8,299**	**6,702**	**5,273**	**21,289**	**457,097**

31 Dec 2009, EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Poland	Russia	Other	Total
Government, local authorities and central banks	38,671	6,560	13,715	5,270	13,126	1,065	872	123	2,131	42,862
Institutions	46,437	5,066	25,012	3,288	13,071	276	289	289	2,285	49,576
Corporate	146,585	38,684	36,275	33,642	37,984	4,104	1,562	3,228	9,542	165,021
Retail	136,615	45,698	32,753	24,488	33,676	2,621	2,157	215	168	141,776
Other	5,327	1,651	944	439	2,293	277	277	142	687	6,710
Total exposure	**373,635**	**97,659**	**108,699**	**67,127**	**100,150**	**8,343**	**5,157**	**3,997**	**14,813**	**405,945**

Exposure split by industry group

EURm	31 Dec 2010	31 Dec 2009
Retail mortgage	119,593	101,258
Other retail	40,081	38,032
Central and local governments	25,122	25,462
Banks	43,725	47,739
Construction and engineering	4,830	5,130
Consumer durables (cars, appliances etc)	6,294	6,076
Consumer staples (food, agriculture etc)	12,629	12,640
Energy (oil, gas etc)	4,186	3,682
Health care and pharmaceuticals	2,607	2,516
Industrial capital goods	5,584	4,590
Industrial commercial services	19,353	16,165
IT software, hardware and services	2,169	1,772
Media and leisure	3,136	3,096
Metals and mining materials	1,124	967
Paper and forest materials	4,085	3,557
Real estate management and investment	41,611	36,378
Retail trade	13,029	11,942
Shipping and offshore	13,105	11,493
Telecommunication equipment	613	411
Telecommunication operators	2,836	2,744
Transportation	4,526	4,010
Utilities (distribution and production)	7,394	6,424
Other financial companies	47,140	27,448
Other materials (chemical, building materials etc)	8,184	7,528
Other	24,141	24,885
Total exposure	**457,097**	**405,945**

Note 54 Credit risk disclosures, cont.

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2010, EURm	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
Government, local authorities and central banks	43,913	43,655	352	—
Institutions	65,233	61,195	933	3,328
Corporate	256,668	182,869	6,475	50,699
Retail	171,463	160,330	2,811	117,674
Other	9,514	9,048	2	2,428
Total exposure	**546,791**	**457,097**	**10,573**	**174,129**

31 Dec 2009, EURm	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
Government, local authorities and central banks	41,851	42,862	28	—
Institutions	54,797	49,576	2,343	2,667
Corporate	235,410	165,021	5,902	45,971
Retail	151,650	141,776	2,681	102,189
Other	7,507	6,710	2	1,114
Total exposure	**491,215**	**405,945**	**10,956**	**151,941**

Collateral distribution

	31 Dec 2010	31 Dec 2009
Other Physical Collateral	5.4%	6.0%
Receivables	1.1%	1.0%
Residential Real Estate	74.4%	72.9%
Commercial Real Estate	16.6%	17.6%
Financial Collateral	2.5%	2.5%

Loan-to-value distribution

	31 Dec 2010		31 Dec 2009	
Retail mortage exposure	EURbn	%	EURbn	%
<50%	85.7	75	74.2	77
50–70%	20.0	18	15.8	16
70–80%	5.3	5	4.0	4
80–90%	1.8	1	2.0	2
>90%	0.8	1	1.3	1
Total	**113.6**	**100**	**97.3**	**100**

Collaterised Debt Obligations (CDO) – Exposure[1]

	31 Dec 2010		31 Dec 2009	
Nominal, EURm	Bought protection	Sold protection	Bought protection	Sold protection
CDOs, gross	1,535	2,999	4,308	4,120
Hedged exposures	1,322	1,322	2,928	2,928
CDOs, net[2]	**213[3]**	**1,677[4]**	**1,380[3]**	**1,192[4]**
– of which Equity	108	406	259	387
– of which Mezzanine	104	459	237	514
– of which Senior	1	812	884	291

1) First-to-Default swaps are not classified as CDOs and are therefore not included in the table. Net bought protection amounts to EUR 71m and net sold protection to EUR 80m. Both bought and sold protection are, to the predominant part, investment grade.
2) Net exposure disregards exposure where tranches are completely identical in terms of reference pool attachment, detachment, maturity and currency.
3) Of which investment grade EUR 209m (EUR 1,380m) and sub investment grade EUR 4m (EUR 0m).
4) Of which investment grade EUR 1,497m (EUR 1,068m) and sub investment grade EUR 22m (EUR 19m) and not rated EUR 158m (EUR 105m).

Note 54 Credit risk disclosures, cont.

When Nordea sells protection in a CDO transaction, Nordea carries the risk of losses in the reference portfolio on the occurrence of a credit event. When Nordea buys protection in a CDO transaction, any losses in the reference portfolio, in which Nordea has not necessarily invested, triggered by a credit event is then carried by the seller of protection.

The risk from CDOs is hedged with a portfolio of CDSs. The risk positions are subject to various types of market risk limits, including VaR, and the CDO valuations are subject to fair value adjustments for model risk. These fair value adjustments are recognised in the income statement.

Restructured loans and receivables current year

EURm	31 Dec 2010	31 Dec 2009
Loans before restructuring, carrying amount	119	167
Loans after restructuring, carrying amount	66	113

Assets taken over for protection of claims[1]

EURm	31 Dec 2010	31 Dec 2009
Current assets, carrying amount:		
Land and buildings	50	0
Shares and other participations	29	3
Other assets	6	7
Total	**85**	**10**

1) In accordance with Nordea's policy for taking over assets for protection of claims, which is in compliance with the local Banking Business Acts, whereever Nordea is located. Assets, used as collateral for the loan, are generally taken over when the customer is not able to fulfil its obligations to Nordea. The assets taken over are, at the latest, disposed when full recovery is reached.

