IMPORTANT NOTICE

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

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

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

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

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

BASE PROSPECTUS DATED 26 APRIL 2013

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 "**Swiss Franc Notes**", "**VP Notes**", "**VPS Notes**" or "**Swedish Notes**" in the applicable Final Terms or Pricing Supplement (each as defined below). 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 principal dealers or Swiss 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**").

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "*Risk Factors*" below.

Arranger
BofA Merrill Lynch

Dealers

Barclays
BofA Merrill Lynch
Credit Suisse
Goldman Sachs International
J.P. Morgan
The Royal Bank of Scotland
UBS Investment Bank
BNP PARIBAS
Citigroup
Deutsche Bank
HSBC
Nordea
Société Générale Corporate & Investment Banking
UniCredit Bank

The date of this Base Prospectus is 26 April 2013

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Directive (as defined herein) 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.

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC on Markets in Financial Instruments ("**MiFID**") in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to "**Exempt Notes**" are to Notes for which no prospectus is required to be published under the Prospectus Directive. The Central Bank has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

Application will be made (i) to the Irish Stock Exchange for Notes issued under the Programme (other than Exempt Notes (as defined herein)) to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**") and (ii) to the United Kingdom Financial Conduct Authority (the "**FCA**") and London Stock Exchange plc (the "**London Stock Exchange**") for Notes issued under the Programme (other than Exempt Notes) to be admitted to listing on the official list of the FCA and to trading on the regulated market of the London Stock Exchange, in each case during the period of twelve months after the date hereof. The Main Securities Market and the regulated market of the London Stock Exchange are regulated markets for the purposes of MiFID. Such approvals relate 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 SIX Swiss Exchange Ltd (the "**SIX Swiss Exchange**") has approved the Programme as an "issuance programme" for the listing of bonds on the SIX Swiss Exchange in accordance with the listing rules of the SIX Swiss Exchange (the "**SIX Listing Rules**"). In respect of any Tranche (as defined herein) of Notes to be listed on the SIX Swiss Exchange during the period of twelve months from the date of this Base Prospectus, this Base Prospectus, together with the relevant Pricing Supplement, will constitute the listing prospectus for purposes of the SIX Listing Rules.

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 (including the SIX Swiss Exchange, in the case of Swiss Franc Notes).

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**") or, in the case of Exempt Notes, a pricing supplement (the "**Pricing Supplement**"). In the case of Exempt Notes, any reference in this Base Prospectus to "Final Terms" shall be deemed to be a reference to "Pricing Supplement" unless the context requires otherwise.

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 of Notes, should be read and construed together with the relevant Final Terms.

Copies of each Final Terms in respect of a Tranche of Notes listed on any stock exchange and issued pursuant to this Base Prospectus 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). In the case of a Tranche of Notes which is not admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system or which is not offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (including Exempt Notes), copies of the Final Terms will only be available for inspection during normal business hours at the specified office of the Fiscal Agent in London and the registered office of the Issuer by the Holders of such Notes.

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. In the case of Exempt Notes, the relevant provisions relating to such Notes will be included in the relevant Pricing Supplement.

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 the Final Terms for each Tranche of Notes issued under the Programme 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.

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*".

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) acting as the Stabilising Manager(s) (or any persons acting on behalf of any Stabilising Manager(s)) 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.

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.

IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF NOTES

In the context of any offer of Notes that is not made within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a "**Public Offer**"), the Issuer may request the Central Bank to provide a certificate of approval in accordance with Article 18 of the Prospectus Directive (a "**passport**") in relation to the passporting of the Base Prospectus to the competent authorities of Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, The

Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom (the "**Host Member States**" and, together with Ireland, the "**Public Offer Jurisdictions**"). Even if the Issuer passports this Base Prospectus into the Host Member States, it does not mean that it will choose to make any Public Offer in any Public Offer Jurisdiction. Investors should refer to the Final Terms for any issue of Notes to see whether the Issuer has selected for a Public Offer of Notes in the Public Offer Jurisdictions and the period during which it intends to make a Public Offer in the Public Offer Jurisdictions. The Issuer accepts responsibility, in terms of the content of this Base Prospectus and in the Public Offer Jurisdictions for which it has given consent referred to herein only, for the content of this Base Prospectus, in relation to any person (an "**Investor**") to whom an offer of any Notes is made by any financial intermediary to whom the Issuer has given its consent to use this Base Prospectus (an "**Authorised Offeror**"), where the offer is made during the period for which that consent is given and where the offer is made in the Public Offer Jurisdiction(s) for which that consent was given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Base Prospectus. **However, neither the Issuer nor any Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.**

If so specified in the applicable Final Terms in respect of any Tranche of Notes, the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of the relevant Notes during the Offer Period specified in the relevant Final Terms (the "**Offer Period**") either:

1. In the Member State(s) specified in the relevant Final Terms by any financial intermediary which satisfies the following conditions and any additional conditions specified in the relevant Final Terms:

(i) it is authorised to make such offers under the MiFID; and

(ii) executes a distribution agreement with the Issuer whereby it agrees to be bound by the Authorised Offeror Terms and it publishes on its website the following statement (with the information in square brackets completed with the relevant information):

"We, [*insert legal name of financial intermediary*], are a financial intermediary authorised under the Markets in Financial Instruments Directive (Directive 2004/39/EC) to make offers of securities such as the [*insert title of the relevant Notes*] (the "**Notes**") described in the Final Terms dated [*insert date*] (the "**Final Terms**") published by Nordea Bank AB (publ), (the "**Issuer**"). We refer to the offer of the Notes in [*insert relevant Public Offer Jurisdiction(s)*] during the Offer Period specified in the Final Terms (the "**Public Offer**"). In consideration for the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the Public Offer on the Authorised Offeror Terms specified in the Base Prospectus and subject to the conditions to such consent, we hereby accept such offer. Accordingly, we are using the Base Prospectus in connection with the Public Offer in accordance with the consent of the Issuer on the Authorised Offeror Terms and subject to the conditions of such consent."

The "**Authorised Offeror Terms**" are that the relevant financial intermediary:

(a) represents, warrants and undertakes for the benefit of the Issuer and the relevant Dealer that it will, at all times in connection with the relevant Public Offer:

(A) act in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**");

(B) comply with the restrictions set out under "*Subscription and Sale*" in this Base Prospectus which would apply as if it were a Dealer;

(C) ensure that any fee (and any commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to investors or potential investors;

(D) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;

(E) comply with applicable anti-money laundering and anti-bribery Rules;

(F) retain investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the relevant Dealer, to the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer in order to enable the Issuer and/or the relevant Dealer to comply with anti-money laundering and anti-bribery Rules applying to the Issuer and/or the relevant Dealer;

(G) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer to breach any Rule or subject the Issuer or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

(H) comply with any further requirements relevant to the Public Offer as specified in the applicable Final Terms;

(I) not convey or publish any information that is not contained in or entirely consistent with this Base Prospectus as completed by the applicable Final Terms;

(J) if it conveys or publishes any communication (other than this Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that neither of the Issuer nor the relevant Dealer accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Dealer (as applicable), use the legal or publicity names of the Issuer or the relevant Dealer or any other name, brand or logo registered by an entity within their respective groups or over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes;

(K) co-operate with the Issuer and the relevant Dealer in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (F) above) upon written request from the Issuer or the relevant Dealer as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the relevant Dealer:

(1) in connection with any request or investigation by any regulator in relation to the Notes, the Issuer or the relevant Dealer; and/or

(2) in connection with any complaints received by the Issuer and/or the relevant Dealer relating to the Issuer and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in rules published by any regulator of competent jurisdiction from time to time; and/or

(3) which the Issuer or the relevant Dealer may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process; and

(L) during the primary distribution period of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the Notes for settlement on the Issue Date specified in the relevant Final Terms; (iii) not appoint any sub-distributors

(unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer;

(b) undertakes to indemnify the Issuer and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements; and

(c) agrees and accepts that:

(A) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use this Base Prospectus with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;

(B) subject to (D) below, the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and the Issuer and the financial intermediary submit to the exclusive jurisdiction of the English courts;

(C) for the purposes of (c)(B) and (D), the Issuer and the financial intermediary waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;

(D) this paragraph (D) is for the benefit of the Issuer and each relevant Dealer. To the extent allowed by law, the Issuer and each relevant Dealer may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and

(E) each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

2. By the financial intermediaries specified in the relevant Final Terms, in the Member State(s) specified in the relevant Final Terms and subject to the relevant conditions specified in the relevant Final Terms, for so long as they are authorised to make such offers under the MiFID.

The Issuer may give consent to additional financial intermediaries after the date of the relevant Final Terms and, if it does so, the Issuer will publish the names of such additional financial intermediaries and identify them as Authorised Officers on its website.

The consent referred to above relates to Public Offers occurring within 12 months from the date of this Base Prospectus.

Any Authorised Offeror who wishes to use this Base Prospectus in connection with a Public Offer as set out in (1) above is required, for the duration of the relevant Offer Period, to publish on its website that it is using this Base Prospectus for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto.

To the extent specified in the relevant Final Terms, an offer may be made during the relevant Offer Period by any of the Issuer, the Dealers or any relevant Authorised Offeror in a Public Offer Jurisdiction and subject to any relevant conditions, in each case all as specified in the relevant Final Terms.

Neither the Issuer nor any of the Dealers has authorised the making of any Public Offer of any Notes by any person in any circumstances and such person is not permitted to use this Base Prospectus in connection with its offer of any Notes unless (1) the offer is made by an Authorised Offeror as described above or (2) the offer is otherwise made in circumstances falling within an exemption from the requirement to publish a prospectus under the Prospectus Directive. Any such unauthorised offers are not made by or on behalf of the Issuer, any Dealer or any Authorised Offeror and none of the Issuer, any Dealer or any Authorised Offeror has any responsibility or liability for the actions of any person making such offers.

An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the Investor (the "Terms and Conditions of the Public Offer"). The Issuer will not be a party to any such arrangements with Investors (other than 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. The Terms and Conditions of the Public Offer shall be provided to Investors by that Authorised Offeror at the relevant time and such Authorised Offeror will be responsible for such information. None of the Issuer, any of the Dealers or any other Authorised Offerors has any responsibility or liability for such information.

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	Aa3
Standard & Poor's Credit Market Services Europe Limited	AA-[(1)]
Fitch Ratings Limited	AA-

[(1)] Under review for downgrade as of the date of this Base Prospectus.

Moody's Investors Service Limited, Standard & Poor's Credit Market Services Europe Limited and Fitch 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, at http://www.esma.europa.eu/page/list-registered-and-certified-CRAs, 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 (and such registration has not been withdrawn or suspended) unless (1) 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 (and such endorsement action has not been withdrawn or suspended) or (2) the rating is provided by a credit rating agency not established in the EU, but which is certified under the CRA Regulation (and such certification has not been withdrawn or suspended).

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.

DEFINITIONS

In this Base Prospectus, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, "**2010 PD Amending Directive**" means Directive 2010/73/EU and the expression "**EU Savings Directive**" means EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments. 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 "**Swiss Francs**", "**Swiss francs**" or "**CHF**" are to Swiss Francs, 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, references to "**DKK**" are to Danish Krone and references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan) (the "**PRC**").

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 43 to 83 of the base prospectus dated 27 April 2012 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (http://www.nordea.com/sitemod/upload/Root/www.nordea.com%20-%20uk/Investorrelations/prospectus_nordea_bank_AB_emtn_30_april_2012.pdf);

(2) 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*" (http://www.nordea.com/sitemod/upload/Root/www.nordea.com%20-%20uk/Investorrelations/prospectus_nordea_bank_AB_emtn_20_april_2011.pdf);

(3) 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*" (http://www.nordea.com/sitemod/upload/Root/www.nordea.com%20-%20uk/Investorrelations/prospectus_nordea_bank_AB_emtn_30_april_2010.pdf);

(4) 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*" (http://www.nordea.com/sitemod/upload/Root/www.nordea.com%20-%20uk/Investorrelations/prospectus_nordea_bank_AB_29_may_2009.pdf); and

(5) 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*" (http://www.nordea.com/sitemod/upload/Root/www.nordea.com%20-%20se/Investorrelations/grundprospekt_nordea_bank_AB_19_Juni_2008.pdf).

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 http://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

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

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

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

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

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

Section B – Issuer		
B.1	**The legal name of the Issuer:** **The commercial name of the Issuer:**	Nordea Bank AB (publ) ("**Nordea Bank**" or the "**Issuer**"). Nordea.
B.2	**The domicile and legal form of the Issuer, legislation under which the Issuer operates and its country of incorporation:**	The Issuer is a public (*publ*) limited liability company incorporated under Swedish law and is subject to the Swedish Companies Act (2005:551) and is licensed to conduct banking operations in accordance with the Banking and Finance Business Act (2004:297). The Issuer is registered at the Swedish Companies Registration Office under the name Nordea Bank AB with registration no. 516406-0120 and its registered office is located in Stockholm, Sweden.
B.4b	**Trends:**	Not applicable. There are no clear trends affecting the Issuer or the markets in which it and the Nordea Group operate.
B.5	**The Group:**	The Issuer is the parent company of the Nordea Group. The Nordea Group is the largest financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income (based on a comparison of Nordic bank annual reports by Nordea Markets (Nordea Bank Finland Plc)), with additional operations in Poland, Russia, the Baltic countries and Luxembourg, as well as branches in a number of other international locations. The three main subsidiaries of Nordea Bank are Nordea Bank Danmark A/S in Denmark, Nordea Bank Finland Plc in Finland and Nordea Bank Norge ASA in Norway. The Issuer believes that the Nordea Group has the largest customer base of any financial services group based in the Nordic markets (based on a comparison of Nordic bank annual reports by Nordea Markets (Nordea Bank Finland Plc)) with approximately 11 million customers across the markets in which it operates, including approximately 9.0 million household customers in its customer programme and approximately 0.6 million active corporate customers, in each case as of 31 December 2012. As of the same date, the Nordea Group had total assets of EUR 677 billion and Tier 1 capital of EUR 24.0 billion, and was the largest Nordic-based asset manager with EUR 218 billion in assets under management.
B.9	**Profit forecast or profit estimate:**	Not applicable. The Issuer does not make a profit forecast or profit estimate in the Base Prospectus.
B.10	**Audit report qualifications:**	Not applicable. There are no qualifications in the audit reports for the Issuer.
B.12	**Selected key financial information:**	The tables below show certain selected summarised financial information which, without material changes, is derived from, and must be read together with, the Nordea Group's audited consolidated financial statements for the year ending 31 December 2012 set out in Annex 1 to the Base Prospectus and the auditor's report and notes thereto.

	2012	2011
	(EUR millions)	
Income Statement		
Total operating income	10,236	9,501
Net loan losses	-933	-735
Net profit for the year	3,126	2,634
Balance Sheet		
Total assets	677,420	716,204
Total liabilities	649,204	690,084
Total equity	28,216	26,120

		Total liabilities and equity ..... 677,420 716,204 **Cash Flow Statement** Cash flow from operating activities before changes in operating assets and liabilities ..... 6,633 3,103 Cash flow from operating activities ..... 19,754 3,730 Cash flow from investing activities ..... 774 7,565 Cash flow from financing activities ..... -170 -2,509 Cash flow for the year ..... 20,358 8,786 Change ..... 20,358 22,606 There has been no material adverse change in the ordinary course of business or in the prospects or condition of the Issuer since 31 December 2012, being the date of its last published audited financial statements. There has been no significant change in the financial or trading position of the Issuer which has occurred since 31 March 2013, being the date of its last published unaudited financial statements.
B.13	**Recent events:**	Not applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency since the date of its last published audited or unaudited financial statements.
B.14	**Dependence upon other entities within the Group:**	Not applicable. The Issuer is not dependent on other entities within the Nordea Group.
B.15	**The Issuer's principal activities:**	The Nordea Group's organisational structure is built around three main business areas: Retail Banking, Wholesale Banking and Wealth Management. In addition to these business areas, the Nordea Group's organisation includes the business unit Group Operations and Other Lines of Business, together with Group Corporate Centre and Group Risk Management which are the other central parts of the Nordea Group's organisation. As a universal bank, the Nordea Group offers a comprehensive range of banking and financial products and services to household and corporate customers, including financial institutions. The Nordea Group's products and services comprise a broad range of household banking services, including mortgages and consumer loans, credit and debit cards, and a wide range of savings, life insurance and pension products. In addition, the Nordea Group offers a wide range of corporate banking services, including business loans, cash management, payment and account services, risk management products and advisory services, debt and equity-related products for liquidity and capital raising purposes, as well as corporate finance, institutional asset management services and corporate life and pension products. The Nordea Group also distributes general insurance products. With approximately 1,000 branch office location (including approximately 210 branch office locations in Poland, Russia and the Baltic countries), call centres in each of the Nordic markets, and a highly competitive net bank, the Nordea Group also has the largest distribution network for customers in the Nordic markets. The Nordea Group is present in 19 countries around the world. The Issuer conducts banking operations in Sweden within the scope of the Nordea Group's business organisation. The Issuer develops and markets financial products and services to personal customers, corporate customers and the public sector.
B.16	**Controlling persons:**	Not applicable. To the best of the Issuer's knowledge, the Nordea Group is not directly or indirectly owned or controlled by any single person or group of persons acting together.

B.17	**Ratings assigned to the Issuer or its debt securities:**	As of the date of the Base Prospectus, the long term (senior) debt ratings of the Issuer are: **Rating Agency** — **Rating** Moody's Investors Service Limited — Aa3 Standard & Poor's Credit Market Services Europe Limited — AA- Fitch Ratings Limited — AA- *The Notes to be issued have not been assigned any ratings solicited by the Issuer./The Notes to be issued are expected to be rated:* *Standard & Poor's Credit Market Services Europe Limited: [ ].* *Moody's Investors Service Limited: [ ].* *Fitch Ratings Limited: [ ].*

Section C – The Notes		
C.1	**Type and class of securities:**	***Forms of Notes*:** Notes may be issued in bearer form, in registered form or (in the case of VP Notes, VPS Notes, Swedish Notes and Swiss Franc Notes) in uncertificated and dematerialised book entry form. Each Tranche of Notes in bearer form (except Swiss Franc Notes) will initially be in the form of a Temporary Global Note. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Global Notes may be issued in Classic Global Note or New Global Note form, as specified in the relevant Final Terms. Each Tranche of Registered Notes will be in the form of either Individual Note Certificates or a Global Registered Note, in each case as specified in the relevant Final Terms. Each Global Registered Note will be exchangeable for Individual Note Certificates in accordance with its terms. 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. *The Notes are [bearer Notes which are [not] issued in New Global Note form/registered Notes/VP Notes/VPS Notes/Swedish Notes in uncertificated and dematerialised book entry form].* ***Issuance in Series:*** Notes are issued in series (each a "**Series**") and Notes of each Series will all be subject to identical terms (except issue price, issue date and interest commencement date, which may or may not be identical) whether as to currency, denomination, interest or maturity or otherwise, save that a Series may comprise Notes in bearer form and in registered form. Further Notes may be issued as part of an existing Series (each a "**Tranche**"), which will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be

		different in respect of different Tranches. *The Series number of the Notes is [ ]. [The Tranche number is [ ].]* ***Security Identification Number(s):*** The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg or, in the case of VP Notes, the VP or, in the case of VPS Notes, the VPS or, in the case of Swedish Notes, Euroclear Sweden or, in the case of Swiss Franc Notes, the SIS. Each Tranche of Notes will be allocated an International Securities Identification Number (ISIN), Common Code and/or other securities identifier, which will be contained in the Final Terms relating thereto. Notes issued in Series comprising more than one Tranche may be assigned a temporary ISIN and Common Code or other securities identifier on issue. *The Notes will be cleared through [ ]. The Notes have been assigned the following securities identifiers: [ ].* ***Conditions:*** "*Terms and Conditions of the Notes*" in the Base Prospectus, as completed by the relevant Final Terms or (in the case of Exempt Notes only) as completed, amended and/or replaced by the relevant Pricing Supplement.
C.2	**Currency of the securities issue:**	***Currencies:*** U.S. dollars, euro, sterling, Yen, Swiss francs, Renminbi and/or such other currency or currencies as may be agreed with the relevant Dealer(s), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. *The currency of the Notes is [ ].* ***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. *The Notes are issued in denomination(s) of [ ].*
C.5	**Restrictions on free transferability:**	Each Dealer and each purchaser of Notes must observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes or distribute the Base Prospectus or any offering material in relation to the Notes. In particular, Nordea Bank has not registered, and will not register, the Notes under the Securities Act or any other securities laws. Subject thereto (and, in the case of beneficial owners of global Notes, in accordance with the applicable procedures of the relevant clearing system(s) in which such Notes are held), the Notes will be freely transferable.
C.8	**The rights attaching to the securities, including ranking and limitations to those rights:**	***Status of the Notes:*** 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. *The Notes are [unsubordinated Notes/subordinated Notes and are [Dated Subordinated Notes/Undated Subordinated Notes/Capital Contribution Securities]].* ***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 7 (*Taxation*). ***Governing Law:*** English law governs the Notes and all non-contractual obligations arising out of or in connection with them except that (i) the subordination provisions applicable to Subordinated Notes are governed by Swedish law; (ii) the registration of VP Notes in the VP are governed by Danish law; (iii) the registration of VPS Notes in the VPS are governed by Norwegian law; and (iv) the registration of Swedish Notes in the book entry system and register maintained by Euroclear Sweden (the "**Euroclear Sweden Register**") are governed by Swedish law. Holders of the Notes are entitled to the rights and subject to the obligations and liabilities arising under such regulations and legislation of such jurisdictions. ***Negative Pledge:*** None. ***Cross Default:*** None. ***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 16 (*Substitution and Variation*) if so specified in the relevant Final Terms. In the case of Subordinated Notes, such Notes may not be substituted or varied without the prior approval of the Swedish Financial Supervisory Authority (*Finansinspektionen*) ("**SFSA**"). *Condition 16 (Substitution and Variation) is [not] applicable to the Notes.* ***Enforcement of Notes in Global Form:*** In the case of Notes in global form or in uncertificated and dematerialised book entry form, investors' rights will be supported by a deed of covenant dated 26 April 2013 (as amended and/or restated and/or replaced from time to time). ***Limitations on the rights attaching to the Notes:*** This part of the Element is not applicable, as there are no such limitations on rights attaching to the Notes.
C.9	**The rights attaching to the securities (continued), including information as to interest, maturity, yield and the representative of the Holders:**	See Element C.8 for a description of the rights attaching to the Notes, ranking and limitations. ***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 (based on LIBOR or EURIBOR in the case of Notes other than Exempt Notes), zero coupon or partly paid. In respect of each Tranche of interest-bearing Notes, the date from which interest becomes payable and the due dates for interest will be specified in the relevant Final Terms. *The Notes do not bear interest./The Notes are interest-bearing:* *Nominal interest rate: [ ].* *Interest Commencement Date: [ ].* *Interest Payment Date(s): [ ].* *[Reference Rate: [ ].]* *[Margin: +/– [ ].]*

		[Maximum Rate of Interest: [ ].] *[Minimum Rate of Interest: [ ].]* *[Day Count Fraction: [ ].]* *[Deferral of interest in respect of Undated Subordinated Notes: [ ].]* ***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. *[Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [ ]./The Notes are [Undated Subordinated Notes/Capital Contribution Securities] and have no fixed maturity date.]* ***Redemption:*** Notes may be redeemable at par or at such other redemption amount 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. 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 SFSA. *Unless previously redeemed, or purchased and cancelled, each Note will be redeemed at [par/its final redemption amount of [ ] per Calculation Amount]. [The Notes are [Undated] Subordinated Notes [which are Capital Contribution Securities] and early redemption is permitted as a result of a Capital Event[, an Accounting Event or a Tax Event] [only with the prior written consent of the SFSA].]* ***Optional Redemption:*** Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or (in the case of Unsubordinated Notes only) the Holder to the extent (if at all) specified in the relevant Final Terms. *The Notes do [not] provide for early redemption at the option of [either] the Issuer [and/or] the Holder. [The Notes may be redeemed at the option of the Issuer [in whole]/[in whole or in part] on [ ] at [ ], plus accrued interest (if any) to such date, on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holder.]/[The Issuer shall, at the option of the Holder of any Note redeem such Note on [ ] at [ ] together with interest (if any) accrued to such date, on the Holder's giving not less than 45 days' notice to the Issuer.]* ***Tax Redemption:*** Except as described in "*Optional Redemption*" above, early redemption will only be permitted if, as a result of any change in the laws of 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 7. In such circumstances, the Issuer may, at its option and with respect to Subordinated Notes, subject to the

		prior approval of the SFSA having given not less than thirty nor more than sixty days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders in accordance with Condition 13 (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 5(h), together with accrued interest (if any) thereon. ***Issue Price:*** Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer at the time of issuance in accordance with prevailing market conditions. *The Issue Price of the Notes is [ ].* ***Yield:*** The yield of each Tranche of Notes bearing interest at a fixed rate will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date. *Based upon the Issue Price of [ ], at the Issue Date the anticipated yield of the Notes is [ ] per cent. per annum.* ***Representative of the Noteholders:*** Not applicable. This part of the Element relates to representative(s) of the Noteholders. There is no trustee.
C.10	**Derivative components in interest payment:**	Not applicable. This Element requires that an explanation be given of how the value of an investment in Notes with interest payments linked to derivative components is affected by the value of the underlying instrument(s). No such Notes will be issued under the Programme.
C.11 **C.21**	**Listing and trading:**	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. *The Notes are unlisted Notes./Application will be made for the Notes to be admitted to listing on [ ] and to trading on [ ] effective as of [ ].*

Section D - Risks		
D.2	**Risks specific to the Issuer:**	In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in the Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. These factors include: ***Risks relating to current macroeconomic conditions***