Past due loans, excl. impaired loans

	31 Dec 2010		31 Dec 2009	
EURm	Corporate customers	Household customers	Corporate customers	Household customers
6–30 days	1,021	841	835	582
31–60 days	491	349	239	281
61–90 days	91	114	84	259
>90 days	222	298	369	307
Total	**1,825**	**1,602**	**1,527**	**1,429**
Past due not impaired loans divided by loans to the public after allowances, %	1.08	1.14	1.00	1.16

Loans to corporate customers, by size of loan

	31 Dec 2010		31 Dec 2009	
Size in EURm	Loans EUR bn	%	Loans EURbn	%
0–10	68.8	41	58.9	39
10–50	37.7	22	35.9	23
50–100	18.5	11	18.3	12
100–250	21.3	12	17.7	12
250–500	11.1	7	11.4	7
500–	11.7	7	11.2	7
Total	**169.1**	**100**	**153.4**	**100**

Interest-bearing securities and Treasury bills

	31 Dec 2010			31 Dec 2009		
EURm	At fair value	At amortised cost	Total	At fair value	At amortised cost	Total
State and sovereigns	18,575	604	19,179	16,639	1,211	17,850
Municipalities and other public bodies	3,541	434	3,975	2,964	431	3,395
Mortgage institutions	18,964	8,746	27,710	15,701	8,184	23,885
Other credit institutions	15,554	6,100	21,654	9,587	8,056	17,643
Corporates	4,925	171	5,096	4,648	71	4,719
Corporates, sub-investment grade	1,673	—	1,673	1,235	—	1,235
Other	2,962	—	2,962	372	—	372
Total	**66,194**	**16,055**	**82,249**	**51,146**	**17,953**	**69,099**

Proposed distribution of earnings

According to the parent company's balance sheet, the following amount is available for distribution by the Annual General Meeting:

	EUR
Share premium reserve	1,065,328,165
Retained earnings	6,624,228,630
Other free funds	2,762,284,828
Net profit for the year	2,001,933,638
Total	**12,453,775,261**

The Board of Directors proposes that these earnings are distributed as follows:

	EUR
Dividends paid to shareholders, EUR 0.29 per share	1,167,867,606
To be carried forward to	
– share premium reserve	1,065,328,165
– retained earnings	7,458,294,662
– other free funds	2,762,284,828
Total	**12,453,775,261**

It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands with respect to the size of the Company's and the Group's equity, which are imposed by the nature, scope and risks, associated with the business, and the Company's and the Group's need for consolidation, liquidity and financial position in general.

The Board of Directors and the President and CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the International Reporting Standards (IFRS/IAS) referred to in the European parliament and councils' regulation (EC) 1606/2002, from 19 July 2002, on application of International Accounting Standards. They give a true and fair view of the Group's and the Company's financial position and result. The Board of Directors' Report for the Group and the Company gives a true and fair overview of the development of the operations, financial position and result of the Group and the Company and describes the material risks and uncertainties that the Company and the Group companies are facing.

8 February 2011

Hans Dalborg
Chairman

Björn Wahlroos *Vice Chairman*	Stine Bosse *Board member*	Marie Ehrling *Board member*
Svein Jacobsen *Board member*	Ole Lund Jensen *Board member*[1]	Tom Knutzen *Board member*
Steinar Nickelsen *Board member*[1]	Lars G Nordström *Board member*	Lars Oddestad *Board member*[1]
Sarah Russell *Board member*	Björn Savén *Board member*	Kari Stadigh *Board member*

Christian Clausen
President and CEO

Our audit report was submitted on 9 February 2011

KPMG AB

Carl Lindgren
Authorised Public Accountant

1) Employee representative.

Audit report

To the annual meeting of the shareholders of Nordea Bank AB (publ)
Corporate identity number 516406-0120

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Nordea Bank AB (publ) for the year 2010. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 50–173. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act of Credit Institutions and Securities Companies when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act of Credit Institutions and Security Companies when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act of Credit Institutions and Securities Companies or the Articles of Associations. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act of Credit Institutions and Securities Companies and give a true and fair view of the group's financial position and results of operations. A Corporate Governance Report has been prepared. The Board of Directors´ report and the Corporate Governance Report are consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the Board of Directors' report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, 9 February 2011

KPMG AB

Carl Lindgren
Authorised Public Accountant

ANNEX 3 – UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF NORDEA BANK FOR THE THREE MONTHS ENDED 31 MARCH 2012, INCLUDING THE NOTES RELATING THERETO

Income statement

EURm	Note	Q1 2012	Q1 2011	Full year 2011
Operating income				
Interest income		*3,162*	*2,746*	*11,955*
Interest expense		*-1,742*	*-1,422*	*-6,499*
Net interest income		1,420	1,324	5,456
Fee and commission income		*787*	*788*	*3,122*
Fee and commission expense		*-191*	*-186*	*-727*
Net fee and commission income	3	596	602	2,395
Net result from items at fair value	4	469	544	1,517
Profit from companies accounted for under the equity method		23	18	42
Other operating income		23	22	91
Total operating income		**2,531**	**2,510**	**9,501**
Operating expenses				
General administrative expenses:				
Staff costs		-771	-768	-3,113
Other expenses	5	-455	-453	-1,914
Depreciation, amortisation and impairment charges of tangible and intangible assets		-50	-44	-192
Total operating expenses		**-1,276**	**-1,265**	**-5,219**
Profit before loan losses		**1,255**	**1,245**	**4,282**
Net loan losses	6	-218	-242	-735
Operating profit		**1,037**	**1,003**	**3,547**
Income tax expense		-262	-261	-913
Net profit for the period		**775**	**742**	**2,634**
Attributable to:				
Shareholders of Nordea Bank AB (publ)		773	740	2,627
Non-controlling interests		2	2	7
Total		**775**	**742**	**2,634**
Basic earnings per share, EUR		0.19	0.18	0.65
Diluted earnings per share, EUR		0.19	0.18	0.65

Statement of comprehensive income

EURm	Q1 2012	Q1 2011	Full year 2011
Net profit for the period	**775**	**742**	**2,634**
Currency translation differences during the period	192	-9	-28
Currency hedging of net investments in foreign operations	-98	-3	0
Tax on currency hedging of net investments in foreign operations	26	1	0
Available-for-sale investments:			
Valuation gains/losses during the period	59	4	5
Tax on valuation gains/losses during the period	-15	-1	-1
Cash flow hedges:			
Valuation gains/losses during the period	-47	-	166
Tax on valuation gains/losses during the period	12	-	-43
Other comprehensive income, net of tax	**129**	**-8**	**99**
Total comprehensive income	**904**	**734**	**2,733**
Attributable to:			
Shareholders of Nordea Bank AB (publ)	902	732	2,726
Non-controlling interests	2	2	7
Total	**904**	**734**	**2,733**

Balance sheet

EURm	Note	31 Mar 2012	31 Dec 2011	31 Mar 2011
Assets				
Cash and balances with central banks		3,346	3,765	3,248
Loans to credit institutions	7	41,178	51,865	22,456
Loans to the public	7	340,768	337,203	322,414
Interest-bearing securities		85,441	92,373	78,853
Financial instruments pledged as collateral		8,302	8,373	11,345
Shares		22,261	20,167	18,236
Derivatives	10	165,770	171,943	81,749
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-290	-215	1,172
Investments in associated undertakings		584	591	577
Intangible assets		3,393	3,321	3,272
Property and equipment		469	469	455
Investment property		3,632	3,644	3,579
Deferred tax assets		178	169	280
Current tax assets		252	185	274
Retirement benefit assets		225	223	189
Other assets		15,656	19,425	11,831
Prepaid expenses and accrued income		2,883	2,703	2,405
Total assets		**694,048**	**716,204**	**562,335**
Of which assets customer bearing the risk		*17,886*	*16,170*	*15,734*
Liabilities				
Deposits by credit institutions		58,156	55,316	46,985
Deposits and borrowings from the public		193,488	190,092	173,262
Liabilities to policyholders		42,425	40,715	39,486
Debt securities in issue		170,671	179,950	150,119
Derivatives	10	162,709	167,390	82,498
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,163	1,274	358
Current tax liabilities		222	154	381
Other liabilities		26,283	43,368	33,057
Accrued expenses and prepaid income		4,141	3,496	3,607
Deferred tax liabilities		1,011	1,018	871
Provisions		424	483	434
Retirement benefit obligations		326	325	304
Subordinated liabilities		7,065	6,503	6,865
Total liabilities		**668,084**	**690,084**	**538,227**
Equity				
Non-controlling interests		85	86	83
Share capital		4,047	4,047	4,043
Share premium reserve		1,080	1,080	1,073
Other reserves		82	-47	-154
Retained earnings		20,670	20,954	19,063
Total equity		**25,964**	**26,120**	**24,108**
Total liabilities and equity		**694,048**	**716,204**	**562,335**
Assets pledged as security for own liabilities[1]		156,162	146,894	160,769
Other assets pledged		5,187	6,090	6,428
Contingent liabilities		23,253	24,468	23,357
Credit commitments[2]		89,807	85,319	86,017
Other commitments		1,383	1,651	3,864

[1] Includes, as from the second quarter 2011, only assets on Nordea's balance sheet. Comparative figures have been restated accordingly.

[2] Including unutilised portion of approved overdraft facilities of EUR 46,722m (31 Dec 2011: 47,607m, 31 Mar 2011: EUR 45,795m).

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	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Opening balance at 1 Jan 2012	**4,047**	**1,080**	**-176**	**123**	**6**	**20,954**	**26,034**	**86**	**26,120**
Total comprehensive income	-	-	120	-35	44	773	902	2	904
Share-based payments	-	-	-	-	-	1	1	-	1
Dividend for 2011	-	-	-	-	-	-1,048	-1,048	-	-1,048
Purchases of own shares[2]	-	-	-	-	-	-10	-10	-	-10
Other changes	-	-	-	-	-	-	-	-3	-3
Closing balance at 31 Mar 2012	**4,047**	**1,080**	**-56**	**88**	**50**	**20,670**	**25,879**	**85**	**25,964**

	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	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Opening balance at 1 Jan 2011	**4,043**	**1,065**	**-148**	**-**	**2**	**19,492**	**24,454**	**84**	**24,538**
Total comprehensive income	-	-	-28	123	4	2,627	2,726	7	2,733
Issued C-shares[3]	4	-	-	-	-	-	4	-	4
Repurchase of C-shares[3]	-	-	-	-	-	-4	-4	-	-4
Share-based payments	-	-	-	-	-	11	11	-	11
Dividend for 2010	-	-	-	-	-	-1,168	-1,168	-	-1,168
Purchases of own shares[2]	-	-	-	-	-	-4	-4	-	-4
Other changes	-	15[4]	-	-	-	-	15	-5	10
Closing balance at 31 Dec 2011	**4,047**	**1,080**	**-176**	**123**	**6**	**20,954**	**26,034**	**86**	**26,120**

	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	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Opening balance at 1 Jan 2011	**4,043**	**1,065**	**-148**	**-**	**2**	**19,492**	**24,454**	**84**	**24,538**
Total comprehensive income	-	-	-11	-	3	740	732	2	734
Share-based payments	-	-	-	-	-	3	3	-	3
Dividend for 2010	-	-	-	-	-	-1,168	-1,168	-	-1,168
Purchases of own shares[2]	-	-	-	-	-	-4	-4	-	-4
Other changes	-	8[4]	-	-	-	-	8	-3	5
Closing balance at 31 Mar 2011	**4,043**	**1,073**	**-159**	**-**	**5**	**19,063**	**24,025**	**83**	**24,108**

[1] Total shares registered were 4,047 million (31 Dec 2011: 4,047 million, 31 Mar 2011: 4,043 million).