		Risks related to the European economic crisis have had, and may continue to have, a negative impact on global economic activity and the financial markets. If these conditions continue to persist, or should there be any further turbulence in these or other markets, this could have a material adverse effect on the Nordea Group's ability to access capital and liquidity on financial terms acceptable to the Nordea Group. Furthermore, the Nordea Group's performance is significantly influenced by the general economic condition in the countries in which it operates, in particular the Nordic markets (Denmark, Finland, Norway and Sweden). Negative economic developments and conditions in the markets in which it operates can adversely affect its business, financial condition and results of operations, and measures implemented by the Nordea Group might not be satisfactory to reduce any credit, market and liquidity risks. ***Risks relating to the Nordea Group's credit portfolio*** 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 its individual provisions and potentially in collective provisions for impaired loans. A significant increase in the size of the Nordea Group's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Nordea Group's business, financial condition and results of operations. The Nordea Group is exposed to counterparty credit risk, settlement risk and transfer risk on transactions executed in the financial services industry and its transactions in financial instruments. If counterparties default on their obligations, this could have a material adverse effect on the Nordea Group's business, financial condition and results of operations. ***Risks relating to market exposure*** The value of financial instruments held by Nordea Group are sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. Write-downs or realise impairment charges may have a material adverse effect on the Nordea Group's business, financial condition and results of operations, while the performance of financial markets and volatile market conditions could result in a significant decline in the Nordea Group's trading and investment income, or result in a trading loss. ***The Nordea Group is exposed to structural market risk*** The Nordea Group is exposed to structural interest income risk when there is a mismatch between the interest rate re-pricing periods, volumes or reference rates of its assets, liabilities and derivatives. It is also exposed to currency translation risk primarily as a result of its Swedish and Norwegian banking businesses, as it prepares its consolidated financial statements in its functional currency, the euro. Any mismatch in any given period in the event of changes in interest rates, or failure to successfully hedge currency risk exposure, could have a material adverse effect on the Nordea Group's financial condition and results of operations. ***Risks relating to liquidity and capital requirements*** A substantial part of the Nordea Group's liquidity and funding requirements is met through reliance on customer deposits, as well as ongoing access to wholesale lending markets, including issuance of long-term debt market instruments such as covered bonds. Turbulence in the global financial markets and economy may adversely affect the Nordea Group's liquidity and the willingness of certain counterparties and

		customers to do business with the Nordea Group. The Nordea Group's business performance could be affected if its capital adequacy ratios it is required to maintain under the European Capital Requirements Directive (comprising Directive 2006/48/EC and Directive 2006/49/EC are reduced or perceived to be inadequate. The Nordea Group's funding costs and its access to the debt capital markets depend significantly on its credit ratings. A reduction in credit ratings could adversely affect the Nordea Group's access to liquidity and its competitive 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*** The Nordea Group's business operations are dependent on the ability to process a large number of complex transactions across different markets in many currencies and operations are carried out through a number of entities. Although the Nordea Group has implemented risk controls and taken other actions to mitigate exposures and/or losses, there can be no assurances that such procedures will be effective in controlling each of the operational risks faced by the Nordea Group, or that the Nordea Group's reputation will not be damaged by the occurrence of any operational risks. The Nordea Group's operations in Poland, Russia and the Baltic countries – markets which are typically more volatile and less developed economically and politically than markets in Western Europe and North America – present various risks that do not apply, or apply to a lesser degree, to its businesses in the Nordic markets. Additionally, some of these markets are typically more volatile and less developed economically and politically than markets in Western Europe and North America. 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. 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. 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. ***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 as well as laws and regulations, administrative actions and policies in each of the jurisdictions in which it operates, all of which are subject to change, and compliance with which may from time to time require significant costs. The Nordea Group may incur substantial costs in monitoring and complying with new capital adequacy and recovery and resolution framework requirements, which may also impact existing business models. In addition, there can also be no assurances that breaches of legislation or regulations by the Nordea Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred. In the ordinary course of its business, the Nordea Group is subject to

		regulatory oversight and liability risk and is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active. These types of claims and proceedings expose the Nordea Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on its businesses. The Nordea Group's activities are subject to tax at various rates around the world computed in accordance with local legislation and practice. Legislative changes or decisions by tax authorities may impair the present or previous tax position of the Nordea Group.
D.3	**Risks specific to the Notes:**	There are also risks related to any issue of Notes under the Programme and specific types of Notes, which prospective investors should carefully consider and make sure they understand prior to making any investment decision with respect to the Notes, including: • The Notes may not be a suitable investment for all investors. • Investors will have to rely on Euroclear's, Clearstream, Luxembourg's, VP's, VPS's, Euroclear Sweden's or SIS's (as the case may be) procedures for transfer, payment and communication with the Issuer. • There may be no active trading market for the Notes. • Noteholders are subject to market volatility. • Ratings may not always mirror the risk related to individual Notes. • Fixed Rate Notes are subject to interest rate risks. • Noteholders are subject to credit risk on the Issuer. • The Notes may be redeemed prior to maturity. • Some Notes are subordinated to most of the Issuer's liabilities. • Capital Contribution Securities are deeply subordinated obligations. • Interest payments for Undated Subordinated Notes may be deferred. • Utilisation and conversion: Write down of principal (and Accrued Interest) of the Undated Subordinated Notes. • Capital Contribution Securities have restrictions on interest payments. • Interest payments in respect of Capital Contribution Securities may be suspended. • Conversion into conditional capital contributions; Write-down of principal in respect of Capital Contribution Securities. • Perpetual nature of the Undated Subordinated Notes and the Capital Contribution Securities. • No Voting Rights for Capital Contribution Securities.

		• Remedies in case of default on Dated and Undated Subordinated Notes are severely limited. • Risks relating to Partly Paid Notes. • Risks relating to variable rate Notes with a multiplier or other leverage factor. • Risks relating to inverse floating rate Notes. • Risks relating to fixed/floating rate Notes. • The Notes may be issued at a substantial discount or premium. • Noteholders' rights and obligations may be amended at meetings of Noteholders. • The terms and conditions of the Notes may be changed. • Changes in laws and regulations may affect the terms and conditions of the Notes. • The Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples. • The amount of Notes to be issued under the Programme may be changed. • The Notes are subject to certain uncertainties relating to regulatory changes. • The Issuer could, in certain circumstances, substitute or vary the terms of Subordinated Notes. • Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act. In addition to the above, there are risks specific to Notes denominated in Renminbi, including: • Renminbi is not freely convertible. Capital account convertibility restrictions may affect the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi. • The limited availability of the Renminbi outside the People's Republic of China (due to restrictions) may affect the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi. • Changes in economic and political conditions may have an impact on the value of the Renminbi against the U.S. Dollar. Furthermore, changes in policies may also heighten the interest rate volatility. These factors could result in a decline of the value of a holder's investment. • All payments will be made in accordance with the modes of payment prescribed in the terms and conditions and no other means of payment may be utilised by the Issuer. • Under the PRC Enterprise Income Tax Law, non-resident enterprise holders of Renminbi-denominated Notes may become subject to income tax on the gains from the transfer of their

		holdings of Renminbi-denominated Notes.

Section E - Offer		
E.2b	**Reasons for the offer and use of proceeds:**	*The net proceeds of the issue of the Notes will be used for [the general banking and other corporate purposes of the Nordea Group/[ ]].*
E.3	**Terms and Conditions of the Offer:**	*Not applicable; the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency)./A Public Offer of the Notes will take place in the Public Offer Jurisdiction(s) during the Offer Period. [Summarise details of the Public Offer included in the "Distribution—Public Offer" and "Terms and Conditions of the Offer" items in Part B of the Final Terms.] Any investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation and settlement arrangements.*
E.4	**Interests material to the Issue:**	The Issuer has appointed Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Nordea Bank AB (publ), Nordea Bank Danmark A/S, Nordea Bank Finland Plc, Nordea Bank Norge ASA, The Royal Bank of Scotland plc, Société Générale, UBS Limited and UniCredit Bank AG as principal dealers for the Programme and UBS AG as Swiss dealer for the Programme (together with any other dealer appointed from time to time by the Issuer, either generally in relation to the Programme or in relation to a particular Series of Notes, the "**Dealers**"). Each Dealer shall be deemed to be an Authorised Offeror and has agreed to the Authorised Offeror Terms in the Dealership Agreement. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Dealership Agreement made between the Issuer and the Dealers. Notes may be distributed by way of private or public placement, in each case on a syndicated or a non-syndicated basis. Interests material to the issue/offer of Notes may arise principally as a result of the ordinary business activities of the Dealers and their affiliates, in the course of which they may make, hold and actively trade investments that may involve Notes and/or instruments of the Issuer or the Issuer's affiliates, including Notes, and may hedge their credit exposure to the Issuer. Such hedging may include the purchase of credit default swaps or the creation of short positions in Notes of the Issuer or the Issuer's affiliates, including potentially the Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such Notes. *So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer./[ ].*
E.7	**Estimated expenses:**	It is not anticipated that the Issuer will charge any expenses to investors in connection with any issue of Notes. Other Authorised Offerors may, however, charge expenses to investors. Any expenses chargeable by an Authorised Offeror to an investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer. Such expenses (if

		any) will be determined on a case by case basis. *No expenses are being charged to an investor in the Notes by the Issuer [or any Authorised Offeror]./The Authorised Offeror(s) will charge expenses to investors. The estimated expenses chargeable to investors by the Authorised Offeror(s) are [ ].*

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, financial condition and results of operations 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.

Prospective investors should note that the risks relating to the Issuer, the industry in which it operates and the Notes summarised in the section of this Base Prospectus headed "Summary" are the risks that the Issuer believes to be the most relevant to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Base Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

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 years, uncertainty over the outcome of these measures and worries about sovereign finances continued to persist, which, together with concerns about the overall stability and sustainability of the euro area, 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 also resulted in a widening of credit spreads, increased costs of funding and negative credit ratings outlook for some European financial institutions. Even though market conditions improved somewhat in the latter part of 2012, the developments in the financial markets were driven mainly by central bank initiatives and markets remained volatile with uncertainty about future macroeconomic developments. It cannot be excluded that, for example, a further deterioration of public finances of certain European countries would lead to new funding uncertainty, resulting in increased volatility, widening credit spreads and a potential tightening of liquidity conditions in the future. For example, the rescue package offered to Cyprus in March 2013 resulted in increased market volatility and speculation about the stability of the euro area. 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. Following the weakened economic environment 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, the economic conditions in the Nordic region have, in general, developed more favourably relative to the rest of Europe, benefiting from generally sound public finances. However, there have been differences between countries within the region. For example, in 2012, Norway maintained strong growth and the Swedish economy also continued to grow, albeit at a slower pace compared to the previous few years, while Finland experienced negative growth. Denmark, which has been affected more deeply by the financial crisis and economic slowdown than the other Nordic economies, followed many euro area countries into a recession. 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 the shipping and offshore sector and certain customer groups in Denmark in 2011 and 2012. The ability of the Nordea Group's borrowers in Poland, Russia, Latvia and Lithuania to repay their loans may also be indirectly affected by foreign exchange risk as loans to customers in these countries typically are denominated in euro or U.S. dollars, though customers typically derive their main income in local currencies. 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 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 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 ("**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 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 and recovery and resolution framework 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 Bank 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 Bank 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, thus, 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, information technology ("**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 in 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 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. Even though the economic and political conditions in Poland, Russia and the Baltic countries have, in general, developed favourably in recent years, risks related to operating in these markets could impact the ability or obligations of the Nordea Group's borrowers to repay their loans and the ability of the Nordea Group to utilise collateral held as security and affect interest rates and foreign exchange rates, and could produce social instability and 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, the 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 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 crises, 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, regulatory tools provided to authorities to allow them to intervene in scenarios of distress and the introduction of a common system of financial transaction tax in the euro area. 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 and recovery and resolution framework requirements.

Basel III will be implemented in the European Economic Area by way of a proposed European Council Directive known as the Capital Requirements Directive and the direct application of a European Parliament and Council regulation (the "**CRR**") in each Member State of the European Economic Area (the "**Capital Requirements Directive**" and, together with the CRR, the "**CRD IV**"). The CRD IV is expected to be finalised in 2013 and implemented during 2014, based on the latest compromise text dated 27 March 2013 from the European Council and the European Parliament, which is expected to reflect the final form of the CRD IV. Although there is still some uncertainty regarding the final framework for new capital adequacy standards, the CRD IV will set higher capital and liquidity requirements on banks which will be required, among other things, to hold more core tier 1 capital. Further, the Swedish Ministry of

Finance, the SFSA and the Central Bank of Sweden ("**Riksbanken**") announced in November 2011 that higher capital standards than those set forth in the Basel III framework would be required from domestic systemically important banks ("**D-SIBs**"), which include the Nordea Group. The higher capital requirements and higher demands on liquidity will likely result in the Nordea Group, in common with other financial institutions, incurring substantial costs in monitoring and complying with these new requirements, which may also adversely affect the business environment in the financial sector. Furthermore, discussions are ongoing globally and in the EU concerning recovery and resolution regimes for credit institutions and investment firms, including the possible introduction of so-called "bail-in" capital, and ringfencing of specific activities, as well as the introduction of a single supervisory mechanism and a full banking union in the euro area. If implemented, these new requirements and supervisory structures may impact existing business models.

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. Regulations 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. There can be no assurances that breaches of regulations by the Nordea Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred. The Nordea Group is involved in a variety of claims, disputes, legal proceedings and 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 clearing systems, investors will have to rely on the relevant clearing system's 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 safekeeper for Euroclear and Clearstream, Luxembourg or (in the case of Swiss Franc Notes) SIS. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. The relevant clearing system(s) 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 the relevant clearing system(s).

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 safekeeper for the relevant clearing system(s) 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 the relevant clearing system(s) 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 the relevant clearing system(s) 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 in VP Notes, VPS Notes and Swedish Notes 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.

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 5(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 5(c)) or Subordinated Notes (subject to the prior approval by the SFSA) if a Capital Event (as defined in Condition 5(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.

Capital Contribution Securities are deeply subordinated obligations.

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(9)) 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, among other things, 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.

Remedies in case of default on Dated and Undated Subordinated Notes are severely limited.

Holders of Dated and Undated Subordinated Notes may only accelerate the maturity of such Notes in limited circumstances and, if accelerated, may claim payment only in the bankruptcy or liquidation of the Issuer. See Condition 7(2) of the Terms and Conditions of the Notes.

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.

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

With respect to (i) Notes (other than Undated Subordinated Notes and Capital Contribution Securities) issued after the later of (a) 31 December 2013 and (b) the date that is six months after the date the term "foreign passthru payment" is defined in regulations published in the U.S. Federal Register (the "**Grandfather Date**"), or (ii) Notes issued before the Grandfather Date but materially modified after such date or (iii) Undated Subordinated Notes and Capital Contribution Securities issued at any time, 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**") 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 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 will be addressed in the relevant Final Terms with respect to Notes issued after the Grandfather Date. 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. As a result, Holders may receive less interest or principal than expected. If the Issuer issues further Notes on or after the Grandfather Date pursuant to a reopening of a Series of Notes that was created on or before the Grandfather Date (the "**original Notes**") and such further Notes are not fungible with the original Notes for U.S. federal income tax purposes, payments on such further Notes may be subject to withholding under FATCA and, should the original Notes and the further Notes be indistinguishable for non-tax purposes, payments on the original Notes may also become subject to withholding under FATCA. This would likely have a negative impact on the market price of the original Notes.

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 in this Base Prospectus, subject to being completed by the relevant Final Terms in relation to each Series or (in the case of Exempt Notes only) as completed, amended and/or replaced by the relevant Pricing Supplement(s) 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.

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 the Euroclear Sweden Register 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.

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.

Loss absorption at the point of non-viability.

In 2007, the Act on Capital Adequacy and Large Exposures (*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 stated 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 bank would become non-viable, is necessary and (b) a decision to make a public sector injection of capital, without which the bank would become non-viable, in each case as determined by the relevant authority (each of (a) and (b), a "**Non-Viability Event**"). However, the January 2011 release also stated 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 (each of (i) and (ii), "**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.

Further, on 6 June 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the Recovery and Resolution Directive or "**RRD**"). The stated aim of the draft RRD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. The presidency of the Council of the European Union published its compromise version of the European Commission's proposal on 28 February 2013.

In the draft RRD, the powers provided to the authorities designated by Member States to apply the resolution tools and exercise the resolution powers set forth in the RRD ("**resolution authorities**") include write-down powers to ensure that relevant capital instruments (including Tier 2 capital instruments) fully absorb losses at the point of non-viability of the issuing institution, as well as a bail-in tool comprising more general powers for resolution authorities to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims to equity (see also "*Bail-in tool under the RRD*" below). Accordingly, the draft RRD contemplates that resolution authorities may require the permanent write-down in full of such capital instruments or the conversion of them into common equity Tier 1 instruments at the point of non-viability (which common equity Tier 1 instruments may also be subject to any application of the bail-in tool) and before any other resolution action is taken (the "**RRD Loss Absorption Requirement**").

For the purposes of the RRD Loss Absorption Requirement, the point of non-viability under the draft RRD is the point at which the relevant authority determines that the institution meets the conditions for resolution or will no longer be viable unless the relevant capital instruments are written down or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution would no longer be viable. The draft RRD states that the fact that the instruments are to be written down or converted by the appropriate authority should be recognized in the terms governing the relevant capital instrument.

The draft RRD contemplates that it will be implemented in Member States with effect from 1 January 2015, which implementation would include the RRD Loss Absorption Requirement but not the bail-in tool (see "*Bail-in tool under the RRD*"), which is scheduled for implementation as of 1 January 2018. The draft RRD currently represents the only official proposal for the implementation in the European Economic Area of the non-viability requirements set out in the January 2011 release (the "**Basel III Non-Viability Requirements**"), however Recital 27 of the draft CRR currently provides that if European Union legislation governing the requirement that capital instruments should be fully and permanently written down to zero or converted into Common Equity Tier 1 instruments in the event that an institution is no longer considered viable has not been adopted by 31 December 2015, then the European Commission should review and report on whether such a provision should be included in the CRR and, in light of that review, come forward with appropriate legislative proposals.

It is currently unclear whether the RRD Loss Absorption Requirement will apply on implementation to capital instruments that are already in issue or whether certain grandfathering rules will apply. If and to the extent that the draft RRD is implemented retrospectively so as to apply to capital instruments that are already in issue, such capital instruments will be subject to the provisions of the RRD (including the RRD Loss Absorption Requirement). Subject to such implementation, the capital instruments that are already in issue may, therefore, be subject to write-down or loss absorption at the point of non-viability or otherwise on any bail-in, which may result in holders of such capital instruments losing some or all of their investment. The exercise of any such power or any suggestion of such exercise could, therefore, materially adversely affect the value of any such capital instruments of the Issuer, including any Notes issued under the Programme subject to the RRD.

In addition to the RRD Loss Absorption Requirement, the draft RRD provides resolution authorities with broader powers to implement other resolution measures with respect to distressed banks, which may include (without limitation): (i) directing the sale of the bank or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfering all or part of the business of the bank to a "bridge bank" (a publicly controlled entity) and (iii) transfering the impaired or problem assets to an asset management vehicle to allow them to be managed and worked out over time. (iv) replacing or substituting the bank as obligor in respect of debt instruments, (v) modifying the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and/or (vi) discontinuing the listing and admission to trading of financial instruments.

As of the date of this Base Prospectus, the draft RRD is not in final form and changes may be made to it in the course of the legislative process. Accordingly, it is not yet possible to assess the full impact of the draft RRD. There can be no assurances that, once it is implemented, the fact of its implementation or the taking of any actions currently contemplated or as finally reflected in it (including any earlier implementation of the Basel III Non-Viability Requirements in Sweden) would not adversely affect the price or value of an investment in Notes subject to the provisions of the RRD and/or the ability of the Issuer to satisfy its obligations under such Notes. Prospective investors in the Notes should consult their own advisers as to the consequences of the implementation of the RRD and Basel III.

Bail-in tool under the RRD.

A bail-in tool (which comprises a general power for resolution authorities to write-down the claims of certain unsecured creditors (which may include holders of Notes, whether unsubordinated or subordinated) of a failing institution or to convert such debt claims to equity, which may itself be subject to write-down) is expected to be implemented under the RRD by 1 January 2018. The bail-in tool can be used to recapitalise an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. If the RRD is implemented in its current form, such bail-in tool could be used to impose losses on holders of Notes where the relevant notes mature after the implementation of the bail-in tool. This may result in holders of Notes losing some or all of their investment. The exercise of any such power or any suggestion or anticipation or such exercise could, therefore, materially adversely affect the value of the Notes (including retrospectively, if and to the extent the draft RRD is implemented retrospectively so as to apply to the Notes). However, the draft RRD is not in final form and changes may be made to it in the course of the legislative process. Until fully implemented, the Nordea Group cannot predict the precise effects of the bail-in tool and its use in relation to the Notes.

EU Savings Directive.

Under 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 (as defined in Article 4-2 of the EU Savings Directive). 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 proposed financial transactions tax.

The European Commission recently published a draft Directive containing proposals for a common FTT to be introduced in the 11 participating Member States of Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia.

The proposed common FTT imposes a charge on financial transactions including purchases and sales of financial instruments and structured products; this charge will be levied at not less than 0.1% of the sale price. The proposed FTT also imposes a charge on the conclusion of a derivative (also a financial transaction); this charge will be levied at not less than 0.01% of the nominal amount of the derivative. In both cases the charge is applied separately to each financial institution that is party to a transaction; if a financial institution does not pay the tax then its counterparty will be jointly and severally liable.

A charge to FTT will arise in a participating Member State if at least one party to a financial transaction is established (for the purposes of the draft Directive) in that Member State and a financial institution

established in a participating Member State is a party to the transaction, for its own account, for the account of another person, or if the financial institution is acting in the name of a party to the transaction. It is important to be aware that a financial institution will be treated as established in a participating Member State if its seat is there, it is authorised there or it is acting via a branch in that Member State (as regards branch transactions), or for a particular transaction, merely because it is entering into the financial transaction with another person who is established in that Member State. Furthermore, a financial institution will be treated as established in a participating Member State in respect of a financial transaction if it is a party (for its own account or for the account of another person) or is acting in the name of a party, to a financial transaction in respect of a structured product or financial instrument issued within that Member State.

There are limited exemptions to the proposed common FTT; one important exemption is the "primary market transactions" exemption which should cover the issuing, allotting, underwriting or subscribing for "financial instruments", which includes shares and bonds. There are no exemptions for financial intermediaries and brokers. There is an exemption for central counterparties, but persons transacting with central counterparties (e.g. clearing members) are not exempt. Accordingly the effective cumulative rate of the tax may be greatly in excess of the headline rates noted above.

Even though the common FTT is to be introduced only in the participating Member States, it can be seen from what is said above that it could impact financial institutions operating inside and outside the 11 participating Member States, and the common FTT could be payable on transfers of Notes issued under this Base Prospectus if the FTT is introduced and the conditions for a charge to arise are satisfied.

The proposed common FTT is still under review and it may therefore change before it is implemented. It is currently proposed that the common FTT should be introduced in the participating Member States on 1st January, 2014. Prospective Noteholders are strongly advised to seek their own professional advice in relation to the possible impact of the FTT.

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

To the extent that any series of Subordinated Notes contains provisions relating to the substitution or variation of the Subordinated Notes, in certain circumstances, such as if a Capital Event (as defined in Condition 5(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. 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.

Risks Relating to Renminbi Notes

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors, including:

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Notes.

Renminbi is not freely convertible at present (see "*PRC Currency Controls*" below). The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong have been permitted to engage in the settlement of current account trade transactions in Renminbi under a pilot scheme introduced in July 2009 which originally applied to approved pilot enterprises in five cities in the PRC. The pilot scheme was extended in August 2011 to

cover the whole nation and to make the settlement of current account trade transactions in Renminbi available worldwide.

However, remittance of Renminbi by foreign investors into the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items is developing gradually.

On 12 October 2011, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the "Circular on Certain Issues Concerning Direct Investment Involving Cross border Renminbi" (商务部关于跨境人民币直接投资有关问题的通知) (the "**MOFCOM Circular**"). Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts were authorised to approve Renminbi foreign direct investments ("**FDI**") with certain exceptions based on, amongst others, the size and industry of the investment. The MOFCOM Circular also stipulates that the proceeds of FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in domestic companies listed in the PRC through private placements or share transfers by agreement.

On 13 October 2011, the People's Bank of China (the "**PBoC**") promulgated the "Administrative Measures on Renminbi Settlement of Foreign Direct Investment" (外商直接投资人民币结算业务管理办法) (the "**PBoC FDI Measures**") as part of the implementation of the PBoC's detailed FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, the PBoC further issued the implementing rules for the PBoC FDI Measures. Under the PBoC FDI Measures, special approval for FDI and shareholder loans from the PBoC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBoC is still necessary.

As the MOFCOM Circular and the PBoC FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC Government will continue to gradually liberalise control over crossborder remittance of Renminbi in the future, that the pilot scheme introduced in July 2009 (as extended) will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Renminbi Notes.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes.

As a result of the restrictions by the PRC Government on cross border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Since February 2004, in accordance with arrangements between the PRC Government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi denominated banking services to Hong Kong residents and designated business customers. The PBoC has also established a Renminbi clearing and settlement mechanism for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the "**Settlement Agreement**") between the PBoC and the Bank of China (Hong Kong) Limited as the Renminbi clearing bank (the "**Renminbi Clearing Bank**") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong, there is no longer any limit on the ability of corporations to convert Renminbi and there is no longer any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.