[2] Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 31 Mar 2012 were 22.1 million (31 Dec 2011: 20.7 million, 31 Mar 2011: 17.3 million).

[3] Refers to the Long Term Incentive Programme (LTIP). LTIP 2011 was hedged by issuing 4,730,000 C-shares, the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 18.0 million (31 Dec 2011: 18.2 million, 31 Mar 2011: 15.3 million)

[4] In connection to the rights issue in 2009 an assessment was made on the VAT Nordea would have to pay on the transaction costs. This assessment has been changed in 2011 based on a new tax case law.

Cash flow statement

EURm	Jan-Mar 2012	Jan-Mar 2011	Full year 2011
Operating activities			
Operating profit	1,037	1,003	3,547
Adjustments for items not included in cash flow	1,273	137	608
Income taxes paid	-274	-431	-981
Cash flow from operating activities before changes in operating assets and liabilities	2,036	709	3,174
Changes in operating assets and liabilities	-3,586	-11,756	627
Cash flow from operating activities	-1,550	-11,047	3,801
Investing activities			
Property and equipment	-27	-26	-123
Intangible assets	-43	-70	-191
Net investments in debt securities, held to maturity	465	5,787	7,876
Other financial fixed assets	-	-17	-68
Cash flow from investing activities	395	5,674	7,494
Financing activities			
New share issue	-	-	4
Issued/amortised subordinated liabilities	750	-579	-1,341
Divestment/repurchase of own shares incl change in trading portfolio	-10	-4	-4
Dividend paid	-1,048	-1,168	-1,168
Cash flow from financing activities	-308	-1,751	-2,509
Cash flow for the period	**-1,463**	**-7,124**	**8,786**
Cash and cash equivalents at beginning of the period	**22,606**	**13,706**	**13,706**
Translation difference	-557	12	114
Cash and cash equivalents at end of the period	**20,586**	**6,594**	**22,606**
Change	**-1,463**	**-7,124**	**8,786**

Cash and cash equivalents	31 Mar	31 Mar	31 Dec
The following items are included in cash and cash equivalents (EURm):	2012	2011	2011
Cash and balances with central banks	3,346	3,248	3,765
Loans to credit institutions, payable on demand	17,240	3,346	18,841

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

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC), as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), 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 Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11 and 2011:54) have also been applied.

These statements are presented in accordance with IAS 34 "Interim Financial Reporting".

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2011 Annual Report, except for the categorisation of commissions within "Net fee and commission income" (Note 3) and the definition of impaired loans in "Loans and impairment" (Note 7). These changes are further described below.

The recognition of repurchase and reverse repurchase agreements was furthermore changed in Q3 2011. The comparative figures for Q1 2011 have been restated accordingly and the impact is disclosed in the below table.

	31 Mar 2011	
EURm	New policy	Old policy
Reverse repurchase agreements		
Loans to credit institutions	22,456	26,284
Loans to the public	322,414	330,536
Other liabilities	33,057	45,007
Repurchase agreements		
Deposits by credit institutions	46,985	50,235
Deposits and borrowings from the public	173,262	182,344
Other assets	11,831	24,163

Definition of impaired loans

The definition of impaired loans has been changed and includes all loans that have, as a consequence of identified loss events, been written down either individually, for individually significant loans, or as part of a portfolio, for individually insignificant loans. The comparative figures have been restated accordingly and are disclosed in the below table.

	31 Dec 2011		31 Mar 2011	
EURm	New policy	Old policy	New policy	Old policy
Impaired loans	5,125	5,438	4,820	5,075
- Performing	2,946	3,287	2,641	2,938
- Non-performing	2,179	2,151	2,179	2,137

Categorisation of commissions

The categorisation of commissions within "Net fee and commission income" has been improved by merging similar types of commissions. Commissions received for securities issues, corporate finance activities and issuer services have been reclassified from "Payments" and "Other commission income" to the renamed lines "Brokerage, securities issues and corporate finance" and "Custody and issuer services". The comparable figures have been restated accordingly and are disclosed in the below table.

	Q4 2011		Q1 2011		Jan-Dec 2011	
EURm	New policy	Old policy	New policy	Old policy	New policy	Old policy
Brokerage, securities issues and corporate finance	59	48	73	58	266	200
Custody and issuer services	31	25	20	16	115	90
Payments	105	110	97	103	399	421
Other commission income	30	42	38	51	141	210

Exchange rates

	Jan-Mar	Jan-Dec	Jan-Mar
EUR 1 = SEK	2012	2011	2011
Income statement (average)	8.8534	9.0293	8.8684
Balance sheet (at end of period)	8.8455	8.9120	8.9329
EUR 1 = DKK			
Income statement (average)	7.4350	7.4506	7.4549
Balance sheet (at end of period)	7.4399	7.4342	7.4567
EUR 1 = NOK			
Income statement (average)	7.5874	7.7946	7.8261
Balance sheet (at end of period)	7.6040	7.7540	7.8330
EUR 1 = PLN			
Income statement (average)	4.2326	4.1203	3.9466
Balance sheet (at end of period)	4.1522	4.4580	4.0106
EUR 1 = RUB			
Income statement (average)	39.5678	40.8809	40.0090
Balance sheet (at end of period)	39.2950	41.7650	40.2850

Note 2 Segment reporting

	Operating segments													
	Retail Banking Jan-Mar		Wholesale Banking Jan-Mar		Group Corporate Centre Jan-Mar		Other Operating segments[1] Jan-Mar		Total operating segments Jan-Mar		Recon-ciliation Jan-Mar		**Total Group Jan-Mar**	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	**2012**	**2011**
Total operating income, EURm	1,445	1,318	735	738	123	150	298	318	2,601	2,524	-70	-14	**2,531**	**2,510**
Operating profit, EURm	496	305	443	457	88	105	123	151	1,150	1,018	-113	-15	**1,037**	**1,003**
Loans to the public[2], EURbn	223	214	64	59	-	-	7	6	294	279	47	43	**341**	**322**
Deposits and borrowings from the public[2], EURbn	108	103	46	39	-	-	8	7	162	149	31	24	**193**	**173**

[1] Including the main business area Wealth Management.

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

Break-down of Retail Banking and Wholesale Banking

	Total operating income, EURm Jan-Mar		Operating profit, EURm Jan-Mar		Loans to the public, EURbn 31 Mar		Deposits and borrowings from the public, EURbn 31 Mar	
	2012	2011	2012	2011	2012	2011	2012	2011
Retail Banking Nordic[1]	1,410	1,268	530	308	209	202	103	99
Retail Banking Poland & Baltic countries[1]	99	93	43	35	14	12	5	4
Retail Banking Other[2]	-64	-43	-77	-38	-	-	-	-
Retail Banking	**1,445**	**1,318**	**496**	**305**	**223**	**214**	**108**	**103**
Corporate & Institutional Banking	434	428	310	253	45	42	39	33
Shipping, Offshore & Oil Services	95	102	19	72	13	13	5	5
Nordea Bank Russia	50	47	26	22	6	4	2	1
Capital Markets unallocated	190	173	125	124	-	-	-	-
Wholesale Banking Other[3]	-34	-12	-37	-14	-	-	-	-
Wholesale Banking	**735**	**738**	**443**	**457**	**64**	**59**	**46**	**39**

[1] Retail Banking Nordic includes banking operations in Denmark, Finland, Norway and Sweden, while Retail Banking Poland & Baltic countries includes banking operations in Estonia, Latvia, Lithuania, and Poland.

[2] Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT within the main business area Retail Banking.

[3] Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT within the main business area Wholesale Banking.

Reconciliation between total operating segments and financial statements

	Operating profit, Jan-Mar		Loans to the public, EURbn 31 Mar		Deposits and borrowings 31 Mar	
	2012	2011	2012	2011	2012	2011
Total Operating segments	1,150	1,018	294	279	162	149
Group functions[1]	-18	-6	-	-	-	-
Unallocated items	-104	-11	40	35	14	15
Differences in accounting policies[2]	9	2	7	8	17	9
Total	**1,037**	**1,003**	**341**	**322**	**193**	**173**

[1] Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources, Board of Directors and Executive Management.

[2] Impact from plan rates 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 business area reporting are that the information to CODM is prepared using plan rates and to that different allocation principles between operating segments have been applied.

Internally developed and bought software have previously been expensed as incurred in the operating segments but capitalised, as required by IAS 38, in the group's balance sheet. As from the first quarter 2012 internally developed and bought software are capitalised directly in the operating segments. Comparative information has been restated accordingly.

Changes in basis of segmentation

Compared with the 2011 Annual Report there have been no changes in the basis of segmentation.

Financial results are presented for the two main business areas Retail Banking and Wholesale Banking, with 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.

Note 3 Net fee and commission income

EURm	Q1 2012	Q4 2011	Q1 2011	Jan-Dec 2011
Asset management commissions	200	181	202	754
Life insurance	68	72	82	306
Brokerage, securities issues and corporate finance	77	59	73	266
Custody and issuer services	21	31	20	115
Deposits	12	11	11	44
Total savings and investments	378	354	388	1,485
Payments	103	105	97	399
Cards	109	116	100	446
Total payment and cards	212	221	197	845
Lending	108	111	110	437
Guarantees and documentary payments	57	55	55	214
Total lending related commissions	165	166	165	651
Other commission income	32	30	38	141
Fee and commission income	**787**	**771**	**788**	**3,122**
Savings and investments	-66	-46	-69	-245
Payments	-22	-24	-19	-87
Cards	-56	-63	-48	-219
State guarantee fees	-20	-17	-13	-55
Other commission expenses	-27	-33	-37	-121
Fee and commission expenses	**-191**	**-183**	**-186**	**-727**
Net fee and commission income	**596**	**588**	**602**	**2,395**

Note 4 Net result from items at fair value

EURm	Q1 2012	Q4 2011	Q1 2011	Jan-Dec 2011
Shares/participations and other share-related instruments	1,243	1,696	59	-518
Interest-bearing securities and other interest-related instruments	79	-174	369	1,452
Other financial instruments	50	24	-22	163
Foreign exchange gains/losses	277	2	149	546
Investment properties	30	18	45	158
Change in technical provisions[1], Life insurance	-985	-909	76	-937
Change in collective bonus potential, Life insurance	-238	-162	-141	607
Insurance risk income, Life insurance	45	46	61	217
Insurance risk expense, Life insurance	-32	-35	-52	-171
Total	**469**	**506**	**544**	**1,517**

Of which Life insurance

EURm	Q1 2012	Q4 2011	Q1 2011	Jan-Dec 2011
Shares/participations and other share-related instruments	1,230	1,632	5	-629
Interest-bearing securities and other interest-related instruments	-48	-428	-55	959
Other financial instruments	0	2	-1	0
Foreign exchange gains/losses	56	-91	110	-23
Investment properties	30	17	45	156
Change in technical provisions[1], Life insurance	-985	-909	76	-937
Change in collective bonus potential, Life insurance	-238	-162	-141	607
Insurance risk income, Life insurance	45	46	61	217
Insurance risk expense, Life insurance	-32	-35	-52	-171
Total	**58**	**72**	**48**	**179**

[1] Premium income amounts to EUR 736m for Q1 2012 (Q4 2011: EUR 622m, Q1 2011: EUR 667m, Jan-Dec 2011: EUR 2,544m).