However, the current size of Renminbi denominated financial assets outside the PRC is limited. According to statistics published by the Hong Kong Monetary Authority (the "**HKMA**"), as of 30 November 2012, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately Renminbi 571,028 million. In addition, participating authorised institutions are also required by the HKMA to maintain a total amount

of Renminbi (in the form of cash, its settlement account balance and/or fiduciary account balance with the Renminbi Clearing Bank) of no less than 25 per cent. of their Renminbi deposits, which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. They are only allowed to square their open positions with the Renminbi Clearing Bank after consolidating the Renminbi trade position of banks outside Hong Kong that are in the same bank group of the participating banks concerned with their own trade position, and the Renminbi Clearing Bank has access to onshore liquidity support from the PBoC only for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross border trade settlement, for individual customers of up to Renminbi 20,000 per person per day and for designated business customers who receive Renminbi in exchange for providing their services. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that no new PRC regulations will be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the Conditions applicable to Renminbi Notes, the Issuer can make payments in U.S. dollars.

Investment in Renminbi Notes is subject to exchange rate risks.

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to Renminbi Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollar or other applicable foreign currency terms will decline.

In the event that access to Renminbi becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability or Illiquidity (as defined in the Conditions), the Issuer is unable, or it is impractical for it, to pay interest or principal in Renminbi, the Conditions allow the Issuer to make payment in U.S. dollars at the prevailing spot rate of exchange, all as provided in more detail in the Conditions. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a holder's investment in U.S. dollar or other foreign currency terms will decline.

An investment in Renminbi Notes is subject to interest rate risk.

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Renminbi Notes may carry a fixed interest rate. Consequently, the trading price of such Renminbi Notes will vary with fluctuations in interest rates. If a holder of Renminbi Notes tries to sell any Renminbi Notes before their maturity, they may receive an offer that is less than the amount invested.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in the terms and conditions of the relevant Notes.

Investors may be required to provide certificates and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by Global Notes held with the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong, or (ii) for so long as the Renminbi Notes are represented by Notes in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing

rules and regulations. Other than described in the Conditions, the Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws.

Under the PRC Enterprise Income Tax Law and its implementation rules which took effect on 1 January 2008, any gain realised on the transfer of Renminbi Notes by non-resident enterprise holders may be subject to enterprise income tax if such gain is regarded as income derived from sources within the PRC. However, there remains uncertainty as to whether the gain realised from the transfer of the Renminbi Notes would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law and its implementation rules. According to the arrangement between the PRC and Hong Kong, residents of Hong Kong, including enterprise holders and individual holders, will not be subject to PRC tax on any capital gains derived from a sale or exchange of the Renminbi Notes.

Therefore, if non-resident enterprise holders are required to pay PRC income tax on gains on the transfer of the Renminbi Notes (such enterprise income tax is currently levied at the rate of 10 per cent. of the gross proceeds, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-resident enterprise holders of Renminbi Notes reside that reduces or exempts the relevant tax), the value of their investment in the Renminbi Notes may be materially and adversely affected.

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**") (except Swiss Franc Notes) 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**"). Notes may be issued in Classic Global Note ("**Classic Global Note**" or "**CGN**") or New Global Note ("**New Global Note**" or "**NGN**") form, as specified in the relevant Final Terms. 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**") on the relevant Issue Date. Each Temporary Global Note which is intended to be issued in New Global Note form, as specified in the relevant Final Terms, will be deposited with a common safekeeper 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 safekeeper 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

Each Tranche of Registered Notes will be in the form of either individual Note certificates in registered form ("**Individual Note Certificates**") or a global Note in registered form (a "**Global Registered Note**"). Each Global Registered Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for Individual Note Certificates in accordance with its terms.

Form of Swiss Franc Notes

Each Tranche of Swiss Franc Notes will be denominated in Swiss francs, issued in bearer form and will be represented exclusively by a Permanent Global Note which shall be deposited by the Swiss Paying Agent with SIS, or such other depositary as may be approved by the SIX Regulatory Board of the SIX Swiss Exchange (SIS or any such other intermediary the "**Intermediary**"). Once the Permanent Global Note is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Notes will constitute intermediated securities (*Bucheffekten*) ("**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each Holder (as defined below) shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global Note to the extent of his claim against the Issuer, **provided that** for so long as the Permanent Global Note remains deposited with the Intermediary the co-ownership interest shall be suspended and the Swiss Franc Notes may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by the entry of the transferred Notes in a securities account of the transferee.

The records of the Intermediary will determine the number of Swiss Franc Notes held through each participant in that Intermediary. In respect of the Notes held in the form of Intermediated Securities, the holders of the Notes (the "**Holders**") will be the persons holding the Notes in a securities account (*Effektenkonto*) which is in their own name, or in the case of intermediaries (*Verwahrungsstellen*), the intermediaries (*Verwahrungsstellen*) holding the Notes for their own account in a securities account (*Effektenkonto*) which is in their name.

Neither the Issuer nor the Holders shall at any time have the right to effect or demand the conversion of the Permanent Global Note (*Globalurkunde*) into, or the delivery of, uncertificated securities (*Wertrechte*) or Definitive Notes (*Wertpapiere*).

No physical delivery of the Swiss Franc Notes shall be made unless and until Definitive Notes (*Wertpapiere*) are printed. Definitive Notes may only be printed, in whole, but not in part, if the Swiss Paying Agent determines, in its sole discretion, that the printing of the Definitive Notes (*Wertpapiere*) is necessary or useful or if, under Swiss or any other applicable laws and regulations the enforcement of obligations under the Swiss Franc Notes can only be ensured by means of presentation of Definitive Notes (*Wertpapiere*). Should the Swiss Paying Agent so determine, it shall provide for the printing of Definitive Notes (*Wertpapiere*) without cost to the Holders. Upon delivery of the Definitive Notes (*Wertpapiere*), the Permanent Global Note will be cancelled and the Definitive Notes (*Wertpapiere*) shall be delivered to the Holders against cancellation of the relevant Swiss Franc Notes in the Holders' securities accounts.

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) (*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 the 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 (*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 (*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 the Swedish Notes will pass by way of registration in the Euroclear Sweden Register, 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 Global Registered Note contains (except in relation to Swiss Franc Notes) 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 (except Swiss Franc Notes) 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 safekeeper 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 safekeeper 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 6 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 13 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 8, 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 Notes of any Series are represented by a Global Note, notices to holders of 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 **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 Global Registered 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 Global Registered Note as the case may be.

Issuer's Option

No drawing of Notes will be required under Condition 5(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 Global Registered 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) 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 Global Registered Note, as the case may be, the owner of a beneficial interest therein may exercise its option to redeem under Condition 5(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 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 Global Registered 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 Global Registered 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 Global Registered 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 Global Registered Note is being held is open for business.

Business Day

Notwithstanding the definition of "Business Day" in Condition 8(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 Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered 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:

(i) 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

(ii) 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 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 to set out the terms upon which each Tranche of Notes is to be issued.

IMPORTANT NOTICE

In accessing the attached final terms (the "Final Terms") you agree to be bound by the following terms and conditions.

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

Neither the Final Terms nor the Base Prospectus constitutes an offer to sell or the solicitation of an offer to buy securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities law of any such jurisdiction.

The securities described in the Final Terms and the Base Prospectus have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons or to persons within the United States of America (as such terms are defined in Regulation S under the Securities Act ("**Regulation S**")). The securities described in the Final Terms will only be offered in offshore transactions to non-U.S. persons in reliance upon Regulation S.

Final Terms dated [•]

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 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/the] Manager 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 under "*Distribution—Public Offer*" in Part B below, provided such person is one of the persons mentioned under "*Distribution—Public Offer*" of Part B below and that such offer is made during the Offer Period specified for such purpose therein.]*

Neither the Issuer nor [any/the] Manager has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

* The square bracketed options in this paragraph should be included in the Final Terms where a Public Offer of the Notes will be made.

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 26 April 2013 [and the base prospectus supplement[s] dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of 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]. A summary of the Notes (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. 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 at Smålandsgatan 17, SE-105 71 Stockholm, Sweden and [has/have] been published on the Issuer's website http://www.nordea.com [and the following website(s) of the Financial Intermediaries named in these Final Terms: [•].]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus 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 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 [•]].

A summary of the Notes (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. 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 at Smålandsgatan 17, SE-105 71 Stockholm, Sweden and [has/have] been published on the Issuer's website http://www.nordea.com [and the following website(s) of the Financial Intermediaries named in these Final Terms: [•].]

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and "**2010 PD Amending Directive**" means Directive 2010/73/EU.

[Include whichever of the following apply or specify as "Not Applicable". Italics denote guidance for completing the Final Terms.]

1.	(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the Notes become fungible:	Not Applicable / The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as described in these Final Terms [which is expected to occur on or about [•]]
2.	Specified Currency:		[•]
3.	Aggregate Nominal Amount:		

	(i)	Series:	[•]
	(ii)	Tranche:	[•]
4.	Issue Price:		[•] per cent. of the Tranche [plus accrued interest from [*insert date*] *(in the case of fungible issues only, if applicable)*]
5.	(i)	Specified Denominations:	[•] *(No Notes may be issued which have a minimum denomination of less than EUR1,000 (or nearly equivalent in another currency)* [*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:* 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)*]
6.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[•]
7.	Maturity Date:		[•] / Interest Payment date falling in or nearest to [•] *(in the case of Floating Rate Notes)*
8.	Interest Basis:		[•] per cent. Fixed Rate / [LIBOR/EURIBOR] ± [•] per cent. Floating Rate / Zero Coupon
9.	Redemption/Payment Basis:		Redemption at par, subject to any purchase and cancellation or early redemption / Partly Paid / Instalment
10.	Put/Call Options:		Not Applicable / Investor Put / Issuer Call
11.	Status of the Notes:		Unsubordinated / Dated Subordinated / Undated Subordinated / Capital Contribution Securities
12.	Authorisation:		Not Applicable / The issuance of the Notes was authorised by a decision of [•] dated [•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	**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] in arrear
	(ii)	Interest Payment Date(s):	[•] in each year[, adjusted [for payment purposes only] in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/, not adjusted] [*Insert the following option for Renminbi Notes if Interest Payment Dates are to be modified:* Interest Payment Dates will be adjusted for calculation of interest and for payment purposes in accordance with the [*specify applicable Business Day Convention*]]
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	[Party responsible for calculating the Fixed Coupon Amount(s):	[*Include this item for Renminbi Notes only:* The Fiscal Agent/[•] shall be the Calculation Agent]
	(v)	Broken Amount(s):	Not Applicable / *Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*
	(vi)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA) *(NB: Actual/Actual (ICMA) is normally only appropriate for Fixed Rate Notes denominated in euro)*
	(vii)	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)*).
14.	**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:	Following Business Day Convention / Modified Following Business Day Convention / Modified Business Day Convention / Preceding Business Day Convention / FRN Convention / Floating Rate Convention / Eurodollar Convention / No Adjustment *(N.B. Only the Following Business Day Convention*

			(unadjusted)/Modified Following Business Day Convention (adjusted) can be applicable for Swedish Notes)
	(iii)	Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination / ISDA Determination
	(iv)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):	Agent / [•]
	(v)	Screen Rate Determination:	
		• Reference Rate:	[LIBOR / EURIBOR]
		• Interest Determination Date(s):	[•]
		• Relevant Screen Page:	[•]
	(vi)	ISDA Determination:	
		• Floating Rate Option:	[•]
		• Designated Maturity:	[•]
		• Reset Date:	[•]
	(vii)	Margin(s):	[±][•] per cent. per annum
	(viii)	Minimum Rate of Interest:	[•] per cent. per annum
	(ix)	Maximum Rate of Interest:	[•] per cent. per annum
	(x)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)
15.	**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)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)
16.	**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

17.	**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(9)(i) and 4(10)(ii) are both applicable *(permits debt accounting in relation to the Capital Contribution Securities)* / Only Condition 4(9)(ii) is applicable *(permits equity accounting in relation to the Capital Contribution Securities)*

PROVISIONS RELATING TO REDEMPTION

18.	**Call 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):	[•] per Calculation Amount
	(iii)	Early redemption as a result of a Capital Event:	Not Applicable / The provisions in Condition 5(d) [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:	[•]
19.	**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:	[•]
20.	**Final Redemption Amount**		[Par/[•]] per Calculation Amount
21.	**Early Redemption Amount**		
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early		Condition 5[(b)/(c)/(d)] applies *(NB: No early redemption of Subordinated Notes/Capital Contribution Securities may take*

	redemption:[1]	*place without the prior written consent of the SFSA)*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	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] *(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)* [Registered Notes: Individual Note Certificates / Global Registered Note [exchangeable for Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances specified in the Global Registered Note]] [The Notes are VP Notes in uncertificated and dematerialised book entry form] [The Notes are VPS Notes in uncertificated and dematerialised book entry form] [The Notes are Swedish Notes in uncertificated and dematerialised book entry form]
23.	New Global Note:	Yes / No / Not Applicable
24.	Additional cities for the purposes of the definition of Relevant Financial Centre:	Not Applicable / *Give details*
25.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	Yes. The Talons mature on [•] / No
26.	Details relating to Partly Paid Notes: amount of such payment comprising the Issue Price and date on which each payment is to be made:	Not Applicable / Applicable. Amount of payment comprising the Issue Price: [•]. Date of payment: [•]
27.	Details relating to Instalment Notes: amount of each instalment, date on	Not Applicable / Applicable. Amount of instalment: [•]. Date of payment: [•]

[1] 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.

which each payment is to be made:

28. Substitution and variation provisions: Not Applicable / Condition 16([i/ii/iii]) applies

SIGNATURE

Signed on behalf of Nordea Bank AB (publ):

By:

Duly authorised

Date:

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

Application has been made to the [Irish Stock Exchange/London Stock Exchange] for the Notes to be admitted to the Official List and to trading on its regulated market with effect from [•] / *Other*

(*Where documenting a fungible issue need to indicate that original securities are already admitted to trading.*)

2. **RATINGS**

The issuance of Notes itself has not been assigned any ratings solicited by the Issuer / The issuance of Notes itself 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: [•]]

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

Save as discussed in "*Subscription and Sale*" in the Base Prospectus, 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**

Reasons for the offer:	The net proceeds of the issue of the Notes will be used for the general banking and other corporate purposes of the Nordea Group / *Other*
Estimated net proceeds:	[•]
Estimated total expenses [in relation to admission to trading]:	[•]

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

Indication of yield:	[•] 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] rates can be obtained from [Reuters].]

7. **[THIRD PARTY INFORMATION**

[*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.]

8. **DISTRIBUTION**

If syndicated:

(i)	Names and addresses of Managers and underwriting commitments:	Not Applicable / *Give names, addresses and underwriting commitments*
(ii)	Date of Subscription Agreement:	[•]
(iii)	Stabilising Manager(s) (if any):	Not Applicable / *Give name*
If non-syndicated, name and address of Dealer:		Not Applicable / *Give name and address*
[Total commission and concession:		[•] per cent. of the Aggregate Nominal Amount]
U.S. Selling Restrictions:		Regulation S Category 2 *(In the case of Bearer Notes)* - TEFRA D/TEFRA C/TEFRA not applicable *(In the case of Registered Notes/VP Notes/VPS Notes/Swedish Notes)* -TEFRA Not Applicable
Public Offer:		[Not Applicable] [The Issuer does not consent to the use of the Base Prospectus in connection with a Public Offer of the Notes by any person] [The Issuer consents to the use of the Base Prospectus in connection with a Public Offer of the Notes during the period from [•] until [•] (the "**Offer Period**") in [*specify relevant Member State(s) - which must be jurisdictions where the Base Prospectus and any supplements have been passported*] (the "**Public Offer Jurisdictions**") by [the Managers/*insert names and addresses of financial intermediaries*/any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and which satisfies the conditions set out in the Base Prospectus, for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC)] *provided that* the Offer Period in Austria will not commence until the day after the registration of these Final Terms with the registration office (*Meldestelle*) has been duly made as required under the Austrian Capital Markets Act [and subject to the following conditions: [*set out clear and objective conditions*]]

9. **OPERATIONAL INFORMATION**

ISIN Code:	[•]
Common Code:	[•]
[Swiss Security Number:	[•]]
New Global Note intended to be held in a manner which would allow Eurosystem eligibility:	Yes / No / Not Applicable *(in the case of Notes not issued in NGN form)* [Note that the designation "yes" means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common

	safekeeper 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 the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [*include this text if "yes" selected in which case the Notes must be bearer Notes issued in NGN form*] [Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [*this text may be appropriate to include if "no" is selected and the Notes are bearer Notes issued in NGN form*]
Clearing system(s) [and identification number, if applicable]:	Euroclear / Clearstream, Luxembourg / VP Securities A/S (VP identification number: 215993361) / VPS, the Norwegian Central Securities Depository (VPS identification number: [•]) / Euroclear Sweden, the Swedish Central Securities Depository (Euroclear Sweden identification number: [•])
Delivery:	Delivery [against/free of] payment
Name(s) and address(es) of additional [Paying Agent(s) / VP Issuing Agent(s) / VPS Paying Agent(s) / Swedish Issuing Agent(s) / Swiss Paying Agent(s)] (if any):	Not Applicable / *Give name and address*

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

Offer Price:	Issue Price / *Other*
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*
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*

ANNEX TO THE FINAL TERMS – SUMMARY OF THE ISSUE

[*Base Prospectus summary to be inserted and the options given as placeholders in the summary to be completed in respect of the Notes being issued which have a denomination of less than EUR 100,000 (or its equivalent in any other currency).*]

FORM OF PRICING SUPPLEMENT

A pro forma Pricing Supplement for use in connection with Exempt Notes issued under 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 Exempt Notes is to be issued.

IMPORTANT NOTICE

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

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

Neither the Pricing Supplement nor the Base Prospectus constitutes an offer to sell or the solicitation of an offer to buy securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities law of any such jurisdiction.

The securities described in the Pricing Supplement and the Base Prospectus have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons or to persons within the United States of America (as such terms are defined in Regulation S under the Securities Act ("**Regulation S**")). The securities described in the Pricing Supplement will only be offered in offshore transactions to non-U.S. persons in reliance upon Regulation S.

Pricing Supplement dated [•]

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC AS AMENDED FOR THIS ISSUE OF NOTES.

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

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 26 April 2013 [and the base prospectus supplement[s] dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**"). This document constitutes the Pricing Supplement of the Notes described herein 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 this Pricing Supplement 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 at 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 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 Pricing Supplement of the Notes described herein

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, 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 this Pricing Supplement 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 at Smålandsgatan 17, SE-105 71 Stockholm, Sweden.]

[Include whichever of the following apply or specify as "Not Applicable". Italics denote guidance for completing this Pricing Supplement.]

1.	(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the Notes become fungible:	Not Applicable / The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as described in this Pricing Supplement [which is expected to occur on or about [•]]
2.	Specified Currency:		[•]
3.	Aggregate Nominal Amount:		
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
4.	Issue Price:		[•] per cent. of the Tranche [plus accrued interest from [*insert date*] *(in the case of fungible issues only, if applicable)*]
5.	(i)	Specified Denominations:	[•] *(No Notes may be issued which have a minimum denomination of less than EUR1,000 (or nearly equivalent in another currency)* [*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:* 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)*]
6.	(i)	Issue Date:	[•]

	(ii)	Interest Commencement Date:	[•]
7.	Maturity Date:		[•] / Interest Payment date falling in or nearest to [•] *(in the case of Floating Rate Notes)*
8.	Interest Basis:		[•] per cent. Fixed Rate / [LIBOR/EURIBOR/ *other*] ± [•] per cent. Floating Rate / Zero Coupon
9.	Redemption/Payment Basis:		Redemption at par, subject to any purchase and cancellation or early redemption / Partly Paid / Instalment
10.	Put/Call Options:		Not Applicable / Investor Put / Issuer Call
11.	Status of the Notes:		Unsubordinated / Dated Subordinated / Undated Subordinated / Capital Contribution Securities
12.	Authorisation:		Not Applicable / The issuance of the Notes was authorised by a decision of [•] dated [•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	**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] in arrear
	(ii)	Interest Payment Date(s):	[•] in each year[, adjusted [for payment purposes only] in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/, not adjusted] [*Insert the following option for Renminbi Notes if Interest Payment Dates are to be modified:* Interest Payment Dates will be adjusted for calculation of interest and for payment purposes in accordance with the [*specify applicable Business Day Convention*]]
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	[Party responsible for calculating the Fixed Coupon Amount(s):	[*Include this item for Renminbi Notes only:* The Fiscal Agent/[•] shall be the Calculation Agent]
	(v)	Broken Amount(s):	[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]
	(vi)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA) *(NB: Actual/Actual (ICMA) is normally only appropriate for Fixed Rate Notes denominated in euro)*
	(vii)	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)*).
14.	**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:	Following Business Day Convention / Modified Following Business Day Convention / Modified Business Day Convention / Preceding Business Day Convention / FRN Convention / Floating Rate Convention / Eurodollar Convention / No Adjustment *(N.B. Only the Following Business Day Convention (unadjusted)/Modified Following Business Day Convention (adjusted) can be applicable for Swedish Notes)*
	(iii)	Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination / ISDA Determination
	(iv)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):	Agent / [•]
	(v)	Screen Rate Determination:	
		• Reference Rate:	LIBOR / EURIBOR / *other*
		• Interest Determination Date(s):	[•]
		• Relevant Screen Page:	[•]
	(vi)	ISDA Determination:	
		• Floating Rate Option:	[•]
		• Designated Maturity:	[•]
		• Reset Date:	[•]
	(vii)	Margin(s):	[±][•] per cent. per annum
	(viii)	Minimum Rate of Interest:	[•] per cent. per annum
	(ix)	Maximum Rate of Interest:	[•] per cent. per annum

	(x)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)
15.	**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)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)
16.	**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
17.	**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(9)(i) and 4(10)(ii) are both applicable *(permits debt accounting in relation to the Capital Contribution Securities)* / Only Condition 4(9)(ii) is applicable *(permits equity accounting in relation to the Capital Contribution Securities)*

PROVISIONS RELATING TO REDEMPTION

18.	**Call 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):	[•] per Calculation Amount
	(iii)	Early redemption as a result of a Capital Event:	Not Applicable / The provisions in Condition 5(d) [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:	[•]
19.	**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:	[•]
20.	**Final Redemption Amount**		[Par/[•]] per Calculation Amount
21.	**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:[2]		Condition 5[(b)/(c)/(d)] 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

22.	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] *(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)* [The Notes are Swiss Franc Notes in bearer form and will be represented on issue by a Permanent Global Note] [Registered Notes : Individual Note Certificates / Global Registered Note [exchangeable for Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances specified in

[2] 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.

		the Global Registered Note]] [The Notes are VP Notes in uncertificated and dematerialised book entry form] [The Notes are VPS Notes in uncertificated and dematerialised book entry form] [The Notes are Swedish Notes in uncertificated and dematerialised book entry form]
23.	New Global Note:	Yes / No / Not Applicable
24.	Additional cities for the purposes of the definition of Relevant Financial Centre:	Not Applicable / *Give details*
25.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	Yes. The Talons mature on [•] / No
26.	Details relating to Partly Paid Notes: amount of such payment comprising the Issue Price and date on which each payment is to be made	Not Applicable / Applicable. Amount of payment comprising the Issue Price: [•]. Date of payment: [•]
27.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable / Applicable. Amount of instalment: [•]. Date of payment: [•]
28.	Substitution and variation provisions:	Not Applicable / Condition 16([i/ii/iii]) applies
29.	Other terms and conditions:	Not Applicable / *Give details*

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

SIGNATURE

Signed on behalf of Nordea Bank AB (publ):

By:

Duly authorised

Date:

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

None / Application has been made to [•] for the Notes to be admitted to trading on [•] with effect from [•] / The Notes have been provisionally admitted to trading on the SIX Swiss Exchange with effect from [•]. Application for definitive listing on the SIX Swiss Exchange will be made as soon as is reasonably practicable thereafter. The last trading day is expected to be on [•] / *Other*

(*Where documenting a fungible issue need to indicate that original securities are already admitted to trading.*)

2. **RATINGS**

The issuance of Notes itself has not been assigned any ratings solicited by the Issuer / The issuance of Notes itself 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: [•]]

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

Save as discussed in "*Subscription and Sale*" in the Base Prospectus, 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**

Reasons for the offer:	The net proceeds of the issue of the Notes will be used for the general banking and other corporate purposes of the Nordea Group / *Other*
Estimated net proceeds:	[•]
Estimated total expenses [in relation to admission to trading]:	[•]

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

Indication of yield:	[•] 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] rates can be obtained from [Reuters].]

7. **[THIRD PARTY INFORMATION**

[*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.]

8. **DISTRIBUTION**

If syndicated:

(i)	Names and addresses of Managers and underwriting commitments:	Not Applicable / *Give names, addresses and underwriting commitments*
(ii)	Date of Subscription Agreement:	[•]
(iii)	Stabilising Manager(s) (if any):	Not Applicable / *Give name*
If non-syndicated, name and address of Dealer:		Not Applicable / *Give name and address*
[Total commission and concession:		[•] per cent. of the Aggregate Nominal Amount]
U.S. Selling Restrictions:		Regulation S Category 2 *(In the case of Bearer Notes)* - TEFRA D/TEFRA C/TEFRA not applicable *(In the case of Registered Notes/VP Notes/VPS Notes/Swedish Notes)* -TEFRA Not Applicable *(In the case of Swiss Franc Notes)* - TEFRA D in accordance with usual Swiss practice

9. **OPERATIONAL INFORMATION**

ISIN Code:	[•]
Common Code:	[•]
[Swiss Security Number:	[•]]
New Global Note intended to be held in a manner which would allow Eurosystem eligibility:	Yes / No / Not Applicable *(in the case of Notes not issued in NGN form)* [Note that the designation "yes" means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper 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 the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [*include this text if "yes" selected in which case the Notes must be bearer Notes issued in NGN form*] [Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will

	depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [*this text may be appropriate to include if "no" is selected and the Notes are bearer Notes issued in NGN form*]
Clearing system(s) [and identification number, if applicable]:	Euroclear / Clearstream, Luxembourg / SIX SIS Ltd, Olten, Switzerland / VP Securities A/S (VP identification number: 215993361) / VPS, the Norwegian Central Securities Depository (VPS identification number: [•]) / Euroclear Sweden, the Swedish Central Securities Depository (Euroclear Sweden identification number: [•])
Delivery:	Delivery [against/free of] payment
Name(s) and address(es) of additional [Paying Agent(s) / VP Issuing Agent(s) / VPS Paying Agent(s) / Swedish Issuing Agent(s) / Swiss Paying Agent(s)] (if any):	Not Applicable / *Give name and address*

10. [***Swiss Franc Notes only*** **- DOCUMENTS AVAILABLE**

Copies of this Pricing Supplement and the Base Prospectus are available at UBS AG, Prospectus Library, P.O. Box, CH-8098 Zurich, Switzerland (tel: +41 44 239 47 03, fax: +41 44 239 21 11 or email: swiss-prospectus@ubs.com).]

11. [***Swiss Franc Notes only*** **- REPRESENTATIVE**

In accordance with Article 43 of the Listing Rules of the SIX Swiss Exchange, [•] has been appointed by the Issuer as representative to lodge the listing application with the SIX Swiss Exchange.]

12. [***Swiss Franc Notes only*** **- NO MATERIAL ADVERSE CHANGE / MATERIAL CHANGES SINCE THE MOST RECENT ANNUAL FINANCIAL STATEMENTS**

Except as disclosed in the Base Prospectus, there has been no material adverse change in the financial condition or operations of the Issuer since [31 December 2012], which would materially affect its ability to carry out its obligations under the Notes.]

13. [***Swiss Franc Notes only*** **- LAW AND JURISDICTION**

English law, courts of England (see Condition 17 of the Terms and Conditions of the Notes).]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which, as completed by the relevant Final Terms or (in the case of Exempt Notes only) as completed, amended and/or replaced by the relevant Pricing Supplement, will be applicable to each Series of Notes.

The Notes are issued in accordance with the fiscal agency agreement (as amended and/or restated and/or replaced from time to time, the "**Fiscal Agency Agreement**") constituted by (1) the amended and restated fiscal agency agreement dated 26 April 2013 and made between Nordea Bank AB (publ) (the "**Issuer**"), Citibank, N.A., London Branch in its capacities 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. Zurich as Swiss paying agent (the "**Swiss Paying Agent**", which expression shall include any successor to Citibank N.A. Zurich 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, the Swiss Paying 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**") and (2) the supplemental Swiss agency agreement in respect of the Swiss Franc Notes (as defined below) dated 26 April 2013 and made between the Issuer and the Swiss Paying Agent.

The Notes have the benefit of a deed of covenant (the "**Deed of Covenant**") dated 26 April 2013 (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**") or, in the case of Exempt Notes, a pricing supplement (the "**Pricing Supplement**") which, in either case, completes and (in the case of Exempt Notes only) completes, amends and/or replaces these Terms and Conditions (the "**Conditions**"). In the case of Exempt Notes, any other reference in these Conditions to "Final Terms" shall be deemed to be a reference to the relevant Pricing Supplement.

Notes may be denominated in Swiss francs and cleared through SIX SIS AG, Olten Switzerland ("**Swiss Franc Notes**" and"**SIS**", respectively), or 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**").

Swiss Franc Notes will be issued in bearer form and will be represented exclusively by a Permanent Global Note which shall be deposited by the Swiss Paying Agent with SIS, or such other depositary as may be approved by the SIX Regulatory Board of the SIX Swiss Exchange. For the purposes of Swiss Franc Notes, references in these Conditions to "**Euroclear**" and/or "**Clearstream, Luxembourg**" shall be construed as including references to SIS, which expression shall include any other clearing institution recognised by the SIX Swiss Exchange with which the Permanent Global Note may be deposited from time to time), which shall be considered an additional or alternative clearing system for the purposes of these Conditions.

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 Conditions applicable to 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 Conditions applicable to 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 (*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 applicable to 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 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. References to "**Exempt Notes**" are to Notes for which no prospectus is required to be published under the Prospectus Directive.

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 etc. Act (*Værdipapirhandelsloven*), as amended from time to time and the Danish Executive Order on Book Entry, etc. of dematerialised Securities in a Central Securities Depositary (*Bekendtgørelse om registrering m.v. af fondsaktiver i en værdipapircentral*) as amended from time to time.

The VPS Notes are issued in uncertificated and dematerialised book entry form in accordance with the Norwegian Securities Register Act 2002 (*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 (*lag (1998:1479) om kontoföring av finansiella instrument*) as amended.

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

Notes issued in bearer form ("**Bearer Notes**"), other than Swiss Franc 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 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 6 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. Each Tranche of Registered Notes will be in the form of either individual Note certificates ("**Individual Note Certificates**") or a global registered Note (a "**Global Registered Note**"), in each case as specified in the relevant Final Terms. Global Registered Notes may be exchangeable for Individual Note Certificates in accordance with its terms. Registered Notes will not be exchangeable for Bearer Notes.

(d) ***Form of Swiss Franc Notes***

Swiss Franc Notes will be denominated in Swiss francs, issued in bearer form and will be represented exclusively by a Permanent Global Note which shall be deposited by the Swiss

Paying Agent with SIS, or such other depositary as may be approved by the SIX Regulatory Board of the SIX Swiss Exchange (SIS or such other intermediary, (the "**Intermediary**")). Once the Permanent Global Note is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Notes will constitute intermediated securities (*Bucheffekten*) ("**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each Holder (as defined in Condition 2 below) shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global Note to the extent of his claim against the Issuer, **provided that** for so long as the Permanent Global Note remains deposited with the Intermediary the co-ownership interest shall be suspended and the Swiss Franc Notes may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by the entry of the transferred Swiss Franc Notes in a securities account of the transferee.

Neither the Issuer nor the Holders shall at any time have the right to effect or demand the conversion of the Permanent Global Note (*Globalurkunde*) into, or the delivery of, uncertificated securities (*Wertrechte*) or Definitive Notes (*Wertpapiere*).

No physical delivery of the Swiss Franc Notes shall be made unless and until Definitive Notes (*Wertpapiere*) are printed. Definitive Notes may only be printed, in whole, but not in part, if the Swiss Paying Agent determines, in its sole discretion, that the printing of the Definitive Notes (*Wertpapiere*) is necessary or useful. Should the Swiss Paying Agent so determine, it shall provide for the printing of Definitive Notes (*Wertpapiere*) without cost to the Holders. Upon delivery of the Definitive Notes (*Wertpapiere*), the Permanent Global Note will be cancelled and the Definitive Notes (*Wertpapiere*) shall be delivered to the Holders against cancellation of the relevant Swiss Franc Notes in the Holders' securities accounts.

(e) ***Form of VP Notes***

A Tranche or a Series of VP 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).

(f) ***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.

(g) ***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.

(h) ***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.

(i) ***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.

(j) ***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.

(k) ***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.

(l) ***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.

(m) ***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.

2. **Title**

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

Title to the Bearer Notes (excluding Swiss Franc 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 the Registered Notes passes by registration in the register which is kept by the Registrar. 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. 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. 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. 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 (*forvalter*) and registered as a holder of the VPS Notes.

Title to the Swedish Notes shall pass by registration in the book entry system and register maintained by Euroclear Sweden (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. 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 (*förvaltare*) and registered as a holder of the Swedish Notes.

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 (*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.

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.

One or more Swedish Notes may be transferred in accordance with the 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. The Euroclear Sweden Rules may be downloaded from its website: http://www.ncsd.eu.

(c) ***Swiss Franc Notes***

The records of the Intermediary will determine the number of Notes held through each participant in that Intermediary. In respect of the Notes held in the form of Intermediated Securities, the holders of the Notes (the "**Holders**") will be the persons holding the Notes in a securities account (*Effektenkonto*) which is in their own name, or in the case of intermediaries (*Verwahrungsstellen*), the intermediaries (*Verwahrungsstellen*) holding the Notes for their own account in a securities account (*Effektenkonto*) which is in their name.

3. **Status**

(1) ***Status—Unsubordinated Notes***

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**").

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(5)(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(5)(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(4) 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.

(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 8), 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 TARGET2 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 TARGET2 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 8(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—Supplemental Provision***

(a) Condition 4(4)(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(4)(c) shall be applicable in relation to all interest-bearing Notes, and Condition 4(4)(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 "**TARGET2 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 13 (*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:

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) "**Modified Following Business Day Convention**" or "Modified Business Day Convention" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(d) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) "**No Adjustment**" or "**unadjusted**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention.

"**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:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" 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

"$\mathbf{D_2}$" 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:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" 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:

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(4)(d);

"**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

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

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

(a) This Condition 4(5) 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(5)(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 13:

(i) of any Optional Interest Payment Date on which, pursuant to the provisions of Condition 4(5)(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.

(6) ***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.

(7) 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.

(8) ***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 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 13 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.

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

This Condition 4(9) 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(9)) 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(9) 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.

(10) ***Interest—Supplemental Provision for Renminbi Notes***

This Condition 4(10) shall apply to Fixed Rate Notes denominated in Renminbi (the "**Renminbi Notes**") only where the Final Terms for the relevant Renminbi Notes specify that the Interest Payment Dates are subject to adjustment.

For such Notes, the relevant Fixed Coupon Amount shall be calculated by the Calculation Agent by multiplying the product of the relevant Rate of Interest and the Calculation Amount by the relevant Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards. The Calculation Agent shall cause any Fixed Coupon Amount so calculated and the relevant Interest Payment Date to be notified to the Fiscal Agent, the Issuer, the Holders in accordance with Condition 13 (*Notices*) and, if the Notes admitted to listing and/or trading on any stock exchange and the rules of such exchange so require, the relevant stock exchange as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange.

5. **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 7, 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 13 (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 5(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***

This Condition 5(c) applies to Subordinated Notes only.

Upon the occurrence of a Capital Event (as defined herein) but subject to the prior approval of the SFSA, the Issuer may, at its option, having given not less than 30 days' nor more than 60 days' notice to the Holders in accordance with Condition 13 (which notice shall be irrevocable), at any time redeem in whole (but not, unless and to the extent 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 or at the redemption amount referred to in Condition 6(h)), together with interest (if any) accrued to but excluding the date of redemption.

"**Capital Event**" means the determination by the Issuer, after consultation with the SFSA, that as a result of a change in Swedish law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the issue date (the "**Issue Date**") for the relevant Series (including as a result of the implementation or applicability in Sweden of CRD IV on or after the Issue Date), the aggregate outstanding nominal amount of the Notes is fully excluded from inclusion in the Tier 2 capital of the Issuer (other than as a result of any applicable limitation on the amount of such capital as applicable to the Issuer).

"**CRD IV**" means, taken together, the (i) CRD IV Directive, (ii) CRD IV Regulation and (iii) Future Capital Notes Regulations.

"**CRD IV Directive**" means a directive of the European Parliament and of the Council on the prudential supervision of credit institutions and investment firms, a draft of which was published on 20 July 2011, as implemented in Sweden and including as amended or replaced.

"**CRD IV Regulation**" means a regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, a draft of which was published on 20 July 2011, as implemented and/or applicable in Sweden and including as amended or replaced.

"**Future Capital Notes Regulations**" means any Applicable Banking Regulations that come into effect after the Issue Date and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a stand-alone or consolidated basis) to the extent required by the (i) CRD IV Regulation or (ii) CRD IV Directive.

"**Tier 2 capital**" means Tier 2 capital (*supplementärt kapital*) as defined in Sections 1 to 4 of Chapter 3 of the Swedish on Capital Adequacy and Large Exposures Act (*lag (2006:1371) om kapitaltäckning och stora exponeringar*), as amended or replaced.

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

If this Condition 5(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, 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 5(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 (as more particularly 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 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 5(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

(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 5(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 (as more particularly 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 5(b) or 5(c) or 5(d) or, if applicable Condition 5(e) or 5(g) or upon it becoming due and payable as provided in Condition 6 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.

(ii) If the redemption amount payable in respect of any such Note upon its redemption pursuant to Condition 5(b) or 5(c) or 5(d) or, if applicable Condition 5(e) or 5(g) or upon it becoming due and payable as provided in Condition 6 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 5(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 5 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 5 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 5 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 5(b), 5(c), 5(d), 5(e), 5(f), and 5(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 5(b), 5(c), 5(d), 5(e), 5(f), and 5(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".

6. **Events of Default**

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

(a) This Condition 6(1) is applicable in relation to Notes specified in the relevant Final Terms as being Unsubordinated Notes.

(b) 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 5(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 5(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 6(2) is applicable in relation to Notes and specified in the relevant Final Terms as being Dated Subordinated Notes or Undated Subordinated Notes.

(b) The following events or circumstances (each an "**Event of Default**") shall be an event of default in relation to the Notes:

(c) If:

(1) the Issuer shall, in respect of any Dated Subordinated Note, default in the payment of any principal for a period of 7 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

(2) 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(5)(b) with respect to Undated Subordinated Notes) or any other date on which the payment of interest is compulsory; or

(3) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer (except for the purpose of a merger, reconstruction or amalgamation under which the continuing entity effectively assumes the entire obligations of the Issuer under the Notes) or the Issuer is otherwise declared bankrupt (*konkurs*) or put into liquidation (*likvidation*), in each case, by a court or agency or supervisory authority in the Kingdom of Sweden having jurisdiction in respect of the same, the Holder of any Note may:

(x) (in the case of (1) and (2) above) institute proceedings for the Issuer to be declared bankrupt (*konkurs*) or its winding-up or liquidation (*likvidation*), in each case, in the Kingdom of Sweden and not elsewhere, and prove or claim in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer; and/or

(y) (in the case of (3) above) prove or claim in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer, whether in the Kingdom of Sweden or elsewhere and instituted by the Issuer itself or by a third party but (in either case) the Holder of such Note may claim payment in respect of the Note only in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer.

(d) In any of the events or circumstances described in Condition 6(2)(b)(3) above, the Holder of any Note may, by notice to the Issuer, declare such Note to be due and payable, and such Note shall accordingly become due and payable at its principal amount together with accrued interest to the date of payment but subject to such Holder only being able to claim payment in respect of the Note in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer.

(e) The Holder of any Note may at its discretion 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 Conditions 6(2)(b) or 6(2)(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, except with the prior approval of the SFSA.

(f) No remedy against the Issuer, other than as provided in Conditions 6(2)(b), 6(2)(c) and 6(2)(d) above shall be available to the Holders of Notes, 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 6(3) is applicable in relation to Notes and specified in the relevant Final Terms as being Capital Contribution Securities.

(b) 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.

7. **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 (or, in respect of Swiss Franc Notes only, the Swiss Paying Agent) 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 13.

(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 7 or any undertaking given in addition thereto or in substitution therefore.

(d) Notwithstanding anything in this Condition 7 or in Condition 8 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.

8. **Payments**

(1) ***Payments—Bearer Notes***

(a) This Condition 8(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 8(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 8(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—Swiss Franc Notes***

This Condition 8(3) is applicable in relation to Swiss Franc Notes.

Payment of principal and/or interest shall be made in freely disposable Swiss francs without collection costs in Switzerland to the Noteholders and/or Couponholders, without any restrictions, whatever the circumstances may be, irrespective of nationality, domicile or residence of the Noteholders and/or Couponholders and without requiring any certification, affidavit or the fulfilment of any other formality.

Payment to the Swiss Paying Agent by the Issuer and the receipt by the Swiss Paying Agent of the due and punctual payment of the funds in Swiss francs in Switzerland shall release the Issuer of its obligations under the Notes and Coupons for the purposes of payment of principal and interest due on the respective payment dates to the extent of such payments.

(4) ***Payments—VP Notes***

This Condition 8(4) is applicable in relation to 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.

(5) ***Payments—VPS Notes***

This Condition 8(5) is applicable in relation to 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.

(6) ***Payments—Swedish Notes***

This Condition 8(6) is applicable in relation to 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 Euroclear Sweden Register 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.

(7) ***Payments—General Provisions***

(a) Save as otherwise specified herein, this Condition 8 is applicable in relation to Notes whether in bearer or in registered form.

(b) Subject to the provisions below, 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 7, be subject in all cases to any applicable fiscal or other laws and regulations.

Payments in Renminbi will be made by credit or transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in Hong Kong). Payments of the U.S. Dollar Equivalent of the relevant Renminbi amount, determined in accordance with the Conditions, will be made by credit or transfer to a U.S. dollar account (or any other account to which U.S. dollar may be credited or transferred) specified by the payee or, at the option of the payee, by a U.S. dollar cheque, provided, however, that no payment will be made by transfer to an account in, or by cheque mailed to an address in, the United States.

(c) This Condition 8(7)(c) applies to Renminbi Notes only.

Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of Renminbi Notes when due in Renminbi, the Issuer may settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi amount. Upon the determination that a condition of Inconvertibility, Non-transferability or Illiquidity prevails, the Issuer shall no later than 10:00 a.m. (Hong Kong time) on the Rate Calculation Date, (i) notify the Calculation Agent and the Paying Agents, and (ii) notify the Holders in accordance with Condition 14 of such determination.

Any payment made in the U.S. Dollar Equivalent of a Renminbi amount under this Condition 8(7)(c) will constitute valid payment, and will not constitute a default in respect of the Renminbi Notes.

For the purposes of these Terms and Conditions, "**U.S. Dollar Equivalent**" of a Renminbi amount means the relevant Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date.

For this purpose:

(A) "**Governmental Authority**" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other

governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

(B) "**Illiquidity**" means the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers, as a result of which the Issuer cannot, having used its reasonable endeavours, obtain sufficient Renminbi in order fully to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Renminbi Notes;

(C) "**Inconvertibility**" means that the Issuer determines (in good faith and in a commercially reasonable manner) that it is impossible or, having used its reasonable endeavours, impracticable, for it to convert any amount due in respect of the Renminbi Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the Relevant Series and it is impossible or, having used its reasonable endeavours, impracticable for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

(D) "**Non-transferability**" means that the Issuer determines (in good faith and in a commercially reasonable manner) that it is impossible or, having used its reasonable endeavours, impracticable, for it to deliver Renminbi (i) between accounts inside Hong Kong or (ii) from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the Relevant Series and it is impossible or, having used its reasonable endeavours, impracticable for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

(E) "**PRC**" means the People's Republic of China;

(F) "**Rate Calculation Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and New York City;

(G) "**Rate Calculation Date**" means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Terms and Conditions;

(H) "**Renminbi**", "**RMB**" or "**CNY**" means the official currency of the PRC;

(I) "**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong; and

(J) "**Spot Rate**" means, for a Rate Calculation Date, the spot USD/RMB exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the spot rate at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available USD/RMB official fixing rate for settlement on the due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as

may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and all Holders of Notes and Holders of Coupons.

(d) For the purposes of these Conditions:

(i) "**Business Day**" means 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 TARGET2 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 Swiss francs, Zurich;

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

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

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

(H) 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. or as specified in the relevant Final Terms.

9. **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 8(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.

10. **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, the Issuer, the Fiscal Agent and the VP Issuing Agent shall have the respective rights and obligations arising under the Fiscal Agency Agreement and no other Paying Agent shall have any rights and obligations in relation thereto, (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.

In respect of Swiss Franc Notes, the Issuer will at all times maintain a paying agent having its specified office in Switzerland and at no time maintain a paying agent having its specified office outside of Switzerland.

11. **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.

12. **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.

13. **Notices**

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

Notices to Holders of Bearer Notes will 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 13) 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 Swiss Franc Notes***

Notices in respect of Swiss Franc Notes will, so long as the Notes are listed on the SIX Swiss Exchange and the rules of the SIX Swiss Exchange so require, be deemed to have been given if published by the Swiss Paying Agent at the expense of the Issuer, (i) by means of electronic publication on the internet website of the SIX Swiss Exchange under the section headed "Official Notices" where notices are currently published under the address: http://www.six-exchange-regulation.com/publications/published_notifications/official_ notices_en.html or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange. Notices shall be deemed to be validly given on the date of such publication or, if published more than once, on the date of the first such publication.

For Swiss Franc Notes that are not listed on the SIX Swiss Exchange, notices to Noteholders shall be given by communication through the Swiss Paying Agent to SIS (or such other intermediary) for forwarding to the holders of the Notes. Any notice so given shall be deemed to be validly given with the communication to SIS (or such other intermediary).

(e) ***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.

(f) ***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.

(g) ***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.

14. **Provision of Information**

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 (*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 (*Finanstilsynet*) 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 (*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 (*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 (*Kontoförande*) and whether or not the Swedish Notes are registered in the name of a nominee and the identity of any such nominee.

15. **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.

16. **Substitution and Variation**

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

If specified as applicable in the relevant Final Terms, 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 16(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***

If specified as applicable in the relevant Final Terms, 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 16(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***

If specified as applicable in the relevant Final Terms, 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 16(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.

17. **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 etc. Act (*Lov om værdipapirhandel m.v.*), as amended from time to time and the Danish Executive Order on Book Entry, etc. of dematerialised Securities in a Central Securities Depositary (*Bekendtgørelse om registrering m.v. af fondsaktiver i en værdipapircentral*) as amended from time to time. 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 17(b), and in this limited respect only, a Holder of Swedish Notes may therefore not take concurrent Proceedings in Sweden.

18. **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 changes in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg, VP, VPS, Euroclear Sweden or SIS (the "**Clearing Systems**") from time to time. Investors wishing to use the facilities of any Clearing System must check the rules, regulations and procedures of the relevant Clearing System which are in effect at the relevant time.*

General

The Notes will be cleared through Euroclear and/or Clearstream, Luxembourg or, in the case of VP Notes, the VP or, in the case of VPS Notes, the VPS or, in the case of Swedish Notes, Euroclear Sweden or, in the case of Swiss Franc Notes, SIS.

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.

The Euroclear group reshaped its corporate structure in 2000 and 2001, transforming the Belgian company Euroclear Clearance System (Société Coopérative) into Euroclear Bank SA/NV, which now operates the Euroclear System. In 2005, a new Belgian holding company, Euroclear SA/NV, was created as the owner of all the shared technology and services supplied to each of the Euroclear CSDs and the ICSD. Euroclear SA/NV is owned by Euroclear plc, a company organised under the laws of England and Wales, which is owned by market participants using Euroclear services as members.

As an ICSD, Euroclear provides settlement and related securities services for cross-border transactions involving domestic and international bonds, equities, derivatives and investment funds, and offers clients a single access point to post-trade services in over 40 markets.

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 Euroclear's depositary, in accordance with the Euroclear Terms and Conditions. Euroclear 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.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels.

Clearstream, Luxembourg

Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), located at 42 Avenue JF Kennedy, L-1855 Luxembourg was incorporated in 1970 as a limited company under Luxembourg law. It is registered as a bank in Luxembourg, and as such is subject to regulation by the CSSF, which supervises Luxembourg banks.

Clearstream, Luxembourg holds securities for its customers 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. Over 300,000 domestic and internationally traded bonds, equities and investment funds are currently deposited with Clearstream. Currently, Clearstream, Luxembourg has approximately 2,500 customers in over 110 countries. 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.

The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

VP

VP is a Danish limited liability company and is subject to the Danish Securities Trading etc. Act (*Lov om værdipapirhandel m.v.*), as amended from time to time and the Danish Executive Order on Book Entry, etc. of dematerialised Securities in a Central Securities Depositary (*Bekendtgørelse om registrering m.v. af fondsaktiver i en værdipapircentral*) as amended from time to time. VP is the central organisation for registering securities in Denmark and is a CSD and Clearing Centre.

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.

The address of VP is VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen 5, Denmark.

VPS

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.

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.

The address of VPS is Norwegian Central Securities Depository, Verdipapirsentralen ASA, P.O. 4, 0051 Oslo, Norway.

Euroclear 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 clearing house.

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.

The address of Euroclear Sweden AB is Swedish Central Securities Depository, Euroclear Sweden, Box 7822, SE 103 97 Stockholm, Sweden.

SIS

SIS is a wholly owned subsidiary of SIX Group Ltd., has a bank license and is supervised by the Swiss Financial Market Supervisory Authority FINMA.

SIS acts as the central securities depository and settlement institution for the following Swiss securities: equities, government and private sector bonds, money market instruments, exchange traded funds, conventional investment funds, structured products, warrants and other derivatives. Apart from providing custody and settlement for Swiss securities, SIS acts as global custodian and offers its participants access to custody and settlement in foreign financial markets. SIS offers direct links to other international central securities depositories and central securities depositories including Euroclear and Clearstream, Luxembourg.

The address of SIS is SIX SIS AG, Baslerstrasse 100, CH-4600 Olten, Switzerland.

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 (based on a comparison of Nordic bank annual reports by Nordea Markets (Nordea Bank Finland Plc)), 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 2012, the Nordea Group's assets totalled EUR 677 billion and Tier 1 capital EUR 24.0 billion. As of the same date, the Nordea Group had approximately 11 million customers across the markets in which it operates, of which approximately 9.0 million are household customers in customer programmes and 0.6 million are active corporate customers.

As of 31 December 2012, the Nordea Group had approximately 1,000 branch office locations of which more than 210 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 2012, had approximately 6.9 million users of such services.

In addition, the Nordea Group acts as an asset manager within the Nordic region with EUR 218 billion in assets under management as per 31 December 2012. 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**").