Note 5 Other expenses

EURm	Q1 2012	Q4 2011	Q1 2011	Jan-Dec 2011
Information technology	-158	-163	-149	-647
Marketing and entertainment	-23	-40	-29	-131
Postage, transportation, telephone and office expenses	-59	-61	-59	-232
Rents, premises and real estate expenses	-104	-103	-109	-444
Other	-111	-135	-107	-460
Total	**-455**	**-502**	**-453**	**-1,914**

Note 6 Net loan losses

EURm	Q1 2012	Q4 2011	Q1 2011	Jan-Dec 2011
Loan losses divided by class				
Loans to credit institutions	0	0	1	2
Loans to the public	-204	-278	-167	-659
- of which provisions	-298	-380	-285	-1,154
- of which write-offs	-107	-235	-133	-800
- of which allowances used for covering write-offs	72	180	108	625
- of which reversals	112	131	129	596
- of which recoveries	17	26	14	74
Off-balance sheet items	-14	15	-76	-78
Total	**-218**	**-263**	**-242**	**-735**

Key ratios

	Q1 2012	Q4 2011	Q1 2011	Jan-Dec 2011
Loan loss ratio, basis points	26	33	31	23
- of which individual	26	37	37	30
- of which collective	0	-4	-6	-7

Note 7 Loans and impairment[1]

	Total		
	31 Mar	31 Dec	31 Mar
EURm	2012	2011	2011
Loans, not impaired	378,874	386,414	342,625
Impaired loans	5,668	5,125	4,820
- Performing	3,473	2,946	2,641
- Non-performing	2,195	2,179	2,179
Loans before allowances	**384,542**	**391,539**	**347,445**
Allowances for individually assessed impaired loans	-2,034	-1,892	-1,842
- Performing	-1,191	-1,080	-958
- Non-performing	-843	-812	-884
Allowances for collectively assessed impaired loans	-562	-579	-733
Allowances	**-2,596**	**-2,471**	**-2,575**
Loans, carrying amount	**381,946**	**389,068**	**344,870**

	Credit institutions			The public		
	31 Mar	31 Dec	31 Mar	31 Mar	31 Dec	31 Mar
EURm	2012	2011	2011	2012	2011	2011
Loans, not impaired	41,173	51,860	22,449	337,701	334,554	320,176
Impaired loans	34	33	35	5,634	5,092	4,785
- Performing	9	9	10	3,464	2,937	2,631
- Non-performing	25	24	25	2,170	2,155	2,154
Loans before allowances	**41,207**	**51,893**	**22,484**	**343,335**	**339,646**	**324,961**
Allowances for individually assessed impaired loans	-26	-26	-26	-2,008	-1,866	-1,816
- Performing	-1	-	-	-1,190	-1,080	-958
- Non-performing	-25	-26	-26	-818	-786	-858
Allowances for collectively assessed impaired loans	-3	-2	-2	-559	-577	-731
Allowances	**-29**	**-28**	**-28**	**-2,567**	**-2,443**	**-2,547**
Loans, carrying amount	**41,178**	**51,865**	**22,456**	**340,768**	**337,203**	**322,414**

Allowances and provisions

	31 Mar	31 Dec	31 Mar
EURm	2012	2011	2011
Allowances for items in the balance sheet	-2,596	-2,471	-2,575
Provisions for off balance sheet items	-107	-93	-160
Total allowances and provisions	**-2,703**	**-2,564**	**-2,735**

Key ratios

	31 Mar	31 Dec	31 Mar
	2012	2011	2011
Impairment rate, gross, basis points	147	131	139
Impairment rate, net, basis points	95	83	86
Total allowance rate, basis points	68	63	74
Allowances in relation to impaired loans, %	36	37	38
Total allowances in relation to impaired loans, %	46	48	53
Non-performing, not impaired, EURm	402	405	336

[1] The comparative figures for 31 March and 31 December 2011 regarding impaired loans have been restated to ensure consistency between the periods.

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	3,346	-	-	-	-	-	3,346
Loans to credit institutions	29,810	-	8,217	3,151	-	-	41,178
Loans to the public	267,486	-	24,108	49,174	-	-	340,768
Interest-bearing securities	641	7,159	39,440	20,889	-	17,312	85,441
Financial instruments pledged as collateral	-	-	8,302	-	-	-	8,302
Shares	-	-	5,623	16,628	-	10	22,261
Derivatives	-	-	163,410	-	2,360	-	165,770
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-290	-	-	-	-	-	-290
Other assets	9,423	-	-	6,211	-	-	15,634
Prepaid expenses and accrued income	2,080	-	158	43	-	-	2,281
Total 31 Mar 2012	**312,496**	**7,159**	**249,258**	**96,096**	**2,360**	**17,322**	**684,691**
Total 31 Dec 2011	325,920	7,893	254,586	96,451	2,541	19,814	707,205
Total 31 Mar 2011	287,827	10,263	186,848	86,456	534	5,731	577,659

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	21,235	1,664	-	35,257	58,156
Deposits and borrowings from the public	14,264	6,659	-	172,565	193,488
Liabilities to policyholders, investment contracts	-	10,966	-	-	10,966
Debt securities in issue	6,404	32,287	-	131,980	170,671
Derivatives	162,056	-	653	-	162,709
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	1,163	1,163
Other liabilities	8,757	4,490	-	12,982	26,229
Accrued expenses and prepaid income	-	529	-	2,398	2,927
Subordinated liabilities	-	-	-	7,065	7,065
Total 31 Mar 2012	**212,716**	**56,595**	**653**	**363,410**	**633,374**
Total 31 Dec 2011	213,415	61,836	627	380,582	656,460
Total 31 Mar 2011	141,144	56,090	923	331,510	529,667