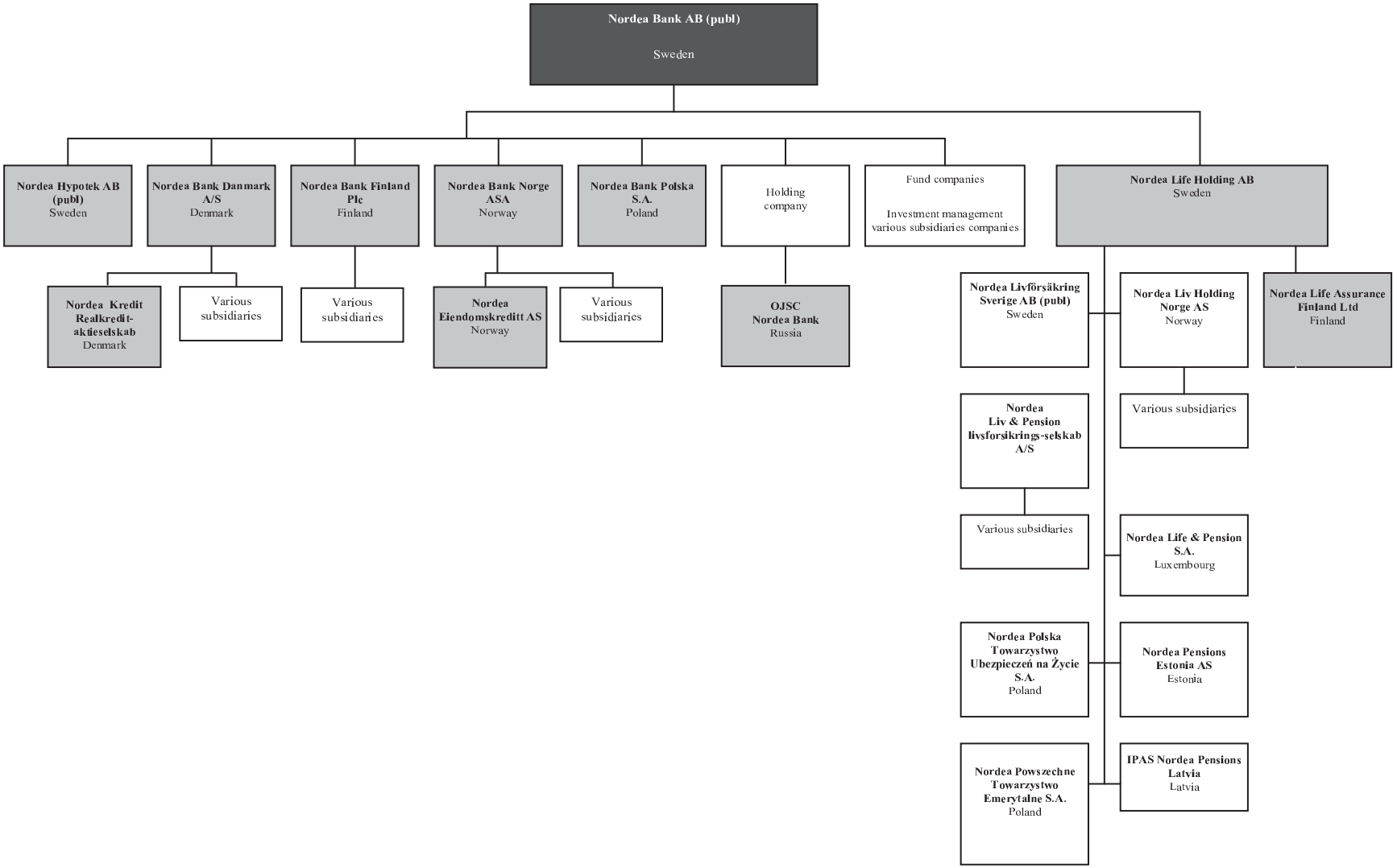
After the Group's parent company had adopted the name Nordea AB (publ) at the end of 2000, the name "Nordea" was gradually introduced within the Group and, by December 2001, the banks and branch offices within the Group had adopted the name Nordea.

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, 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". The conversion is conditional on, among other things, Nordea Bank obtaining necessary approvals from the relevant authorities. As all regulatory responses to the financial crisis and the "New Normal" are yet to be evaluated, the Nordea Group is following up and analysing the changes in process which are not expected to be finalised during 2013.

The following chart sets forth the general legal structure of the Nordea Group, including its material subsidiaries, as of 31 December 2012.



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 31 December 2012 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, the Nordea Group believes that the responsibilities for creating efficiencies will be clearer and that it 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. 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 and Banking 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 operates the Nordea Group's common development and services, including IT, Processes, Services, and Premises and Property.

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.

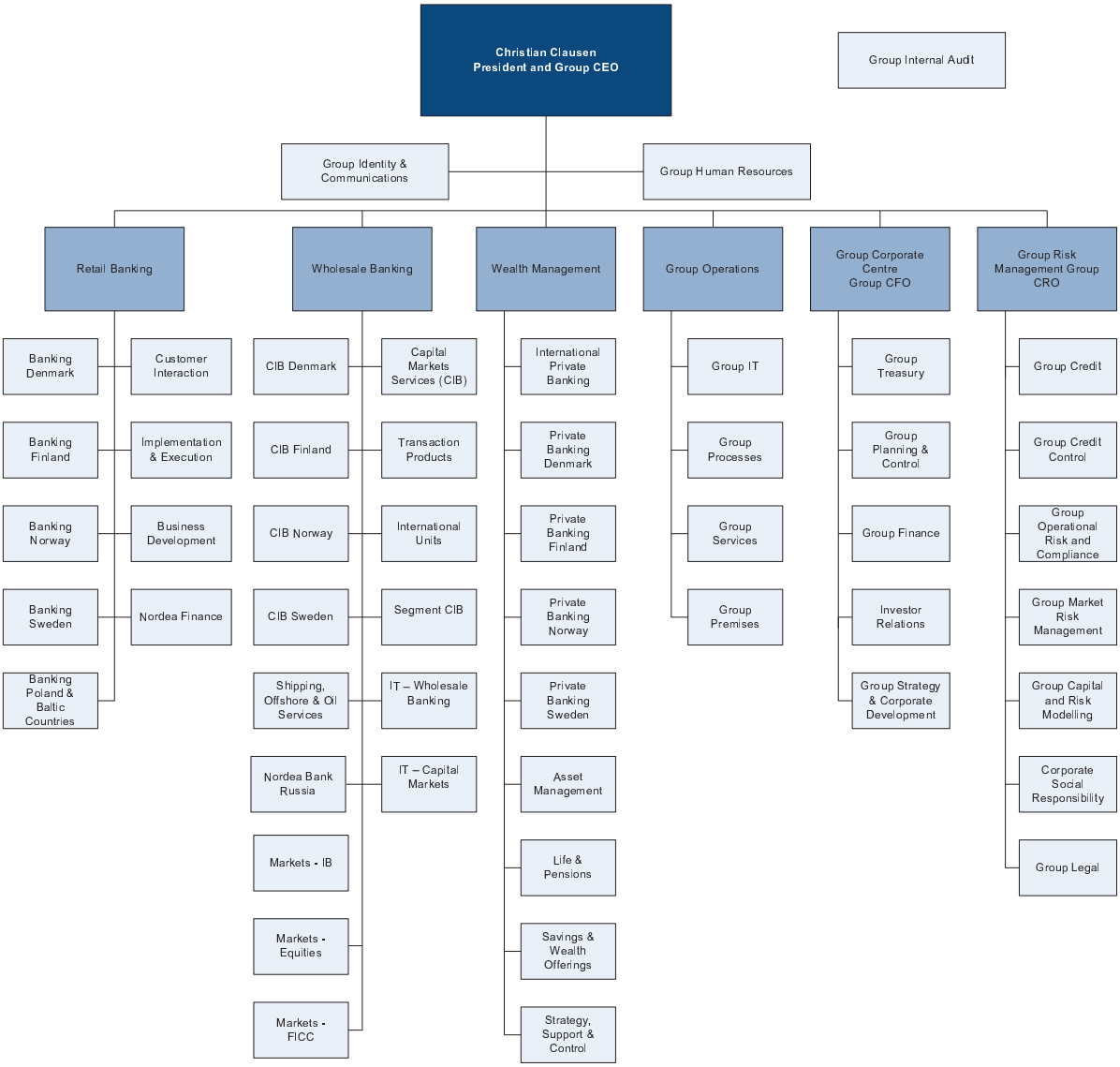
Business Areas

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. As of 31 December 2012, Retail Banking served close to 10 million household and corporate customers in eight markets. 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. Household and corporate customers are served on all financial needs and the Nordea Group's ambition is to be a full service provider to its customers. The business area incorporates the whole value chain including sales force, channels, product units, back office and IT. Retail Banking is responsible for segmentation (customer groups) as well as value propositions (customer programmes), cross-border customer strategies and sales processes. Retail Banking operates under one strategy, one operating model and one governance system in Banking Denmark, Banking Finland, Banking Norway, Banking Sweden, Banking Poland and Banking Baltic countries. Retail Banking's ambition is to create a leading retail banking franchise in Europe in terms of profitability, efficiency and customer experience. The plan builds on a strong commitment to relationship

banking and a controlled approach to develop this strategy from the current branch-centric model to a true multichannel relationship retail bank.

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 Premium, 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. For customers in the Large and Medium segments, the Nordea Group is also continuing to integrate corporate risk management products and capital market transactions into its basic product offering. Within the Small segment, the Nordea Group has launched a concept to service small corporate customers with one adviser for both their corporate and their household business.

Wholesale Banking

Wholesale Banking provides services and financial solutions to the largest corporate and institutional customers of the Nordea Group. The business area incorporates the whole value chain, including customer and product units as well as the supporting IT and infrastructure. This allows for an integrated service offering, including tailor-made solutions aimed to fit the needs of individual customers. Wholesale Banking as a 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 Nordea Group believes that as the leading wholesale banking provider in the Nordic region it has the ability to provide its customers with the best financial tools to optimise their business and manage their risks. The operating model built on Nordic scale and strong local presence enables full alignment between the customer units and product experts.

The Nordea Group believes that its strategy for the largest corporate customers has proven robust during the ongoing transformation of the banking industry. It further believes that the Nordea Group's local sales organisations combined with a global production platform enable it to capitalise on the benefits of relationship banking and economies of scale. The relationship strategy provides the Nordea Group with a deep knowledge of its customers and their industries, which allows Wholesale Banking to strengthen its customer offering.

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, and, in the upper corporate customer segments, the Nordea Group's goal is to remain a strong partner, which it aims to achieve by strict resource management and efficient resource application, combined with continued high service levels, active business selection and increased operational efficiency. 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

Shipping, Offshore & Oil Services is the Wholesale Banking division responsible for customers within the shipping, offshore, oil services, cruise and ferries industries worldwide. Customers are served from the Nordic offices as well as the international branches in New York, London and Singapore. The Nordea Group believes that it is a leading bank to the global shipping and offshore sector with strong brand recognition and a world leading loan syndication franchise. The business strategy of Shipping, Offshore & Oil Services is founded on long-term customer relationships and strong industry expertise.

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, and 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 the Nordea Group's corporate customers and to provide efficient financing solutions.

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 it can offer companies active both there and in Russia solutions that meet their needs for banking services.

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.

Wealth Management

Wealth Management provides 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. The goal of Wealth Management is to become the leading wealth manager in all Nordic markets, with a global reach and global capabilities. To achieve and maintain that position, Wealth Management believes it needs to ensure that its business model provides high-quality advice and a high standard of service and a full offering of high-quality products through a cost and capital-efficient delivery model. The business area consists of Private Banking, Asset Management and Life & Pensions business units as well as the service unit Savings & Wealth Offerings.

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.

Strategy

Since 2007, the Nordea Group has consistently pursued its relationship strategy. The Nordea Group has maintained this strategic direction despite the challenging macroeconomic environment during the past years and remains committed to servicing customers supporting the real economy (i.e., the part of the economy that is concerned with producing goods and services). The Nordea Group's strategy is based on its "2015 plan", which is focused on the continued development of the relationship banking business model. At the centre of this strategy is the Nordea Group's ambition to understand, advise, service and commit to its customers for the benefit of building long-term core relationships 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 reaching 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 interest environment and with a core Tier 1 capital ratio of above 13 per cent.

Capital Policy

The Nordea Group has established a capital policy to reflect the new regulatory environment. Under this capital policy, the target is for the Group's core Tier 1 capital ratio to be above 13 per cent. and for the total capital ratio to be above 17 per cent. not later than 1 January 2015. The capital policy is based on management's current best view on capitalisation although there is still uncertainty regarding the final framework for new capital adequacy standards, including the CRD IV. The Nordea Group considers these targets as minimum targets under normal business conditions, given that the regulatory framework is dynamic.

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 2,700 since the second quarter of 2011, 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 expects to initiate further cost efficiency measures and aims to maintain the Group's costs in 2013 and 2014, at least, at a largely unchanged level as compared to costs in 2011 and 2012. 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 maintain RWA at an unchanged level despite income growth. These initiatives include reviews of credit risk processes for further improving RWA efficiency as well as further roll-out of internal ratings-based ("**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. For each segment, the Nordea Group has developed a value proposition, including contact policy, service level, pricing and product solutions. 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 Nordea Group's household pricing is transparent and generally non-negotiable. Product development is geared at reducing complexity and developing products with a low capital requirement in order to meet both the demands of customers and regulatory requirements. The Nordea Group's savings product offering is designed to take account of customers' wealth, their level of involvement, stage of life and risk appetite.

The Nordea Group pursues a multichannel distribution strategy, aiming to improve customer satisfaction while reducing the cost of serving. Proactive contact with customers is conducted by local branches and supplemented by contact centres, online services and the mobile bank. The Nordea Group aims at having recurring advisory meetings with all existing and potential relationship customers, taking their entire finances and long-term preferences into account in order to provide a comprehensive financial solution.

Corporate Relationship Strategy

Corporate customers comprise four segments based on their business potential and banking needs complexity. For each segment, the Nordea Group has developed a value proposition including contact policy, service level and product solutions to provide comprehensive financial solutions and ensure "house bank" relationships. Relationship managers take a holistic view of the customer's situation and targets and organise the relationship accordingly. The Nordea Group believes that its strength and size as

a banking group enable it to offer highly competitive solutions, capitalising on its balance sheet to the benefit of corporate customers. The Nordea Group believes that its strategy for the largest corporate customers has proven robust during the ongoing transformation of the banking industry. The Nordea Group further believes that its local sales organisations combined with a global production platform enable it to capitalise on the benefits of relationship banking and economies of scale.

The Nordea Group is committed to its goal of becoming the leading bank in the wholesale segment in all its Nordic markets. For corporate customers in the Large and Medium segments, the Nordea Group is continuing to integrate corporate risk management products and capital market transactions into its basic product offering. Within the Small segment, the adviser profile and the Small Entrepreneur service concept is being expanded to meet business and personal banking needs in the segment.

Recent Developments

Dividend

On 14 March 2013, the 2013 annual general meeting of Nordea Bank's shareholders (the "**2013 AGM**") decided on a dividend payment for 2012 of EUR 0.34 per share. The payment was made on 26 March 2013 and the total dividend payment by Nordea Bank was EUR 1,370 million.

Acquisition of Own Shares

The 2013 AGM resolved that the Issuer, 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 (*lagen (2007:528) om värdepappersmarknaden*) for the period until the next annual general meeting. The purchase by the Issuer of its own shares is subject to the limitation that the Issuer's holding of such shares in its trading book must never exceed 1 per cent. of the total number of shares in the Issuer. The price for the ordinary shares shall equal the market price prevailing at the time of the purchase.

The 2013 AGM also authorised the Board of Directors, for the period until the next annual general meeting, to decide on the acquisitions of ordinary shares in the Issuer on a regulated market where its ordinary shares are listed, or by means of an acquisition offer directed to all holders of ordinary shares in the Issuer. However, the Issuer's holding of its own shares must not exceed 10 per cent. of its total number of shares. The authorisation also includes other limitations for acquisitions.

In addition, the 2013 AGM authorised the Board of Directors, for the period until the next annual general meeting, to decide on conveyance of ordinary shares in the Issuer to be used as payment in connection with acquisitions of companies or businesses or in order to finance acquisitions of companies or businesses. Conveyance of ordinary shares may also be made in another way than on a regulated market up to the number of ordinary shares in the Issuer that at any time are held by the Issuer. Conveyance of ordinary shares in the Issuer shall be made at an estimated market value and may be made with derogation from shareholders' pre-emption right. Payment for ordinary shares conveyed pursuant to the authorisation may be made in cash, by contribution in kind, or through set-off of debt against the Issuer.

Convertible Notes

The 2013 AGM authorised the Board of Directors, for the period until the next annual general meeting, on one or several occasions, with or without preferential rights for existing shareholders, to decide on the issue of convertible instruments. The amount that the share capital may be increased by full exercise of the convertible instruments shall not exceed 10 per cent. of the Issuer's share capital, which corresponds to the issuance of 404,995,191 new ordinary shares calculated on the amount of ordinary shares in the Issuer as of the date of the 2013 annual general meeting. Any issue of convertible instruments by virtue of the authorisation shall be done according to market conditions.

Executive Incentive Programme

The 2013 AGM decided that the executive officers, who include the Nordea Group CEO and members of the Group Executive Management, will be offered an Executive Incentive Programme 2013 ("**GEM EIP 2013**") to reward performance meeting predetermined targets on a group, business unit and individual level. The effect on the long-term result is to be considered when determining the targets. The payout from GEM EIP 2013 shall be paid over a five-year period in cash and be subject to forfeiture clauses, total shareholder return indexation and retention based on the SFSA's regulations on remuneration

systems, taking into account domestic rules and practices, where relevant. GEM EIP 2013 has a one-year performance period and the payout shall not exceed the executive officer's fixed salary.

Capital Adequacy

The Nordea Group uses a variety of capital measurements and capital ratios to manage its capital. The Nordea Group calculates its regulatory capital requirements under the Basel II framework. The Nordea Group is, however, still restricted by regulatory transitional rules based on the Basel I capital adequacy calculation. The Nordea Group received approval from the relevant financial supervisory authorities in July 2007, permitting it to use the IRB 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 IRB models for its retail credit portfolio. In May 2011, Nordea was approved to use the IRB approach for the corporate and retail portfolios stemming from the acquisition of the Danish Fionia Bank A/S. In January 2012, the Nordea Group received approval to use the IRB approach for corporate and institutional portfolio in the international units (i.e., branches in Shanghai, London, Singapore, Frankfurt, New York and the Cayman Islands). In November 2012, the Nordea Group received approval to use the IRB approach for corporate and institutional portfolio for the Baltic branches in Estonia, Latvia and Lithuania. In December 2012, Nordea was approved by the SFSA and FFSA to use the internal model method (IMM) for calculating regulatory capital for counterparty credit risk, which will be implemented in the capital adequacy calculation during the first quarter of 2013. The Nordea Group uses the standardised approach for its remaining portfolios. The Nordea Group aims to continue the roll-out of the IRB approaches. The main focus is the development of advanced IRB models for corporate customers in the Nordic markets, including internal estimates of loss given default (LGD) and credit conversion factors (CCF). The Nordea Group is also approved to use its own internal Value at Risk (VaR) models to calculate capital requirements for the major parts of the market risk in the trading books.

The Capital Policy is related to the Internal Capital Adequacy Assessment Process (ICAAP), which according to the CRD, should, for each bank, review the management, mitigation and measurement of material risks to assess the adequacy of internal capital and determine an internal capital requirement reflecting the risk appetite of the institution.

As of 31 December 2012, the Nordea Group's Tier 1 capital and capital base exceeded the regulatory minimum requirements outlined in the CRD. Considering results of capital adequacy stress testing, capital forecasting and growth expectations, the Nordea Group assesses that the buffers held for current regulatory capital purposes are sufficient.

In addition to the Nordea Group's internal capital requirements, ongoing dialogues with third parties affect the Nordea Group's capital requirements, in particular, views of the external rating agencies.

The Nordea Group uses a "pillar 1 plus pillar 2" approach in order to assess the internal capital requirement. This methodology 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. Following this, pillar 2 risks, that is, risks not included in pillar 1, are considered. Pillar 2 risks include 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 Economic Capital framework to identify and assess pillar 2 risks, and as its primary tool for internal capital allocation considering all risk types. Another important component of assessing capital adequacy is stress testing. The Nordea Group stress tests both pillar 1 and pillar 2 risks and considers the results of such tests when determining the Nordea Group's internal capital requirements. The Nordea Group uses its existing internal capital measurements as the basis for any additional capital buffers, subject to the judgment of the aforementioned third parties.

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, among other things, 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) (*Kreditinstitutslag*) and by the Finnish Act on Commercial Banks and Other Credit Institutions in the form of a Limited Company (28.12.2001/1501) (*lag om affärsbanker och andra kreditinstitut i aktiebolagsform*).

Nordea Bank Danmark is a Danish public limited liability company (*Aktieselskab*) and has been granted a license from the Danish Financial Supervisory Authority (*Finanstilsynet*) to conduct banking business in Denmark. Banking business in Denmark is regulated by the Danish Financial Business Act (*Lov om finansiel virksomhed*).

Nordea Bank Norge is regulated under the Norwegian Act on Commercial Banks (*lov 25. mai 1961 om forretningsbanker*) and the Act on Financial Institutions (*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 (*lov 29. juni 2007 nr. 75 om verdipapirhandel*).

Share Capital and Shareholders

According to article 6 of its Articles of Association, the number of shares in Nordea Bank is not less than 2,700,000,000 and not more than 10,800,000,000. Shares may be issued in two classes, Ordinary shares and C-shares. Ordinary shares may be issued up to a maximum amount of 10,800,000,000 and C-shares may be issued up to a maximum amount of 10,000,000. In voting at a general meeting, each of the Ordinary shares confers one vote and each of the C-shares one tenth of one vote. C-shares do not entitle holders to any dividend.

As of the date of this Base Prospectus, Nordea Bank's share capital is EUR 4,049,951,919, consisting of 4,049,951,919 ordinary shares with a nominal value of EUR 1.00. Each share entitles the holder to one vote. Nordea Bank is not entitled to vote with any shares it holds in itself. The following table sets forth information relating to Nordea Bank's five largest shareholders as of 28 February 2013:

Shareholder	Number of shares (million)	Percent of share capital and votes
Sampo plc	860.4	21.4%
Swedish State	544.2	13.5%
Nordeafonden	158.2	3.9%
Swedbank Robur Funds	133.5	3.3%
AMF Insurance and Funds	78.8	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 2014. 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
Elisabeth Grieg	1959	2013	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
Toni H. Madsen	1959	2013	Employee Representative
Steinar Nickelsen	1962	2007	Employee Representative
Hans Christian Riise	1961	2009	Employee Representative
Kari Ahola	1960	2006	Deputy Employee Representative

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 plc, UPM-Kymmene Corporation and Hanken School of Economics. 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, Axel Johnson AB, Centre for Advanced Studies of Leadership at the Stockholm School of Economics, World

Childhood Foundation. She is also the Chairman of the Board of Directors of the Norwegian Swedish Chamber of Commerce and a member of the Royal Swedish Academy of Engineering Sciences (IVA).

Elisabeth Grieg has been a member of the Board of Directors since 2013. As of the date of this Base Prospectus, Ms. Grieg is the Chairman of the Board of Directors of Grieg Star Group AS and Norwegian Guarantee Institute for Export Credits, a board member of Grieg Foundation and various companies within the Grieg group as well as SOS Children's Villages Norway. Ms. Grieg is also a member of the Council of Det Norske Veritas.

Peter F. Braunwalder has been a member of the Board of Directors since 2012. As of the date of this Base Prospectus, Mr. Braunwalder is the Chairman of the Board of Directors of Thommen Medical AG and a member of the Board of Directors of 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 Isco Group 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. As of the date of this Base Prospectus, Mr. Knutzen is the CEO of Jungbunzlauer Suisse AG. He is also a member of the Board of Directors of FLSmidt & Co A/S.

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 plc. 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 and is a member of the Board of Directors of Nokia Corporation. He is also the Vice Chairman of the Confederation of Finnish Industries EK.

Group Executive Management

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

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

Name	Year of birth	Group Executive Management member since	Position
Christian Clausen	1955	2001	President and Group CEO
Lennart Jacobsen	1966	2013	Executive Vice President, Head of Retail Banking and Country Senior Executive in Sweden
Torsten Hagen Jørgensen	1965	2011	Executive Vice President, CFO, Head of Group Corporate Centre and Head of Group Operations
Ari Kaperi	1960	2008	Executive Vice President, CRO, Head of Group Risk Management and Country Senior Executive in Finland

Name	Year of birth	Group Executive Management member since	Position
Casper von Koskull	1960	2010	Executive Vice President and Head of Wholesale Banking
Peter Nyegaard.....	1963	2011	Executive Vice President, Chief Operating Officer of Wholesale Banking and Country Senior Executive in Denmark
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.

Lennart Jacobsen has been Executive Vice President, Head of Retail Banking and Country Senior Executive in Sweden and a member of Group Executive Management since 2013. Mr. Jacobsen joined the Nordea Group in 2013 as Head of Implementation & Execution Service, Retail Banking. Prior to joining the Nordea Group, Mr. Jacobsen held various positions within GE Capital, including Country Manager of GE Money Bank in Sweden from 2003 to 2008 and CEO of GE Money Bank Nordics from 2009 to 2012.

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

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 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 Oyj, a board member of Foundation for Economic Education and Art Foundation Merita, 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 and Country Senior Executive in Denmark since 2013. Mr. Nyegaard joined the Nordea Group in 2000 and has held several executive positions within the Nordea Group.

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 Council of Det Norske Veritas (DnV).

Independence

Nordea Bank complies with applicable rules set forth in the Swedish Corporate Governance Code 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 in relation to the Company's major shareholders. As of the date of this Base Prospectus, Björn Wahlroos is Chairman of the Board of Directors of Sampo plc and Kari Stadigh is managing director and the Group CEO of Sampo plc 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.

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 Companies Act (*aktiebolagslagen (2005:551)*) and 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. The Nordea Group complies with these requirements.

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 2013 AGM for the period until the end of the next annual general meeting is: KPMG AB with Hans Åkervall 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.

The Articles of Association were last amended on 12 May 2011.

Dividends

The Issuer's annual shareholder general meeting has approved, and the Issuer has paid, the following dividends in the last five years:

- 2012: EUR 0.34 per share, total dividend payment of EUR 1,370 million;
- 2011: EUR 0.26 per share, total dividend payment of EUR 1,047 million;

- 2010: EUR 0.29 per share, total dividend payment of EUR 1,168 million;
- 2009: EUR 0.25 per share, total dividend payment of EUR 1,006 million; and
- 2008: EUR 0.20 per share, total dividend payment of EUR 519 million.

Notices

Notices of general meetings are given by advertisement in the Swedish Official Gazette and on Nordea Bank's website.

Notices to the Noteholders are given in accordance with Condition 13 (*Notices*) of the Terms and Conditions of the Notes.

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 2012, 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, with amendments in FFFS 2009:11 and 2011:54), have also been applied.

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

Income Statement

	Group	
	2012	**2011**
	(EUR millions)	
Interest income	12,264	11,955
Interest expense	-6,512	-6,499
Net interest income	5,752	5,456
Fee and commission income	3,306	3,122
Fee and commission expense	-802	-727
Net fee and commission income	2,504	2,395
Net result from items at fair value	1,784	1,517
Profit from companies accounted for under the equity method	93	42
Other operating income	103	91
Total operating income	10,236	9,501
Operating expenses		
General administrative expenses:		
Staff costs	-3,048	-3,113
Other expenses	-1,860	-1,914
Depreciation, amortisation and impairment charges of tangible and intangible assets	-278	-192
Total operating expenses	-5,186	-5,219
Profit before loan losses	5,050	4,282
Net loan losses	-933	-735
Operating profit	4,117	3,547
Income tax expense	-991	-913
Net profit for the year	3,126	2,634
Attributable to:		
Shareholders of Nordea Bank AB (publ)	3,119	2,627
Non-controlling interests	7	7
Total	3,126	2,634

Balance Sheet

	Group	
	31 December	
	2012	2011
	(EUR millions)	
Assets		
Cash and balances with central banks	36,060	3,765
Loans to central banks	8,005	40,615
Loans to credit institutions	10,569	11,250
Loans to the public	346,251	337,203
Interest-bearing securities	94,939	93,373
Financial instruments pledged as collateral	7,970	8,373
Shares	28,128	20,167
Derivatives	118,789	171,943
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-711	-215
Investments in associated undertakings	585	519
Intangible assets	3,425	3,321
Property and equipment	474	469
Investment property	3,408	3,644
Deferred tax assets	218	169
Current tax assets	78	185
Retirement benefit assets	301	223
Other assets	16,372	19,425
Prepaid expenses and accrued income	2,559	2,703
Total assets	677,420	716,204
Liabilities		
Deposits by credit institutions	55,426	55,316
Deposits and borrowings from the public	200,678	190,092
Liabilities to policyholders	45,320	40,715
Debt securities in issue	184,340	179,950
Derivatives	114,203	167,390
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,940	1,274
Current tax liabilities	391	154
Other liabilities	33,472	43,368
Accrued expenses and prepaid income	3,903	3,496
Deferred tax liabilities	997	1,018
Provisions	389	483
Retirement benefit obligations	348	325
Subordinated liabilities	7,797	6,503
Total liabilities	649,204	690,084
Equity		
Non-controlling interests	5	86
Share capital	4,050	4,047
Share premium reserve	1,080	1,080
Other reserves	76	-47
Retained earnings	23,005	20,954
Total equity	28,216	26,120
Total liabilities and equity	677,420	716,204
Assets pledged as security for own liabilities	164,902	146,894
Other assets pledged	4,367	6,090
Contingent liabilities	21,157	24,468
Credit commitments	84,914	85,319
Other commitments	1,294	1,651

Cash Flow Statement

	Group	
	2012	2011
	(EUR millions)	
Operating activities		
Operating profit	4,117	3,547
Adjustment for items not included in cash flow	3,178	537
Income taxes paid	-662	–981
Cash flow from operating activities before changes in operating assets and liabilities	6,633	3,103
Changes in operating assets		
Change in loans to credit institutions	21,166	–20,784
Change in loans to the public	-2,988	–23,749
Change in interest-bearing securities	-2,968	–16,500
Change in financial assets pledged as collateral	437	1,100
Change in shares	-8,094	–2,776
Change in derivatives, net	3,017	–2,151
Change in investment properties	236	–77
Change in other assets	2,982	3,438
Changes in operating liabilities		
Change in deposits by credit institutions	-19	14,307
Change in deposits and borrowings from the public	7,000	13,341
Change in liabilities to policyholders	1,089	1,587
Change in debt securities in issue	1,665	27,205
Change in other liabilities	-10,402	5,686
Cash flow from operating activities	19,754	3,730
Investing activities		
Acquisition of business operations	0	0
Sale of business operations	0	0
Acquisition of investments in associated undertakings	-6	-16
Sale of investments in associated undertakings	3	4
Acquisition of property and equipment	-141	-157
Sale of property and equipment	27	35
Acquisition of intangible assets	-177	-192
Sale of intangible assets	2	0
Investments in debt securities, held to maturity	1,047	7,876
Purchase/sale of other financial fixed assets	19	15
Cash flow from investing activities	774	7,565
Financing activities		
Issued subordinated liabilities	1,530	891
Amortised subordinated liabilities	-624	-2,232
New share issue	3	4
Divestment of own shares incl change in trading portfolio	-	-
Repurchase of own shares incl change in trading portfolio	-31	-4
Dividend paid	-1,048	-1,168
Cash flow from financing activities	-170	-2,509
Cash flow for the year	20,358	8,786
Cash and cash equivalents at the beginning of year	22,606	13,706
Translation differences	-156	114
Cash and cash equivalents at the end of year	42,808	22,606
Change	20,358	8,786

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.

Austrian Taxation

Recent Developments – New Capital Gains Tax

The relevant Austrian tax laws for the taxation of income derived from debt instruments, including debt instruments such as the Notes, have been recently changed due to the entry into force of provisions included in the Federal Budget Implementation Act 2011 (*Budgetbegleitgesetz 2011*, Federal Law Gazette I 2010/111 – "**BIA 2011**"), the Federal Tax Amendment Act 2011 (*Abgabenänderungsgesetz 2011*, Federal Law Gazette I 2011/76 – "**TAA**") and the Federal Budget Implementation Act 2012 (*Budgetbegleitgesetz 2012*, Federal Law Gazette I 2011/112 – "**BIA 2012**") which by way of amendments to the Austrian Income Tax Act 1988 (*Einkommensteuergesetz 1988*, Federal Law Gazette 1988/400 – "**ITA**") introduced a new tax on "realised" capital gains (*Einkünfte aus realisierten Wertsteigerungen von Kapitalvermögen*). This new capital gains tax applies not only to current income from debt instruments such as the Notes (interest payments and similar earnings) but also to "realised" capital gains stemming from their sale or redemption, if purchased on or after 1 April 2012. As regards income from debt instruments purchased before this date, the old tax regime continues to apply with some particularities (the transitional provisions are not discussed). The information on Austria's newly enacted capital gains tax is mainly based on the wording of the law and on the explanatory notes thereto.

General Remarks

Individuals resident in Austria are subject to Austrian income tax (*Einkommensteuer*) on their worldwide income (unlimited income tax liability). Individuals qualify as residents if they have either their permanent domicile and/or their habitual abode in Austria. Otherwise they are non-resident individuals subject to income tax only on income from certain Austrian sources (limited income tax liability).

Companies resident in Austria are subject to Austrian corporate income tax (*Körperschaftssteuer*) on their worldwide income (unlimited corporate income tax liability). Companies qualify as residents if they have their place of effective management and/or their legal seat in Austria. Otherwise they are non-residents subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability).

Under Austrian tax law, individuals are subject to income tax pursuant to the ITA generally at progressive tax rates between 0 per cent. and 50 per cent. Corporate entities are subject to a corporate income tax at a rate of 25 per cent. pursuant to the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz 1988*, Federal Law Gazette 1988/401 – "**CITA**").

In case of unlimited and limited (corporate) income tax liability, Austria's right to levy taxes may be restricted by double taxation treaties.

Austrian Residents

Income derived from the Notes by individuals with a permanent domicile or their habitual abode in Austria or corporate entities having their corporate seat or place of management in Austria is taxable in Austria pursuant to the ITA or the CITA.

Austrian Resident Individuals

Income derived from debt instruments such as the Notes qualifies as investment income (*Einkünfte aus Kapitalvermögen*). Such income comprises not only current income, i.e., interest payments and similar earnings, but also "realised" capital gains (*Einkünfte aus realisierten Wertsteigerungen von Kapitalvermögen*) stemming from the sale or redemption of debt instruments, irrespective of whether they

have been held as business or non-business assets and irrespective of whether the profits have been realised within a particular holding period (formerly, in case of individuals, only such profits stemming from securities which were held only for a period not exceeding one year were taxed). According to the relevant provisions of the ITA, "realised" capital gains principally consist in the difference (surplus) between the proceeds from the sale or redemption of the debt instruments, i.e. their selling or redemption price, and their purchase price.

Such profits, i.e., current income and "realised" capital gains, are in principle subject to a special tax rate of 25 per cent. and will be deducted by the custodian bank or the paying office (*Kapitalertragsteuer*, Capital Proceeds Tax – "**CPT**"). However, as regards profits from debt instruments such as the Notes, the special tax rate will only apply in cases where the instruments have in the primary offering been offered to an undetermined number of people ("public offer"). This tax is in principle "final", which means that no further taxation will be allowed on such capital gains and that they do not have to be declared in other tax declarations of the taxpayer (in particular, a personal tax rate exceeding 25 per cent. will not apply). In case the taxpayer applies for regular taxation (*Regelbesteuerungsoption* – which he might do in case his personal tax rate is below 25 per cent.) or for the offsetting of losses (*Verlustausgleichsoption*), taxation is not final. The option for regular taxation may be exercised independently from the option for the offsetting of losses by filing a respective request to the tax office. It leads to an assessment for income tax and to the application of the regular, progressive income tax rate (currently amounting to a maximum of 50 per cent. for yearly taxable income exceeding EUR 60,000) on all taxable capital gains.

Further, pursuant to the relevant provisions of the ITA also the withdrawal or transfer of debt instruments such as the Notes from their current investor's securities account shall, as a general rule, equally trigger CPT, unless one of the exemptions contained in the ITA applies. These exemptions are all based on the idea that no CPT shall be deducted, in cases where the taxation of potential future profits stemming from the sale or redemption of the transferred debt instruments remains in fact possible. In addition, since 1 April 2012 amended exit tax rules (*Wegzugsbesteuerung*) apply, which are not discussed herein.

In its international dimension, the newly enacted capital gains tax applies only and CPT will only be deducted, if either the custodian bank (*depotführende Stelle*) or – under certain conditions – the paying office (*auszahlende Stelle*) is located in Austria. A paying office may be any organisational entity of a bank which is capable to credit amounts of money to cash accounts of clients or to pay in cash. In most cases the paying office will be the bank with which the investor maintains his securities account. It is not the Paying Agent (as defined in the Programme documents). The term "custodian bank" refers to banks (its branches and offices) providing the securities account to the investor and not to any other bank up in the holding chain. The custodian bank or, if applicable, the paying office will be responsible for the deduction of the capital gains tax ("**CPT**") and its transfer to the respective Austrian tax office.

To the extent that no CPT is deducted due to the lack of a custodian bank or a paying office located in Austria, the income derived from debt instruments such as the Notes must be included into the respective taxpayer's tax declaration, if such profits are received by an Austrian resident individual subject to unlimited income tax liability. In this case, the special tax rate of 25 per cent. applies equally.

Austrian Resident Corporate Investors

Income from debt instruments such as the Notes (interest payments, capital gains), realised by a corporate investor resident in Austria is subject to Austrian corporate income tax (*Körperschaftssteuer*) at a rate of 25 per cent. CPT-rules apply in case such income is paid out via a custodian bank or paying office located in Austria. In such case deducted CPT will be credited against the corporate income tax liability. However, corporations deriving business income from debt instruments such as the Notes may avoid the deduction of CPT by filing a statement of exemption with the custodian bank (or the paying office) and with the competent Austrian tax office to the fact that the payment received is due to a commercial enterprise subject to taxation in Austria (*Befreiungserklärung*).

In this context it is of note that there is, *inter alia*, a special tax regime for Austrian private law foundations (*Privatstiftungen*). Such foundations are subjected to a special interim income tax of currently 25 per cent. to be paid on income derived from debt instruments such as the Notes.

Non-Residents

Income of non-resident individuals and corporations (within the meaning of the relevant Austrian tax law)

derived from debt instruments such as the Notes (interest payment, capital gains) is not taxable in Austria, provided that such income is not attributable to an Austrian permanent establishment. In this case, Austrian CPT being deducted by a custodian bank or a paying office located in Austria may be avoided, if the beneficiary demonstrates to the custodian bank (or the paying office), by supplying corroborating evidence, that he qualifies as non-resident for tax purposes and that he is therefore subjected to limited (corporate) income tax liability.

EU Savings Tax

In Austria, provisions for implementing the EU Savings Directive have been enacted by the EU-Quellensteuergesetz (Federal Law Gazette I 2004/33 – "**EU-QuStG**"). Section 1 of the EU-QuStG provides that interest payments paid or credited by a paying office located in Austria to a beneficial owner who is an individual resident in another EU Member State (or certain dependent or associated territories) is subject to a withholding tax if no exemption from such withholding applies. Pursuant to the EU-QuStG, tax from interest payments must be deducted on a time scaled basis. Since 1 July 2011, the tax to be deducted amounts to 35 per cent. This tax is not deducted in case the beneficial owner of the interest provides a certificate of the competent tax authority of the EU Member State where he is resident. The certificate must include the beneficial owner's name, address, tax number or other identification number or if such number is not available, the date of birth and the paying bank's registered office. In addition, the name and address of the paying bank, as well as the account number of the beneficial owner or, if an account number is unavailable, the security identification number must be included.

Belgian Taxation

For Belgian tax purposes, the following amounts are qualified and taxable as "interest": (i) periodic interest income, (ii) amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date), and (iii) in case of a realisation of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

Individuals resident in Belgium

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 25 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided Belgian withholding tax was levied on these interest payments.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 25 per cent.

Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

Belgian resident companies

Interest payments on the Notes made through a paying agent in Belgium to Belgian corporate investors will generally be subject to Belgian withholding tax, currently at a rate of 25 per cent. However, an exemption may apply provided that certain formalities are complied with. The Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

Other Belgian legal entities

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 25 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is responsible for the declaration and payment of the 25 per cent. withholding tax.

Belgian non-residents

The interest income on the Notes paid through a professional intermediary in Belgium will, in principle,

be subject to a 25 per cent. withholding tax, unless the Note holder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

Non-resident investors that do not hold the Notes through a Belgian establishment can also obtain an exemption of Belgian withholding tax on interest from the Notes paid through a Belgian credit institution, a Belgian stock market company or a Belgian-recognised clearing or settlement institution, provided that they deliver an affidavit from such institution or company confirming (i) that the investors are non-residents, (ii) that the Notes are held in full ownership or in usufruct and (iii) that the Notes are not held for professional purposes in Belgium.

EU Savings Directive

The EU Savings Directive has been implemented in Belgium by the law of 17 May 2004. The EU Savings Directive entered into force on 1 July 2005. See "*European Union Directive on the Taxation of Savings Income*" below.

Individuals not resident in Belgium

Interest paid or collected through Belgium on the Notes and falling under the scope of application of the EU Savings Directive will be subject to the Disclosure of Information Method.

Individuals resident in Belgium

An individual resident in Belgium will be subject to the provisions of the EU Savings Directive, if he receives interest payments from a paying agent (within the meaning of the EU Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Bonaire, Curaçao, Saba, Sint Eustatius, Sint Maarten (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of EUR 2.5.

Danish Taxation

The following is an overview of the Danish withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice, which may be subject to change, sometimes with retrospective effect. The comments do not deal with other Danish tax aspects of acquiring, holding or disposing of Notes.

Provided that the Issuer of the Notes is not a tax resident of Denmark for Danish tax purposes and does not have a permanent establishment in Denmark, payments on the Notes may be paid by the Issuer without withholding or deduction for or on account of Danish withholding tax.

Estonian Taxation

Taxation of interest

Provided that the interest on the Notes does not have Estonian source, interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of Estonian income tax.

Taxation of capital gains

Capital gains from the sale of Notes may be paid to a resident Noteholder without withholding or deduction for or on account of Estonian income tax.

EU Savings Directive

Under the EU Savings Directive, details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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. See "*European Union Directive on the Taxation of Savings Income*" below.

Finnish Taxation

Withholding Taxation of Finnish Residents

The Finnish paying agent is liable to operate tax withholding at a rate of 30 per cent. from interest payments with respect of the Notes to Holders of Notes that are Finnish resident individuals. No tax is withheld from interest payments made to Finnish resident corporate entities.

Holders of Notes, who are resident in Finland for tax purposes, will be subject to Finnish tax on interest payments (including deemed interest for tax purposes through a discounted issue price) under the Notes in accordance with the rules under the Finnish domestic tax law applicable to such Finnish resident Holder of Notes.

Withholding Taxation of Non-Finnish Residents

Holders of Notes who are not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment in Finland will not be subject to Finnish taxes on payments in respect of the Notes. Non-resident Holders of Notes who engage in trade or business through a permanent establishment in Finland will be subject to similar Finnish taxes on payments in respect of the Notes as Finnish resident Holders of Notes.

Reporting Requirements

Under Finnish law, the Finnish paying agent is obliged to report any interest payments under the Notes to the Finnish tax authorities.

French Taxation

Payments of interest and principal by the Issuer (acting out of its head offices or one of its non-French branch) under the Notes will not be subject to withholding tax in France, in accordance with the applicable French law.

By exception, pursuant to Article 9 of 2013 Finance Law (*loi n° 2012-1509 du 29 décembre 2012 de finances pour 2013*), and subject to certain limited exceptions, interest and other similar revenues received from 1 January 2013 by French tax resident individuals are subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG of 8.2 per cent., the *prélèvement social* of 4.5 per cent., its *contribution additionnelle au prélèvement social* of 0.3 per cent., the *prélèvement de solidarité sur les revenus du patrimoine et produits de placement de 2 per cent.* and the CRDS of 0.5 per cent.) are also levied by way of withholding tax at an aggregate rate of 15.5 per cent. on interest and other similar revenues paid to French tax resident individuals.

Prospective purchasers of Notes who are French resident for tax purposes or who would hold such Notes through a permanent establishment or fixed base in France should be aware that transactions involving the Notes, including any purchase or disposal of, or other dealings in, the Notes, may have French tax consequences. The tax consequences regarding interest, premium on redemption and capital gains in particular may depend, amongst other things, upon the status of the prospective purchaser (i.e., legal

entities or individuals). Prospective purchasers of Notes should consult their own advisers about the tax implications of holding Notes and of any transactions involving Notes.

German Taxation

In principle, only persons (individuals and incorporated entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to German withholding tax with respect to payments under debt instruments. Non-resident persons generally do not suffer German withholding tax. If, however, the income from the Notes is subject to German tax, i.e. if (i) the Notes are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the relevant investor or (ii) the income from the Notes qualifies for other reasons as taxable German source income, German withholding tax is applied, as a rule, as in the case of a German tax resident investor.

German withholding tax will be levied at a flat withholding tax rate of 26.375% (including solidarity surcharge (*Solidaritätszuschlag*)) on interest and on proceeds from the sale of the Notes if the Notes are held in a custodial account which the relevant investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a "**German Disbursing Agent**"). If the Notes are redeemed, repaid, assigned or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage*), such transaction is treated like a sale. If the Issuer exercises the right of Substitution or Variation, this might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the new debtor. Such a substitution or variation could result in the recognition of a taxable gain or loss for the respective investors.

If the Notes are not held in a custodial account maintained with a Disbursing Agent, German withholding tax will nevertheless be levied if the Notes are issued as Definitive Notes and the savings earnings (*Kapitalerträge*) are paid by a German Disbursing Agent against presentation of the Notes or interest coupons (so-called over-the-counter transaction – *Tafelgeschäft*).

If an investor sells or redeems the Notes, the tax base is, in principle, the difference between the acquisition costs and the proceeds from the sale or redemption of the Notes reduced by expenses directly and factually related to the sale or redemption. Where the Notes are acquired and/or sold in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively. If the Notes have not been held in the custodial account maintained with the Disbursing Agent since their acquisition and the acquisition costs of the Notes are not proven to the German Disbursing Agent in the form required by law (e.g., in the case of over-the-counter transactions or if the Notes had been transferred from a non-EU custodial account prior to the sale), withholding tax is applied to 30 per cent. of the proceeds from the sale or redemption of the Notes.

When computing the tax base for withholding tax purposes, the German Disbursing Agent has to deduct any negative savings income (*negative Kapitalerträge*) or paid accrued interest (*Stückzinsen*) in the same calendar year or unused negative savings income of previous calendar years.

Individuals who are subject to church tax may apply in writing for this tax to be withheld as a surcharge to the withholding tax. Individuals subject to church tax but declining the application have to include their savings income in their tax return and will then be assessed to church tax. For German credit institutions an electronic information system as regards church withholding tax will presumably apply in respect of interest received after 31 December 2013, with the effect that church tax will be collected by the German Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), in which case the obligation to include savings income in the tax return for church tax purposes will persist.

With regard to individuals holding the Notes as private assets, any withholding tax levied shall, in principle, become definitive and replace the income taxation of the relevant investor. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the relevant investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the tax assessment procedure. However, the separate tax rate for savings income applies in most cases also within the assessment procedure. In certain cases, the investor may apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate. Such

application can only be filed consistently for all savings income within the assessment period. In case of jointly assessed husband and wife the application can only be filed for savings income of both spouses.

With regard to other investors, German withholding tax is a prepayment of (corporate) income tax and will be credited or refunded within the tax assessment procedure.

No German withholding tax will be levied if an individual holding the Notes as private assets has filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife). Similarly, no withholding tax will be levied if the relevant investor has submitted a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office to the German Disbursing Agent. Further, with regard to investors holding the Notes as business assets, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Notes if (a) the Notes are held by a company in terms of section 43 para 2 sentence 3 no 1 German Income Tax Act (*Einkommensteuergesetz*) or (b) the proceeds from the Notes qualify as income of a domestic business and the investor has notified this to the German Disbursing Agent by use of the officially required form.

The Issuer is, in general, not obliged to levy German withholding tax in respect of payments on the Notes.

Irish Taxation

The following is a summary of the principal Irish withholding tax consequences of ownership of the Notes for individuals who are resident and ordinarily resident in Ireland for tax purposes and for companies that are resident in Ireland for tax purposes. It is based on the laws and practice of the Revenue Commissioners currently in force in Ireland as at the start of the Offer Period and may be subject to change. The statements in this summary are based on the understanding that the Notes will be treated as debt for Irish tax purposes. It deals with Noteholders who beneficially own their Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, including dealers in Notes and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under any laws applicable to them.

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes should not be treated as having an Irish source unless:

(i) the Issuer is resident in Ireland for tax purposes; or

(ii) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or

(iii) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that, (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer will not have a branch or permanent establishment in Ireland; (iii) that bearer Notes will not be physically located in Ireland; and (iv) the Issuer will not maintain a register of any registered Notes in Ireland.

Italian Taxation

The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, and own the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective

purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Substitute tax on income from Notes falling within the category of obbligazioni (bonds) or titoli similari alle obbligazioni (debentures similar to bonds)

Legislative Decree No. 239 of 1 April 1996, as subsequently amended ("**Decree No. 239**") sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) deriving from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, inter alia, by non-Italian resident issuers. The provisions of Decree No. 239 only apply to notes issued by the Issuer to the extent that they qualify as *obbligazioni* (bonds) or as *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented.

Italian Resident Noteholders

Where the Italian resident Noteholder is:

(iv) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless the investor has opted for the application of the *risparmio gestito* regime provided for by Article 7 of Legislative Decree No. 461 of 21 November 1997); or

(v) a non-commercial partnership; or

(vi) a non-commercial private or public institution; or

(vii) an entity exempt from Italian corporate income taxation,

then interest, premium and other income relating to the Notes are subject to a substitute tax (*imposta sostitutiva*), levied at the rate of 20 per cent. In the event that the Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the imposta sostitutiva applies as a provisional tax and may be deducted from the taxation on income due.

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and such Notes are deposited with an Italian resident intermediary, interest, premium and other income from such Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate income tax ("**IRES**") and, in certain circumstances, depending on the "status" of the Noteholder, also to Italian regional tax on productive activities ("**IRAP**").

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**") resident in Italy, or permanent establishment in Italy of a non Italian resident Intermediary, which intervene, in any way, in the collection of interest, premium and other income or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Noteholder or, absent that, by the Issuer.

Interest, premium and other income relating to the Notes held by Italian investment funds, Fondi Lussemburghesi Storici and SICAVs will not be subject to any substitute tax, but will be included in the annual accrued increase of their net asset value. The net asset value will not be subject to tax with the investment funds, Fondi Lussemburghesi Storici, or the SICAV, but any distribution or any other income received upon redemption or disposal of the units or of the shares by the unitholders or shareholders may be subject to a withholding tax of 20 per cent.

Interest, premium and other income on the Notes held by Italian real estate investment funds to which the provisions of Law Decree No. 351 of 25 September 2001, converted into law with amendments by Law

No. 410 of 23 November 2001, as subsequently amended, apply are subject neither to *imposta sostitutiva*, nor to any other income tax in the hands of the real estate investment fund. The income of the Italian real estate fund is subject to tax, in the hands of the unitholder, depending on status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an Italian resident intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11 per cent. substitute tax.

Non-Italian Resident Noteholders

No *imposta sostitutiva* or withholding tax is applied on payments to non-Italian resident Noteholders.