Note 9 Financial instruments

Determination of fair value from quoted market prices or valuation techniques

31 Mar 2012, EURm	Quoted prices in active markets for 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							
Loans to credit institutions	49	-	11,319	-	-	-	11,368
Loans to the public	-	-	73,282	-	-	-	73,282
Debt securities[1]	60,400	*14,315*	24,336	*5,813*	1,207	*762*	85,943
Shares[2]	17,965	*13,205*	4	*0*	4,292	*3,317*	22,261
Derivatives	274	*24*	164,528	*14*	968	-	165,770
Other assets	-	-	6,211	-	-	-	6,211
Prepaid expenses and accrued income	-	-	201	-	-	-	201
Liabilities							
Deposits by credit institutions	-	-	22,899	-	-	-	22,899
Deposits and borrowings from the public	-	-	20,923	-	-	-	20,923
Liabilities to policyholders	-	-	10,966	*10,966*	-	-	10,966
Debt securities in issue	32,287	-	6,404	-	-	-	38,691
Derivatives	113	*0*	161,241	*1*	1,355	-	162,709
Other liabilities	4,237	-	9,010	-	-	-	13,247
Accrued expenses and prepaid income	-	-	529	-	-	-	529

[1] Of which EUR 77,641m relates to Interest-bearing securities (the portion held at fair value in Note 8). EUR 8,302m relates to the balance sheet item Financial instruments pledged as collateral.

[2] EUR 0m relates to the balance sheet item Financial instruments pledged as collateral.

Note 10 Derivatives

Fair value	31 Mar 2012		31 Dec 2011		31 Mar 2011	
EURm	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	149,458	146,069	149,336	146,540	62,736	61,122
Equity derivatives	686	849	638	688	814	968
Foreign exchange derivatives	10,871	12,831	16,527	16,535	15,629	17,261
Credit derivatives	1,003	1,000	1,483	1,493	890	912
Commodity derivatives	1,356	1,294	1,376	1,296	1,119	1,097
Other derivatives	36	13	42	211	27	215
Total	**163,410**	**162,056**	**169,402**	**166,763**	**81,215**	**81,575**
Derivatives used for hedging						
Interest rate derivatives	1,840	484	1,941	493	399	527
Equity derivatives	-	-	-	-	0	0
Foreign exchange derivatives	520	169	600	134	135	396
Total	**2,360**	**653**	**2,541**	**627**	**534**	**923**
Total fair value						
Interest rate derivatives	151,298	146,553	151,277	147,033	63,135	61,649
Equity derivatives	686	849	638	688	814	968
Foreign exchange derivatives	11,391	13,000	17,127	16,669	15,764	17,657
Credit derivatives	1,003	1,000	1,483	1,493	890	912
Commodity derivatives	1,356	1,294	1,376	1,296	1,119	1,097
Other derivatives	36	13	42	211	27	215
Total	**165,770**	**162,709**	**171,943**	**167,390**	**81,749**	**82,498**

Nominal amount	31 Mar	31 Dec	31 Mar
EURm	2012	2011	2011
Derivatives held for trading			
Interest rate derivatives	5,991,798	5,701,729	5,196,987
Equity derivatives	21,790	17,144	23,092
Foreign exchange derivatives	959,786	954,193	883,913
Credit derivatives	67,742	61,889	55,475
Commodity derivatives	14,295	16,547	21,691
Other derivatives	2,346	2,170	2,196
Total	**7,057,757**	**6,753,672**	**6,183,354**
Derivatives used for hedging			
Interest rate derivatives	43,897	60,103	46,624
Equity derivatives	-	-	0
Foreign exchange derivatives	2,835	10,505	4,997
Total	**46,732**	**70,608**	**51,621**
Total nominal amount			
Interest rate derivatives	6,035,695	5,761,832	5,243,611
Equity derivatives	21,790	17,144	23,092
Foreign exchange derivatives	962,621	964,698	888,910
Credit derivatives	67,742	61,889	55,475
Commodity derivatives	14,295	16,547	21,691
Other derivatives	2,346	2,170	2,196
Total	**7,104,489**	**6,824,280**	**6,234,975**

Note 11 Capital adequacy

Capital Base

EURm	31 Mar 2012	31 Dec 2011	31 Mar 2011
Core Tier 1 capital	21,080	20,677	19,408
Tier 1 capital	23,039	22,641	21,335
Total capital base	25,900	24,838	24,444

Capital requirement

EURm	31 Mar 2012 Capital requirement	31 Mar 2012 RWA	31 Dec 2011 Capital requirement	31 Dec 2011 RWA	31 Mar 2011 Capital requirement	31 Mar 2011 RWA
Credit risk	**12,622**	**157,776**	**12,929**	**161,604**	**12,897**	**161,216**
IRB	10,412	130,156	9,895	123,686	9,981	124,762
- of which corporate	7,384	92,299	6,936	86,696	7,117	88,967
- of which institutions	981	12,266	897	11,215	782	9,768
- of which retail	1,943	24,285	1,949	24,367	1,955	24,438
- of which other	104	1,306	113	1,408	127	1,589
Standardised	2,210	27,620	3,034	37,918	2,916	36,454
- of which sovereign	41	514	43	536	35	444
- of which retail	789	9,857	795	9,934	767	9,588
- of which other	1,380	17,249	2,196	27,448	2,114	26,422
Market risk[1]	**662**	**8,276**	**652**	**8,144**	**406**	**5,070**
- of which trading book, Internal Approach	420	5,250	390	4,875	124	1,551
- of which trading book, Standardised Approach	175	2,189	206	2,571	207	2,581
- of which banking book, Standardised Approach	67	837	56	698	75	938
Operational risk	**1,298**	**16,229**	**1,236**	**15,452**	**1,236**	**15,452**
Standardised	1,298	16,229	1,236	15,452	1,236	15,452
Sub total	**14,582**	**182,281**	**14,817**	**185,200**	**14,539**	**181,738**
Adjustment for transition rules						
Additional capital requirement according to transition rules	3,312	41,390	3,087	38,591	2,565	32,067
Total	**17,894**	**223,671**	**17,904**	**223,791**	**17,104**	**213,805**

Capital ratio

	31 Mar 2012	31 Dec 2011	31 Mar 2011
Core Tier I ratio, %, incl profit	9.4	9.2	9.1
Tier I ratio, %, incl profit	10.3	10.1	10.0
Capital ratio, %, incl profit	11.6	11.1	11.4

Analysis of capital requirements

Exposure class, 31 Mar 2012	Average risk weight (%)	Capital requirement (EURm)
Corporate	53%	7,384
Institutions	18%	981
Retail IRB	15%	1,943
Sovereign	1%	41
Other	73%	2,273
Total credit risk		**12,622**

[1] Note that the comparison figures for Q1 2011 are not restated with respect to CRD III.