Withholding tax on income from Notes which qualify as "atypical securities"

Payments in respect of Notes which qualify as "atypical securities" under Article 8 of Law Decree No. 512 of 30 September 1983 are subject to a withholding tax, levied at the rate of 20 per cent. The 20 per cent. withholding tax is levied by any Italian resident entity which intervenes in the collection of payments on the Notes or in their repurchase or transfers. In case the payments on the Notes are not received through any aforementioned Italian resident entity, Italian resident individual Noteholders are required to report the payments in their income tax return and subject them to a substitute tax at 20 per cent. rate. Instead of applying the substitute tax, Italian resident individual Noteholders may elect to pay ordinary income tax at the progressive rates applicable to them in respect of the payments; if so, the Italian resident individual Noteholders should generally benefit from a tax credit for any withholding tax possible applied outside Italy. The 20 per cent. withholding tax does not apply to payments made to a non Italian resident Noteholder and to an Italian resident Noteholder which is (i) a company (including Italian permanent establishments of foreign entities) or similar commercial entity, (ii) a commercial partnerships or (iii) a private or public institution carrying out commercial activities.

Latvian Taxation

The following is a summary of certain Latvian tax consequences of ownership and disposition of Notes to individuals or entities that hold such Notes based on the laws of the Republic of Latvia as in effect of the date of this Base Prospectus and is intended to provide general information only. For the purposes of this summary, a "resident individual" means an individual who is considered a Latvian resident for personal income tax purposes under Latvian tax law and any applicable double taxation treaty. As a general rule, an individual is considered a resident of Latvia for personal income tax purposes if the individual (i) has a permanent place of residence in Latvia, (ii) has been present in Latvia for 183 days or longer during any twelve-month period beginning or ending in a taxable year, or (iii) is a Latvian citizen employed by the government of Latvia abroad, unless the individual is treated as a resident of another country in accordance with the double taxation treaty entered into between Latvia and that country.

A "resident company" means a person, other than an individual or partnership, which is established and registered or which was required to be established and registered in Latvia in accordance with the laws of Latvia and which, according to the Corporate Income Tax Act, is subject to taxation of its income in Latvia on a net income basis.

Individuals resident in Latvia

Payments of interest on the Notes made through a paying agent in Latvia will in principle be subject to a 10 per cent. withholding tax in Latvia. If the interest income is not paid through a paying agent in Latvia, no Latvian withholding tax is due.

Non-resident individuals

The interest income on the Notes paid through a professional intermediary in Latvia will, in principle, be subject to a 10 per cent. withholding tax. If the interest income is not paid through a financial institution or other intermediary established in Latvia, no Latvian withholding tax is due.

Provided that the Notes will be listed, capital gains from the disposal of the Notes for non-resident individuals will not be subject to taxation in Latvia. If the Notes will not be listed, a 2 per cent. withholding tax will be applied if the payment will be made by a legal entity or individual registered as economic operator located in Latvia. The Latvian payer is required to withhold such tax from the gross payment.

Payments made to non-resident individuals registered or located in low-tax or no-tax jurisdictions are subject to a withholding tax of 15 per cent. (if the payer is Latvian resident company) or 24 per cent. (if the payer is Latvian individual resident).

Non-resident individuals being residents of countries with which Latvia has concluded a double taxation agreement might benefit from a more favourable regime provided that a proper tax residence certificate is obtained and filed.

Latvian resident companies

Interest payments on the Notes and proceeds from the disposal of the Notes received by Latvian resident companies will not be subject to withholding tax in Latvia.

Non-resident companies

In principle the interest income on the Notes paid to non-resident companies will not be subject to taxation in Latvia. The interest income on the Notes paid to non-resident companies through a professional intermediary located in Latvia might be subject to Latvian withholding tax, if the recipient of interest income and the payer of interest are affiliated entities or the recipient is located, registered or incorporated in low-tax or no-tax jurisdiction.

The disposal of Notes by a non-resident company will not be subject to taxation in Latvia.

Payments made to non-resident companies located, registered or incorporated in low-tax or no-tax jurisdictions are subject to a withholding tax of 15 per cent. (if the payer is Latvian resident company) or 24 per cent. (if the payer is Latvian individual resident).

EU Savings Directive

The EU Savings Directive has been implemented in Latvia by the provisions of the Personal Income Tax Act, Taxes and Duties Law, Credit Institutions Law and secondary legislative acts adopted by the government of Latvia. See "*European Union Directive on the Taxation of Savings Income*" below.

Lithuanian Taxation

The following is a summary of certain Lithuanian tax consequences of the ownership and disposition of the Notes. The summary does not purport to be a comprehensive description of all the tax consequences that may be relevant for making a decision to purchase, own or dispose of the Notes. The summary is based on the current requirements of the Lithuanian Profit Tax Law and Lithuanian Individuals Income Tax Law, which may be subject to change, possibly with retroactive effect. A change to such laws may invalidate the contents of this summary. The following summary is not intended to be a complete analysis of the tax consequences under Lithuanian law as a result of the acquisition, ownership and sale of the Notes by investors. Potential investors should, therefore, consult their own tax advisers on the tax consequences of such acquisition, ownership and sale, including specifically the tax consequences under Lithuanian law, the law of their jurisdiction of residence and any tax treaty applicable.

Non-resident holders of Notes

Since the Issuer is a non-resident entity for Lithuanian taxation purposes, the income of the non-resident individual and a non-resident entity from the Notes (i.e., interest income and income from the transfer of the Notes) will not be subject to tax in Lithuania. For residency criteria please refer to below.

In case interest on the Notes is paid through a Lithuanian intermediary to non-resident individual, such interest shall be subject to 15 per cent. withholding tax rate. Withholding tax can be reduced in accordance with the provisions of the respective tax treaty. However, no withholding tax shall be applied if interest income is non-taxable according to the provisions of the Law on Personal Income Tax of the

Republic of Lithuania. Interest income shall be treated as non-taxable when redemption of the Notes commences not earlier than 366 days after the date of the issue of the Notes.

In case interest on the Notes is paid through an intermediary in Lithuania to non-resident entity, such interest is subject to 10 per cent. withholding tax. However, if the Note holder is established in EEA country or a country with which Lithuania has concluded tax treaty, no withholding tax shall be applied.

Resident holders of Notes

Private Individuals

Tax residents of Lithuania have an obligation to declare and to pay personal income tax on their worldwide income (if such income is not exempt from the income tax). An individual will be considered as a resident of Lithuania during the calendar year for taxation purposes if he/she meets at least one of the criteria laid out in paragraph 1 of Article 4 of the Law On Personal Income Tax of the Republic of Lithuania, i.e.:

(i) if the individual's permanent place of residence is in Lithuania during the calendar year;

(ii) if the individual's place of personal, social or economic interests is in Lithuania rather than in a foreign country during the calendar year;

(iii) if the individual is present in Lithuania for a period or periods in the aggregate of 183 days or more during the calendar year;

(iv) if the individual is present in Lithuania for a period or periods in the aggregate of 280 days or more during successive calendar years and who stayed in Lithuania for a period or periods in the aggregate of 90 days or more in any of such periods (in such case a person is deemed to be a resident of Lithuania for both years of presence in Lithuania).

Interest on the Notes made through a Lithuanian intermediary is subject to 15 per cent. personal income tax, unless such income can be treated as non-taxable as described above (when redemption of the Notes commences not earlier than 366 days after the date of the issue of the Notes). Personal income tax shall be withheld by the intermediary. The Lithuanian withholding tax constitutes the final tax for Lithuanian resident individuals.

However, if the interest is paid outside Lithuania without the intervention of a Lithuanian intermediary, the individual is liable for the declaration and payment of the respective taxes.

Legal entities

An entity will be considered as a resident of Lithuania for tax purposes if it is established and registered in the Republic of Lithuania. Permanent establishments of foreign entities in Lithuania shall be treated as Lithuanian taxpayers as well.

Interest on the Notes made through a Lithuanian intermediary shall not be subject to Lithuanian withholding tax. Interest income shall be taxed by the recipient (legal entity or permanent establishment). The same applies to interest paid outside Lithuania without the intervention of a Lithuanian intermediary.

In case of legal entities as well as individuals, withholding tax levied on interest in a foreign country may be credited in Lithuania (the amounts of tax paid may be deducted against the Lithuanian income tax payable), provided that documents may be presented demonstrating the origin of the income and amounts of equivalent income taxes paid in respect of such income in the foreign jurisdiction. According to the provisions of the Law on Corporate Income Tax permanent establishments are not eligible to tax credit.

EU Savings Directive

Starting from 1 June 2005, the EU Savings Directive was implemented into the Law on Personal Income Tax of Lithuania.

Luxembourg Taxation

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Notes, which are not profit sharing, can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

(i) regarding non resident holders of Notes, the application of the Luxembourg laws of 21 June 2005 implementing the EU Savings Directive and several agreements concluded with certain dependant or associated territories and providing for the possible application of a withholding tax (35 per cent. from 1 July 2011) on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities called "**Residual Entities**") (see "*European Union Directive on the Taxation of Savings Income*" below, which may be applicable in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned EU Savings Directive or agreements); and

(ii) regarding resident individual holders of Notes, the application of the Luxembourg law of 23 December 2005 which has introduced a 10 per cent. withholding tax on savings income (i.e., with certain exemptions, savings income within the meaning of the Luxembourg laws of 21 June 2005 implementing the EU Savings Directive). This law should apply to savings income accrued as from 1 July 2005 and paid as from 1 January 2006.

Pursuant to the law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals who are the beneficial owners of savings income paid by a paying agent within the meaning of the EU Savings Directive established outside Luxembourg, in a Member State of either the European Union or the European Economic Area, or in a jurisdiction having concluded an agreement with Luxembourg in connection with the EU Savings Directive, can opt to self declare and pay a 10 per cent. tax (the "**Levy**") on these savings income.

The 10 per cent. withholding tax as described above or the Levy are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 would be assumed by a Luxembourg paying agent (if any) within the meaning of these laws and not by the Issuer.

Netherlands Taxation

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Commodity Security, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

Where the Issuer is not, or is not deemed to be, resident (*gevestigd*) in The Netherlands for the relevant tax purposes, all payments by the Issuer under the Notes can be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof.

Norwegian Taxation

Payments of interest on the Notes are not subject to any withholding tax in Norway.

Portuguese Taxation

The following is a general summary of the Issuer understanding of current law and practice in Portugal as in effect on the date of this Prospectus in relation to certain current relevant aspects to Portuguese taxation of the Notes and is subject to changes in such laws, including changes that could have a retroactive effect. The following summary is intended as a general guide only and is not exhaustive. It is not intended to be, nor should it be considered to be, legal or tax advice to any Beneficial Owner of the

Notes. It does not take into account or discuss the tax laws of any country other than Portugal and relates only to the position of persons who are the absolute beneficial owners of Notes. Prospective investors are advised to consult their own tax advisers as to the Portuguese or other tax consequences resulting from the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Portugal and each country where they are, or are deemed to be, residents.

The reference to "interest" and "other investment income" in the paragraphs below means "interest" and "other investment income" as understood in Portuguese tax law. The statements below do not take any account of any different definitions of "interest" or "other investment income" which may prevail under any other law or which may be created by the Conditions or any related documentation.

The summary below in relation to Notes assumes that such Notes would be treated by the Portuguese tax authorities as corporate bonds (obrigações) as defined under Portuguese law. If the Portuguese tax authorities do not treat the Notes as obrigações, no assurance can be given that the same tax regime would apply.

Interest and other investment income obtained by Portuguese resident individuals on Notes is subject to individual income tax. If the payment of interest or other types of investment income is made available to Portuguese resident individuals through a Portuguese resident entity or a Portuguese branch of a non resident entity, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects for aggregation to his taxable income, subject to tax at progressive varying from 14.5 per cent. up to 48 per cent. A surcharge of 3.5 per cent. applies in 2013. An additional surcharge at 2.5% applies on income in excess than € 80,000 up to € 250,000 and at 5 per cent. on income in excess of €250,000 in 2013. In this case, the tax withheld is deemed a payment on account of the final tax due. Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules will apply. If the interest and other investment income on the Notes is not received through an entity located in Portugal, it is not subject to Portuguese withholding tax, but an autonomous taxation rate of 28 per cent. will apply, unless an option for aggregation is made, subject to the aforementioned progressive tax rates and surcharges in 2013.

Interest and other investment income derived from the Notes by legal persons resident for tax purposes in Portugal and by non resident legal persons with a permanent establishment in Portugal to which the income is attributable are included in their taxable profits and are subject to Corporate Income Tax at a 25 per cent. tax rate, to which may be added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable income. A state surcharge (*derrama estadual*) also applies at 3 per cent. on taxable profits in excess of €1,500,000 and until €7,500,000 and at 5 per cent. on taxable profits in excess of €7,500,000 for the year 2013.

Payments made by the Issuer of interest, other investment income or principal on Notes issued by it to an individual or legal person non resident in Portugal for tax purposes without a permanent establishment to which such income may be attributable are not subject to Portuguese income tax.

Portugal has implemented the EU Savings Directive into the Portuguese law through Decree-Law no. 62/2005, of 11 March 2005, as amended by Law no. 39-A/2005, of 29 July 2005. The forms currently applicable to comply with the reporting obligations arising from the implementation of the EU Savings Directive were approved by Ministerial Order (*portaria*) no. 563 A/2005, of 28 June 2005, available for viewing and downloading at http://www.portaldasfinancas.gov.pt.

Spanish Taxation

On the basis that the Issuer is not resident in Spain for tax purposes and does not operate in Spain through a permanent establishment, branch or agency, all payments of principal and interest in respect of the Notes can be made free of any withholding or deduction for or on account of any taxes in Spain.

Under certain conditions, withholding taxes may apply if the Notes are deposited with a Spanish resident entity acting as depositary.

Swedish Taxation

The following summary outlines certain Swedish tax consequences of the acquisition, ownership and

disposal of Notes. The summary is based on the laws of Sweden as in effect as of the date of this Base Prospectus and is intended to provide general information only. The summary is not exhaustive and does thus not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the Notes and is neither intended to be nor should be construed as legal or tax advice. In particular, the summary does not address the rules regarding reporting obligations for, among others, payers of interest. Specific tax consequences may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies, not described below. In addition, the summary does not address Notes that are held on an "investment savings account" (investeringssparkonto) that are subject to a specific tax regime. Investors should consult their professional tax advisors regarding the Swedish and foreign tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of Notes in their particular circumstances.

Non-resident holders of Notes

As used herein, a non-resident holder means a holder of Notes who is (a) an individual who is not a resident of Sweden for tax purposes and who has no connection to Sweden other than his/her investment in the Notes, or (b) an entity not organised under the laws of Sweden.

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a non-resident holder of any Notes should not be subject to Swedish income tax provided that such holder does not carry out business activities from a permanent establishment in Sweden to which the Notes are effectively connected. Under Swedish tax law, no withholding tax is imposed on payments of principal or interest to a non-resident holder of any Notes.

Private individuals who are not resident in Sweden for tax purposes may be liable to capital gains taxation in Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in Sweden or have lived permanently in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption.

Resident holders of Notes

As used herein, a resident holder means a holder of Notes who is (a) an individual who is a resident in Sweden for tax purposes or (b) an entity organised under the laws of Sweden.

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) that are resident holders of any Notes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable.

If amounts that are considered to be interest for Swedish tax purposes are paid to a private individual (or an estate of a deceased person) that is a resident holder of Notes, Swedish preliminary tax (*preliminärskatt*) is normally withheld on such payments at a rate of 30 per cent.

Swiss Taxation

The following discussion is a summary of Swiss withholding tax considerations relating to (i) Notes issued by the Issuer where the Holder is tax resident in Switzerland or has a tax presence in Switzerland or (ii) Notes where the Paying Agent, custodian or securities dealer is located in Switzerland. The discussion bases on legislation as of the date of this Base Prospectus. It does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant for a decision to invest in Notes. The tax treatment for each investor depends on the particular situation. All investors are advised to consult with their professional tax advisors as to the respective Swiss tax consequences of the purchase, ownership, disposition, lapse, exercise or redemption of Notes (or options embedded therein) in light of their particular circumstances.

Payments by the Issuer, of interest on, and repayment of principal of, the Notes, will not be subject to Swiss federal withholding tax, provided that the Issuer is at all times resident and managed outside Switzerland for Swiss tax purposes.

On 24 August 2011, the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35 per cent. on any payment of

interest in respect of a debt security to an individual resident in Switzerland or to a person resident outside of Switzerland.

EU Savings Directive

On 26 October 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland will adopt measures equivalent to those of the EU Savings Directive. The agreement entered into force as of 1 July 2005.

In accordance with this agreement, Swiss paying agents have to withhold tax at a rate of 35 per cent. on interest payments made under the Notes to a beneficial owner who is an individual and resident of an EU member state, with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU member state the details of the interest payments in lieu of the withholding.

On 26 October 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income following which Switzerland adopted measures equivalent to those of the EU Savings Directive. In accordance therewith, Swiss paying agents are required to withhold tax at a rate of 35 per cent. in respect of a beneficial owner who is an individual and resident of an EU member state on payments of interest income on Notes, with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU member state the details of the interest payments in lieu of the withholding.

Final Foreign Withholding Taxes

On 1 January 2013, treaties on final withholding taxes between the Switzerland and the United Kingdom and between Switzerland and Austria entered into force. The treaties, *inter alia*, require a Swiss paying agent to levy final withholding tax at specified rates in respect of an individual resident in the United Kingdom or resident in Austria, as applicable, on interest or capital gain paid, or credited to an account, relating to the Notes. The final withholding tax substitutes the United Kingdom or Austrian income tax, as applicable, on such income of interest or capital gain. Such a person may, however, in lieu of the final withholding tax opt for voluntary disclosure of the interest or capital income to the tax authority of his or her country of residency. Note that Switzerland may conclude similar treaties with other European countries, negotiations currently being conducted with Greece and Italy.

United Kingdom Taxation

*The following is an overview of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Holders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes.*

UK Withholding Tax on Interest Payments by the Issuer

Provided that the interest on the Notes does not have a United Kingdom source, interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HMRC has indicated that the most important factors in determining the source of a payment are those which influence where a creditor would sue for payment, and has stated that the place where the Issuer does business, and the place where its assets are located, are the most important factors in this regard; however HMRC has also indicated that, depending on the circumstances, other relevant factors may include the place where the interest and principal are payable, the method of payment, the governing law of the Notes and the competent jurisdiction for any legal action, the location of any security for the Issuer's obligations under the Notes, and similar factors relating to any guarantee.

Interest which has a United Kingdom source ("**UK interest**") may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid are issued for a term of less than one year (and are not issued under

arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more).

UK interest on Notes issued for a term of one year or more (or under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid constitute "quoted Eurobonds". Notes which carry a right to interest will constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange. Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000 ("**FSMA**")) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Irish Stock Exchange, London Stock Exchange and SIX Swiss Exchange are recognised stock exchanges. The Issuer's understanding of current HMRC practice is that the securities which are officially listed and (to the extent relevant) admitted to trading on the Main Securities Market of the Irish Stock Exchange, the regulated market of the London Stock Exchange and the SIX Swiss Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all other cases, UK interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the savings rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Payments under the Deed of Covenant

Any payments made by the Issuer under the Deed of Covenant may not qualify for the exemptions from UK withholding tax described above.

Other Rules Relating to United Kingdom Withholding Tax

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

The references to "interest" in "*UK Withholding Tax on Interest Payments by the Issuer*" through "*Provision of Information*" above mean "interest" as understood in United Kingdom tax law. The statements in these paragraphs above do not take any account of any different definitions of "interest" or principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

European Union Directive on the Taxation of Savings Income

Under 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 (as defined in Article 4-2 of the EU Savings Directive). 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.

Information gathering and sharing

In addition, tax authorities in various jurisdictions have their own information gathering and sharing powers which may be applicable in addition to those 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 plc, Merrill Lynch International, Nordea Bank AB (publ), Nordea Bank Danmark A/S, Nordea Bank Finland Plc, Nordea Bank Norge ASA, The Royal Bank of Scotland plc, Société Générale, UBS Limited and UniCredit Bank AG as principal dealers for the Programme or UBS AG as Swiss dealer for the Programme (together with any other dealer appointed from time to time by the Issuer, either generally in relation to the Programme or in relation to a particular Series of Notes, the "**Dealers**"). 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 26 April 2013 (as amended and/or restated and/or supplemented from time to time the "**Dealership Agreement**") and made between the Issuer and the Dealers. Any such agreement will, among other things, 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.

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 etc. Act (*Værdipapirhandelsloven*), as amended from time to time, and Executive Orders issued thereto.

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 (14.12.2012/746, Fi. *Arvopaperimarkkinalaki* or Sw. *Värdepappersmarknadslag*) and any regulation or rule made thereunder, as supplemented and amended from time to time.

France

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 or sell, directly or indirectly, Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals all as defined in, and in accordance with, articles L.411 1, L.411 2 and D.411 1 of the French *Code monétaire et financier*. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the offer of Notes to the public in France will be made only in compliance with the Prospectus Directive and the applicable laws, regulations and procedures in France. This Base Prospectus prepared in connection with the Notes has not been submitted to the clearance procedures of the French *Autorité des marchés financiers* (the "**AMF**").

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless the approval of this Base Prospectus by the Central Bank has been notified to the AMF in accordance with Article 18 of the Prospectus Directive, as implemented in France, and all the other procedures and formalities required by French laws and regulations to permit the offering (and in which case only for a period of 12 months from the date of such approval) and sale of Notes in France have been carried out, it has not and will not make an offer of Notes to the public in France.

Ireland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;

(b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Acts 1963 to 2012 (as amended), the Central Bank Acts 1942 to 2011 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; and

(c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, save as set out below, it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in an offer to the public and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

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, sell or deliver any Notes or distribute copies of this Base Prospectus and any other document relating to the Notes in the Republic of Italy except:

(a) to "qualified investors", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**") and defined in Article 34-ter, paragraph 1, let. b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**") or

(b) that it may offer, sell or deliver Notes or distribute copies of any prospectus relating to such Notes in an offer to the public in the period commencing on the date of publication of such prospectus, provided that such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Prospectus Directive, and the Directive 2010/73/EU of 24 November 2010 (the "**Amending Directive**"), as implemented in Italy under Decree 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of approval of such prospectus; or

(c) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

(a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended (the "**Banking Act**") and any other applicable laws and regulations;

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Provisions relating to the secondary market in the Republic of Italy

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Notes are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under Decree No. 58 applies.

Latvia

The Notes have not been registered under the Financial Instruments Market Law of Latvia and may not be publicly offered or sold in Latvia. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in Latvia other than in accordance with the laws of the Republic of Latvia.

Lithuania

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been offered and will not be offered in Lithuania by way of a public offering, unless in compliance with all applicable provisions of the laws of Lithuania and in particular in compliance with the Law on Securities of the Republic of Lithuania of 18 January 2007 No X-1023 and any regulation or rule made thereunder, as supplemented and amended from time to time

Luxembourg

The Notes may not be offered or sold to the public within the territory of the Grand Duchy of Luxembourg unless:

(a) the *Commission de Surveillance du Secteur Financier* has been provided by the Central Bank of Ireland with a certificate of approval attesting that a prospectus in relation to the Notes has been drawn up in accordance with the Directive 2003/71/EC of the European Parliament of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending the Prospectus Directive and with a copy of the said prospectus; or

(b) the offer of Notes benefits from an exemption from, or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg law of 10 July 2005 on prospectuses for securities and implementing the Prospectus Directive, as amended.

The Netherlands

For selling restrictions in respect of The Netherlands, see "*Public Offer Selling Restriction Under the Prospectus Directive*" below and in addition:

(a) *Specific Dutch selling restriction for exempt offers*: 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 make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

(i) such offer is made exclusively to persons or legal entities which are qualified investors (as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "**FSA**") and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or

(ii) standard exemption logo and wording are disclosed in the Final Terms as required by Article 5:20(5) of the FSA; or

(iii) such offer is otherwise made in circumstances in which Article 5:20(5) of the FSA is not applicable,

provided that no such offer of Notes 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 expressions (i) an "**offer of Notes to the public**" in relation to any Notes in The Netherlands and (ii) "**Prospectus Directive**" have the meaning given to them below in the paragraph headed "Public Offer Selling Restriction Under the Prospectus Directive".

(b) *Compliance with Dutch Savings Certificates Act*: 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."

Norway

Notes denominated in Norwegian Kroner may not be offered or sold within Norway or to or for the account or benefit of persons domiciled in Norway, unless the regulation relating to the offer of VPS Notes and the registration in the VPS has been complied with.

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.

Portugal

Each Dealer has represented and agreed, and each and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be and will not be offered to the public in Portugal or under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree-Law no. 486/99 of 13 November 1999, as amended, unless the requirements and provisions applicable to the public offerings in Portugal are met and registration, filing, approval or recognition procedure with the Portuguese Securities Exchange Commission (*Comissão do Mercado de Valores Mobiliários*, the "**CMVM**") is made. In particular, the offer of new securities might be made through a private placement (*oferta particular*), in accordance with the relevant provisions of the Portuguese Securities Code, exclusively to qualified investors (*investidores qualificados*) within the meaning of Article 30 of the Portuguese Securities Code, and/or to 149 or fewer non-qualified investors. In addition, each Dealer has represented and agreed, and each and each further Dealer appointed under the Programme will be required to represent and agree, that (i) no action has been or will be taken as to directly or indirectly offer, advertise, market, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident

in Portugal or having permanent establishment located in Portuguese territory, as the case may be, and (ii) no action has been or will be taken as to distribute, make available or cause to be distributed the Base Prospectus or any other offering material relating to the Notes to the public in Portugal, other than in compliance with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive (Commission Regulation (EC) 809/2004, as amended), any applicable CMVM regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including the rules and regulations that require the publication of a prospectus, when applicable, and that any placement of the Notes shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

Spain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only made and will only make an offer of Notes to the public (*oferta pública*) in Spain in the period beginning on the date of notification of the approval of this Base Prospectus in relation to the Notes by the Central Bank of Ireland to the Comisión Nacional del Mercado de Valores (CNMV) in Spain, in accordance with the Spanish Securities Market Act (*Ley 24/1988 de 28 de julio, del Mercado de Valores*) (the "**LMV**"), Royal Decree 1310/2005, of 4 November, developing partially the Spanish Securities Market Law as regards admission to listing on official secondary markets, public offers and the prospectus required thereto and the regulations made thereunder, and ending at the latest on the date which is 12 months after the date of the approval of the Prospectus.