Note 12 Risks and uncertainties

Nordea's revenue 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 and life insurance risk. For further information on risk composition, see the Annual Report.

The financial crisis and the deteriorated macroeconomic situation have not had material impact on Nordea's financial position. However, the macroeconomic development remains uncertain.

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 is considered likely to have any significant adverse effect on the Group or its financial position in the next six months.

Business definitions

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

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

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

Tier 1 capital
The proportion of the capital base, which includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, deferred tax assets, intangible assets in the banking operations and half of the expected shortfall deduction, – the negative difference between expected losses and provisions. Subsequent to the approval of the supervisory authorities, Tier 1 capital also includes qualified forms of subordinated loans (Tier 1 capital contributions and hybrid capital loans). The Core tier 1 capital constitutes the Tier 1 capital excluding hybrid capital loans.

Tier 1 capital ratio
Tier 1 capital as a percentage of risk-weighted assets. The Core tier 1 ratio is calculated as Core tier 1 capital as a percentage of risk-weighted assets.

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

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

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

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

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

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

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

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

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

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

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

Nordea Bank AB (publ)

Accounting policies

The financial statements for the parent company, Nordea Bank AB (publ), are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and IFRS with the amendments and exceptions following the recommendation RFR 2 "Accounting for Legal Entities" issued by the Swedish Financial Reporting Board and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11 and 2011:54). Under RFR 2, the parent company shall apply all standards and interpretations issued by the IASB and IFRS IC to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation. The recommendation sets out the exceptions and amendments to IFRS that shall be made.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2011 Annual Report, except for the categorisation of commissions within "Net fee and commission income" and the definition of impaired loans. More information on the categorisation of commissions and the definition of impaired loans can be found in Note 1 for the Group.

Income statement

EURm	Q1 2012	Q1 2011	Jan-Dec 2011
Operating income			
Interest income	*715*	*558*	*2,626*
Interest expense	*-520*	*-416*	*-1,946*
Net interest income	195	142	680
Fee and commission income	*194*	*182*	*777*
Fee and commission expense	*-57*	*-47*	*-217*
Net fee and commission income	137	135	560
Net result from items at fair value	57	136	234
Dividends	283	122	1,534
Other operating income	30	32	122
Total operating income	**702**	**567**	**3,130**
Operating expenses			
General administrative expenses:			
Staff costs	-210	-199	-823
Other expenses	-136	-144	-561
Depreciation, amortisation and impairment charges of tangible and intangible assets	-21	-27	-112
Total operating expenses	**-367**	**-370**	**-1,496**
Profit before loan losses	**335**	**197**	**1,634**
Net loan losses	-9	-1	-20
Impairment of securities held as financial non-current assets	0	-	-9
Operating profit	**326**	**196**	**1,605**
Appropriations	-	-	1
Income tax expense	-15	-8	-114
Net profit for the period	**311**	**188**	**1,492**

Nordea Bank AB (publ)

Balance sheet

EURm	31 Mar 2012	31 Dec 2011	31 Mar 2011
Assets			
Cash and balances with central banks	156	152	177
Treasury bills	3,987	3,730	3,709
Loans to credit institutions	58,689	59,379	47,899
Loans to the public	35,934	36,421	34,903
Interest-bearing securities	12,285	14,584	14,540
Financial instruments pledged as collateral	1,286	1,237	4,795
Shares	1,265	1,135	712
Derivatives	4,290	4,339	2,338
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-620	-632	913
Investments in group undertakings	16,712	16,713	16,608
Investments in associated undertakings	5	5	4
Intangible assets	660	658	662
Property and equipment	85	81	79
Deferred tax assets	18	26	7
Current tax assets	40	12	25
Other assets	985	2,262	859
Prepaid expenses and accrued income	1,290	1,279	1,139
Total assets	**137,067**	**141,381**	**129,369**
Liabilities			
Deposits by credit institutions	14,352	22,441	23,306
Deposits and borrowings from the public	47,397	44,389	39,871
Debt securities in issue	45,013	45,367	36,166
Derivatives	2,979	3,014	2,309
Fair value changes of the hedged items in portfolio hedge of interest rate risk	139	147	646
Current tax liabilities	0	71	0
Other liabilities	2,911	1,776	4,196
Accrued expenses and prepaid income	1,047	851	877
Deferred tax liabilities	3	2	0
Provisions	44	90	42
Retirement benefit obligations	156	153	151
Subordinated liabilities	6,819	6,154	6,273
Total liabilities	**120,860**	**124,455**	**113,837**
Untaxed reserves	**5**	**5**	**6**
Equity			
Share capital	4,047	4,047	4,043
Share premium reserve	1,080	1,080	1,073
Other reserves	9	-13	1
Retained earnings	11,066	11,807	10,409
Total equity	**16,202**	**16,921**	**15,526**
Total liabilities and equity	**137,067**	**141,381**	**129,369**
Assets pledged as security for own liabilities	3,558	3,530	6,168
Other assets pledged	6,293	7,264	7,514
Contingent liabilities	24,698	24,720	22,814
Credit commitments[1]	25,076	25,098	28,233
Other commitments	-	-	1,464

[1] Including unutilised portion of approved overdraft facilities of EUR 11,946m (31 Dec 2011: 12,259m, 31 Mar 2011: 12,367m).

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