The Notes may not be offered or sold in Spain other than by institutions authorised under the LMV and Royal Decree 217/2008, of 15 February, on the legal regime applicable to investment services companies, to provide investment services in Spain, and in compliance with the provisions of the LMV and any other applicable legislation.

Sweden

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Notes will be offered to the public in Sweden nor 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) an exemption from the requirement to prepare a prospectus is available under the Swedish Financial Instruments Trading Act.

United Kingdom

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.

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 "**Public 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 Public 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 Public 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.

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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and Treasury regulations promulgated thereunder. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

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 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.

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.

The People's Republic of China

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold directly or indirectly within the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan (the "**PRC**")). This Base Prospectus or any information contained or incorporated by reference herein does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. This Base Prospectus, any information contained herein or the Notes have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC.

The Notes may only be invested by the PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. Investors are responsible for obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking Regulatory Commission, and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, 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 any Notes or caused any Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell Notes or cause any Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

(i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

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 a supplement to this document or in the Subscription Agreement or Dealer Accession Letter, as relevant.

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 2012, 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 2013, 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 2012 and 2011 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 2012 and 31 December 2011 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 2013;

   (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.

   For as long as the Programme remains valid with the Central Bank, copies of the following documents will be available on the website of the Central Bank at http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx:

   (a) a copy of this Base Prospectus and any Final Terms relating to Notes which are admitted to trading on the Main Market of the Irish Stock Exchange; and

   (b) any supplements to this Base Prospectus, any future base prospectuses relating to the Programme and any supplements to any future base prospectuses relating to the Programme.

   In the case of a Tranche of Notes which is not admitted to listing, trading and/or quotation on any

listing authority, stock exchange and/or quotation system or which is not offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (including Exempt Notes), copies of the Final Terms will only be available for inspection during normal business hours at the specified office of the Fiscal Agent in London and the registered office of the Issuer by the Holders of such Notes.

7. 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 26 April 2013.

   It is further expected that the admission of Notes issued under the Programme to listing on the official list of the FCA and to trading on the regulated market of the London Stock Exchange will be granted after the Central Bank has provided the FCA with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.

   It is further expected that this Base Prospectus will be submitted to the SIX Swiss Exchange for registration as an "issuance programme" for the listing of bonds on the SIX Swiss Exchange in accordance with the SIX Listing Rules. If approved, in respect of any Series of Notes to be listed on the SIX Swiss Exchange, this Base Prospectus, together with the relevant Final Terms, will constitute the listing prospectus for purposes of the SIX Listing Rules.

8. Each Tranche of Notes will be allocated an International Securities Identification Number (ISIN), Common Code and/or other securities identifier, which will be contained in the Final Terms relating thereto. Notes issued in Series comprising more than one Tranche may be assigned a temporary ISIN and Common Code or other securities identifier on issue.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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 2012, INCLUDING THE AUDITOR'S REPORT AND NOTES RELATING THERETO

Income statement, Group

EURm	Note	2012	2011
Operating income			
Interest income		12,264	11,955
Interest expense		–6,512	–6,499
Net interest income	G3	**5,752**	**5,456**
Fee and commission income		3,306	3,122
Fee and commission expense		–802	–727
Net fee and commission income	G4	**2,504**	**2,395**
Net result from items at fair value	G5	1,784	1,517
Profit from associated undertakings accounted for under the equity method	G19	93	42
Other operating income	G6	103	91
Total operating income		**10,236**	**9,501**
Operating expenses			
General administrative expenses:			
Staff costs	G7	–3,048	–3,113
Other expenses	G8	–1,860	–1,914
Depreciation, amortisation and impairment charges of tangible and intangible assets	G9, G20, G21	–278	–192
Total operating expenses		**–5,186**	**–5,219**
Profit before loan losses		**5,050**	**4,282**
Net loan losses	G10	–933	–735
Operating profit		**4,117**	**3,547**
Income tax expense	G11	–991	–913
Net profit for the year		**3,126**	**2,634**
Attributable to:			
Shareholders of Nordea Bank AB (publ)		3,119	2,627
Non-controlling interests		7	7
Total		**3,126**	**2,634**
Basic earnings per share, EUR	G12	0.78	0.65
Diluted earnings per share, EUR	G12	0.78	0.65

Statement of comprehensive income, Group

EURm	2012	2011
Net profit for the year	3,126	2,634
Items that may be reclassified subsequently to the income statement		
Currency translation differences during the year	420	–28
Hedging of net investments in foreign operations:		
Valuation gains/losses during the year	–254	0
Tax on valuation gains/losses during the year	45	0
Available-for-sale investments:[1]		
Valuation gains/losses during the year	67	5
Tax on valuation gains/losses during the year	–17	–1
Cash flow hedges:		
Valuation gains/losses during the year	133	166
Tax on valuation gains/losses during the year	–35	–43
Transferred to profit or loss for the year	–321	—
Tax on transfers to profit or loss for the year	85	—
Other comprehensive income, net of tax	123	99
Total comprehensive income	3,249	2,733
Attributable to:		
Shareholders of Nordea Bank AB (publ)	3,242	2,726
Non-controlling interests	7	7
Total	3,249	2,733

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

Balance sheet, Group

EURm	Note	31 Dec 2012	31 Dec 2011
Assets			
Cash and balances with central banks		36,060	3,765
Loans to central banks	G13	8,005	40,615
Loans to credit institutions	G13	10,569	11,250
Loans to the public	G13	346,251	337,203
Interest-bearing securities	G14	94,939	92,373
Financial instruments pledged as collateral	G15	7,970	8,373
Shares	G16	28,128	20,167
Derivatives	G17	118,789	171,943
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G18	–711	–215
Investments in associated undertakings	G19	585	591
Intangible assets	G20	3,425	3,321
Property and equipment	G21, G22	474	469
Investment property	G23	3,408	3,644
Deferred tax assets	G11	218	169
Current tax assets	G11	78	185
Retirement benefit assets	G33	301	223
Other assets	G24	16,372	19,425
Prepaid expenses and accrued income	G25	2,559	2,703
Total assets		**677,420**	**716,204**
Liabilities			
Deposits by credit institutions	G26	55,426	55,316
Deposits and borrowings from the public	G27	200,678	190,092
Liabilities to policyholders	G28	45,320	40,715
Debt securities in issue	G29	184,340	179,950
Derivatives	G17	114,203	167,390
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G18	1,940	1,274
Current tax liabilities	G11	391	154
Other liabilities	G30	33,472	43,368
Accrued expenses and prepaid income	G31	3,903	3,496
Deferred tax liabilities	G11	997	1,018
Provisions	G32	389	483
Retirement benefit obligations	G33	348	325
Subordinated liabilities	G34	7,797	6,503
Total liabilities		**649,204**	**690,084**
Equity			
Non-controlling interests		5	86
Share capital		4,050	4,047
Share premium reserve		1,080	1,080
Other reserves		76	–47
Retained earnings		23,005	20,954
Total equity		**28,216**	**26,120**
Total liabilities and equity		**677,420**	**716,204**
Assets pledged as security for own liabilities	G35	164,902	146,894
Other assets pledged	G36	4,367	6,090
Contingent liabilities	G37	21,157	24,468
Credit commitments	G38	84,914	85,319
Other commitments	G38	1,294	1,651

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 2012	**4,047**	**1,080**	**–176**	**123**	**6**	**20,954**	**26,034**	**86**	**26,120**
Net profit for the year	—	—	—	—	—	3,119	3,119	7	3,126
Currency translation differences during the year	—	—	420	—	—	—	420	—	420
Hedging of net investments in foreign operations:									
Valuation gains/losses during the year	—	—	–254	—	—	—	–254	—	–254
Tax on valuation gains/losses during the year	—	—	45	—	—	—	45	—	45
Available-for-sale investments:									
Valuation gains/losses during the year	—	—	—	—	67	—	67	—	67
Tax on valuation gains/losses during the year	—	—	—	—	–17	—	–17	—	–17
Cash flow hedges:									
Valuation gains/losses during the year	—	—	—	133	—	—	133	—	133
Tax on valuation gains/losses during the year	—	—	—	–35	—	—	–35	—	–35
Transferred to profit or loss for the year	—	—	—	–321	—	—	–321	—	–321
Tax on transfer to profit or loss for the year	—	—	—	85	—	—	85	—	85
Other comprehensive income, net of tax	—	—	211	–138	50	—	123	—	123
Total comprehensive income	—	—	211	–138	50	3,119	3,242	7	3,249
Issued C-shares[3]	3	—	—	—	—	—	3	—	3
Repurchase of C-shares[3]	—	—	—	—	—	–3	–3	—	–3
Share-based payments	—	—	—	—	—	14	14	—	14
Dividend for 2011	—	—	—	—	—	–1,048	–1,048	—	–1,048
Purchases of own shares[4]	—	—	—	—	—	–31	–31	—	–31
Change in non-controlling interests	—	—	—	—	—	—	—	–84	–84
Other changes	—	—	—	—	—	—	—	–4	–4
Balance at 31 Dec 2012	**4,050**	**1,080**	**35**	**–15**	**56**	**23,005**	**28,211**	**5**	**28,216**

1) Total shares registered were 4,050 million.
2) Restricted capital was EUR 4,050m, unrestricted capital was EUR 24,161m.
3) Refers to the Long Term Incentive Programme (LTIP). LTIP 2012 was hedged by issuing 2,679,168 C-shares. The shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 20.3 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 26.9 million.

	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
Hedging of net investments in foreign operations:									
Valuation gains/losses during the year	—	—	0	—	—	—	0	—	0
Tax on valuation gains/losses during the year	—	—	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 EUR 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.

Dividends per share

See Statement of changes in equity for the parent company, page 175.

Cash flow statement, Group

EURm	2012	2011
Operating activities		
Operating profit	4,117	3,547
Adjustment for items not included in cash flow	3,178	537
Income taxes paid	–662	–981
Cash flow from operating activities before changes in operating assets and liabilities	**6,633**	**3,103**
Changes in operating assets		
Change in loans to central banks and credit institutions	21,166	–20,784
Change in loans to the public	–2,988	–23,749
Change in interest-bearing securities	–2,968	–16,500
Change in financial assets pledged as collateral	437	1,100
Change in shares	–8,094	–2,776
Change in derivatives, net	3,017	–2,151
Change in investment properties	236	–77
Change in other assets	2,982	3,438
Changes in operating liabilities		
Change in deposits by credit institutions	–19	14,307
Change in deposits and borrowings from the public	7,000	13,341
Change in liabilities to policyholders	1,089	1,587
Change in debt securities in issue	1,665	27,205
Change in other liabilities	–10,402	5,686
Cash flow from operating activities	**19,754**	**3,730**
Investing activities		
Acquisition of business operations	0	0
Sale of business operations	0	0
Acquisition of associated undertakings	–6	–16
Sale of associated undertakings	3	4
Acquisition of property and equipment	–141	–157
Sale of property and equipment	27	35
Acquisition of intangible assets	–177	–192
Sale of intangible assets	2	0
Net investments in debt securities, held to maturity	1,047	7,876
Purchase/sale of other financial fixed assets	19	15
Cash flow from investing activities	**774**	**7,565**
Financing activities		
Issued subordinated liabilities	1,530	891
Amortised subordinated liabilities	–624	–2,232
New share issue	3	4
Repurchase of own shares incl change in trading portfolio	–31	–4
Dividend paid	–1,048	–1,168
Cash flow from financing activities	**–170**	**–2,509**
Cash flow for the year	**20,358**	**8,786**
Cash and cash equivalents at the beginning of year	22,606	13,706
Translation difference	–156	114
Cash and cash equivalents at the end of year	42,808	22,606
Change	**20,358**	**8,786**

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	2012	2011
Depreciation	240	190
Impairment charges	38	2
Loan losses	1,011	811
Unrealised gains/losses	–2,749	–2,419
Capital gains/losses (net)	–10	–4
Change in accruals and provisions	354	–225
Translation differences	–366	62
Change in bonus potential to policyholders, Life	582	–575
Change in technical reserves, Life	2,935	937
Change in fair value of hedged items, assets/ liabilities (net)	1,267	1,842
Other	–124	–84
Total	3,178	537

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	2012	2011
Interest payments received	12,553	11,896
Interest expenses paid	6,437	6,376

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 2012	31 Dec 2011
Cash and balances with central banks	36,060	3,765
Loans to central banks, payable on demand	5,938	17,328
Loans to credit institutions, payable on demand	810	1,513
Total	42,808	22,606

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. Loans to central banks, payable on demand includes instruments where Nordea has the right to resell immediately.

Quarterly development, Group

EURm	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2012	2011
Net interest income	1,429	1,441	1,462	1,420	1,427	1,379	1,326	1,324	5,752	5,456
Net fee and commission income	692	605	611	596	588	582	623	602	2,504	2,395
Net result from items at fair value	444	377	494	469	506	111	356	544	1,784	1,517
Profit from associated undertakings accounted for under the equity method	33	23	14	23	15	–4	13	18	93	42
Other income	32	23	25	23	22	23	24	22	103	91
Total operating income	**2,630**	**2,469**	**2,606**	**2,531**	**2,558**	**2,091**	**2,342**	**2,510**	**10,236**	**9,501**
General administrative expenses:										
Staff costs	–764	–752	–761	–771	–714	–887	–744	–768	–3,048	–3,113
Other expenses	–473	–467	–465	–455	–502	–474	–485	–453	–1,860	–1,914
Depreciation, amortisation and impairment charges of tangible and intangible assets	–90	–74	–64	–50	–50	–52	–46	–44	–278	–192
Total operating expenses	**–1,327**	**–1,293**	**–1,290**	**–1,276**	**–1,266**	**–1,413**	**–1,275**	**–1,265**	**–5,186**	**–5,219**
Profit before loan losses	**1,303**	**1,176**	**1,316**	**1,255**	**1,292**	**678**	**1,067**	**1,245**	**5,050**	**4,282**
Net loan losses	–244	–254	–217	–218	–263	–112	–118	–242	–933	–735
Operating profit	**1,059**	**922**	**1,099**	**1,037**	**1,029**	**566**	**949**	**1,003**	**4,117**	**3,547**
Income tax expense	–217	–234	–278	–262	–243	–160	–249	–261	–991	–913
Net profit for the period	**842**	**688**	**821**	**775**	**786**	**406**	**700**	**742**	**3,126**	**2,634**
Diluted earnings per share (DEPS), EUR	0.21	0.17	0.21	0.19	0.19	0.10	0.18	0.18	0.78	0.65
DEPS, rolling 12 months up to period end, EUR	0.78	0.76	0.69	0.66	0.65	0.65	0.73	0.68	0.78	0.65

5 year overview, Group

Income statement

EURm	2012	2011	2010	2009	2008
Net interest income	5,752	5,456	5,159	5,281	5,093
Net fee and commission income	2,504	2,395	2,156	1,693	1,883
Net result from items at fair value	1,784	1,517	1,837	1,946	1,028
Profit from associated undertakings accounted for under the equity method	93	42	66	48	24
Other income	103	91	116	105	172
Total operating income	**10,236**	**9,501**	**9,334**	**9,073**	**8,200**
General administrative expenses:					
Staff costs	–3,048	–3,113	–2,784	–2,724	–2,568
Other expenses	–1,860	–1,914	–1,862	–1,639	–1,646
Depreciation, amortisation and impairment charges of tangible and intangible assets	–278	–192	–170	–149	–124
Total operating expenses	**–5,186**	**–5,219**	**–4,816**	**–4,512**	**–4,338**
Profit before loan losses	**5,050**	**4,282**	**4,518**	**4,561**	**3,862**
Net loan losses	–933	–735	–879	–1,486	–466
Operating profit	**4,117**	**3,547**	**3,639**	**3,075**	**3,396**
Income tax expense	–991	–913	–976	–757	–724
Net profit for the year	**3,126**	**2,634**	**2,663**	**2,318**	**2,672**

Balance sheet

EURm	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008
Cash and balances with central banks	36,060	3,765	10,023	11,500	3,157
Interest-bearing securities	94,939	92,373	82,249	69,099	51,375
Loans to central banks and credit institutions	18,574	51,865	15,788	18,555	23,903
Loans to the public	346,251	337,203	314,211	282,411	265,100
Derivatives	118,789	171,943	96,825	75,422	86,838
Other assets	62,807	59,055	61,743	50,557	43,701
Total assets	**677,420**	**716,204**	**580,839**	**507,544**	**474,074**
Deposits by credit institutions	55,426	55,316	40,736	52,190	51,932
Deposits and borrowings from the public	200,678	190,092	176,390	153,577	148,591
Liabilities to policyholders	45,320	40,715	38,766	33,831	29,238
Debt securities in issue	184,340	179,950	151,578	130,519	108,989
Derivatives	114,203	167,390	95,887	73,043	85,538
Subordinated liabilities	7,797	6,503	7,761	7,185	8,209
Other liabilities	41,440	50,118	45,183	34,779	23,774
Equity	28,216	26,120	24,538	22,420	17,803
Total liabilities and equity	**677,420**	**716,204**	**580,839**	**507,544**	**474,074**

Ratios and key figures, Group

	2012	2011	2010	2009	2008
Basic earnings per share, EUR	0.78	0.65	0.66	0.60	0.79
Diluted earnings per share, EUR	0.78	0.65	0.66	0.60	0.79
Share price[1], EUR	7.24	5.98	8.16	7.10	3.90
Total shareholders' return, %	21.0	–24.4	3.7	78.6	–46.9
Proposed/actual dividend per share, EUR	0.34	0.26	0.29	0.25	0.20
Equity per share[1], EUR	7.01	6.47	6.07	5.56	5.29
Potential shares outstanding[1,2], million	4,050	4,047	4,043	4,037	2,600
Weighted average number of diluted shares[3], million	4,022	4,028	4,022	3,846	3,355
Return on equity, %	11.6	10.6	11.5	11.3	15.3
Assets under management[1], EURbn	218.3	187.4	191.0	158.1	125.6
Cost/income ratio, %	51	55	52	50	53
Loan loss ratio, basis points	28	23	31	56	19
Core tier 1 capital ratio, excluding transition rules[1], %	13.1	11.2	10.3	10.3	8.5
Tier 1 capital ratio, excluding transition rules[1], %	14.3	12.2	11.4	11.4	9.3
Total capital ratio, excluding transition rules[1], %	16.2	13.4	13.4	13.4	12.1
Core tier 1 capital ratio[1], %	10.2	9.2	8.9	9.3	6.7
Tier 1 capital ratio[1], %	11.2	10.1	9.8	10.2	7.4
Total capital ratio[1], %	12.7	11.1	11.5	11.9	9.5
Core tier 1 capital[1], EURm	21,961	20,677	19,103	17,766	14,313
Tier 1 capital[1], EURm	23,953	22,641	21,049	19,577	15,760
Risk-weighted assets, incl transition rules[1], EURbn	215	224	215	192	213
Number of employees (full-time equivalents)[1]	31,466	33,068	33,809	33,347	34,008
Risk-adjusted profit, EURm	3,245	2,714	2,622	2,786	2,279
Economic profit, EURm	1,403	1,145	936	1,334	1,015
Economic capital[1], EURbn	17.9	17.7	17.5	16.7	15.8
EPS, risk-adjusted, EUR	0.81	0.67	0.65	0.72	0.68
RAROCAR, %	17.6	15.5	15.0	17.3	15.6
MCEV, EURm	3,762	2,714	3,655	3,244	2,624

1) End of the year.
2) Increase between 2008 and 2009 due to Nordea's rights issue.
3) 2008–2009 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 on 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 of total equity.

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 (25 % 2012). 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

Content for Note G1

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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 6 February 2013 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 14 March 2013.

2. 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, mainly apart from the categorisation of commissions within Note G4 "Net fee and commission income" and the definition of impaired loans in Note G13 "Loans and impairment". These changes are further described below.

In addition, to provide more relevant information of the nature and the characteristics of the assets on the balance sheet, loans to central banks have been separated from loans to credit institutions and are reported on a new line on the balance sheet. The comparative figures have been restated accordingly.

Further, the balance sheet lines "Treasury bills" and "Interest-bearing securities" have been merged and are now reported as "Interest-bearing securities". The comparative figures have been restated accordingly.

Below follows also a section covering other changes in IFRSs implemented in 2012, which have not had any significant impact on Nordea.

Definition of impaired loans

The definition of impaired loans has been changed and the disclosure includes all loans that have, as a consequence of identified loss event, been written down either individually, for individually significant loans, or as part of a portfolio, for individually insignificant loans.

This definition of impaired loans provides more granular information of the loans actually impaired.

The income statement and balance sheet are unaffected by this change. The comparative figures have been restated accordingly and are disclosed in the below table.

	31 Dec 2011	
EURm	New policy	Old policy
Impaired loans	5,125	5,438
– Performing	2,946	3,287
– Non-performing	2,179	2,151

Categorisation of commissions

The categorisation of commission within "Net fee and commission income" has been improved by merging similar types of commissions. Commissions received for securities issues, corporate financial activities and issuer services were reclassified from "Payments" and "Other commission income" to the renamed lines "Brokerage, securities issues and corporate finance" and "Custody and issue services". This categorisation better describes the types of commission recognised in the income statement. The comparable figures have been restated accordingly and are disclosed in the below table.

	Jan–Dec 2011	
EURm	New policy	Old policy
Brokerage, securities issues and corporate finance	266	200
Custody and issuer services	115	90
Payments	399	421
Other commissions income	141	210

Changes in IFRSs implemented 2012

IASB has amended IAS 1 "Presentation of Financial Statements" (Presentation of Items of Other Comprehensive Income), IFRS 7 "Financial instruments: Disclosures" (Transfers of Financial Assets) and IAS 12 "Income taxes" (Recovery of Underlying Assets) and the amendments have been implemented in Nordea as from 1 January 2012.

The amendments to IAS 1 have changed Nordea's presentation of other comprehensive income so that items that can later be reclassified to profit or loss are separated from the items that will not. The amendments to IFRS 7 have not added any new disclosures as Nordea has not transferred assets where there is a continuing involvement. The amended IAS 12 has not had any significant impact on the financial statements or on the capital adequacy in Nordea.

G1 Accounting policies

3. Changes in IFRSs not yet applied by Nordea

IFRS 9 "Financial instruments" (Phase 1)
In 2009 the IASB published a new standard on financial instruments containing requirements for financial assets. Requirements for financial liabilities were added to this standard in 2010. 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 is as from 1 January 2015, but earlier application is permitted. The EU commission has not yet endorsed this standard.

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 on Nordea's balance sheet at transition. It is furthermore expected that changes will be made to the standard before the standard becomes effective.

Nordea has, due to the fact that the standard is not yet endorsed by the EU commission and as changes before the effective date are likely, 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 is as from 1 January 2013, but earlier application is permitted. The EU commission has endorsed these standards and amendments during 2012. In contrast to IFRS, the EU commission requires the standards to be applied for financial statements starting on or after 1 January 2014. Nordea will apply these standards as from 1 January 2014.

A potential impact from the new definition of control is that Nordea will have to consolidate additional entities (including so called Structured Entities or Special Purpose Entities, SPEs). Nordea's current assessment is that no additional entities that significantly affect Nordea's income statement, balance sheet or equity will have to be consolidated, although some uncertainty still remains around some mutual funds. If the funds have to be consolidated it will not affect the income statement, but it will have an impact on Nordea's balance sheet and if those entities hold Nordea shares that will have to be eliminated in the Nordea Group there will be an impact on the equity. The new standards furthermore include more extensive disclosure requirements which will have an impact on Nordea's disclosures covering consolidated and unconsolidated entities. Otherwise the new standards and amendments are not expected to have a significant impact on Nordea´s income statement or balance sheet. It is not expected that the new standards and amendments will have a significant impact on the capital adequacy.

Nordea has 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 "Fair Value Measurement". The effective date is as from 1 January 2013, but earlier application is permitted. The EU commission has endorsed this standard during 2012. Nordea will apply this standard as from 1 January 2013.

IFRS 13 clarifies how to measure fair value but does not change the requirements regarding which items should be measured at fair value. In addition IFRS 13 requires additional disclosures about fair value measurements.

The assessment is that the new standard will not have any significant impact on the income statement or balance sheet. There will on the other hand be an impact on the disclosures as the new standard requires more extensive disclosures regarding fair value measurements, especially for fair value measurements in level 3 of the fair value hierarchy.

The assessment is that the new standard will not have a significant impact on the capital adequacy.

IAS 19 "Employee Benefits"
IASB has amended IAS 19. The effective date is as from 1 January 2013, but earlier application is permitted. The EU commission has endorsed this amendment during 2012. Nordea will apply this amendment as from 1 January 2013.

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. Consequently no actuarial gains/losses will be recognised in the income statement. Under current IAS 19 actuarial gains/losses outside the corridor are amortised through the income statement.

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 without recycling to the income statement.

The unrecognised actuarial losses at 31 December 2012 amounted to EUR 251m excluding special wage tax and before income tax. This will at transition have a negative impact on equity of EUR 280m after special wage tax and before income tax. If implementet on 31 December 2012, Nordea's core tier 1 capital would have been reduced by EUR 258m, including impact from changes in deferred tax assets. The impact on the income statement is not expected to be significant. See Note G33 "Retirement benefit obligations" for more information.

The Swedish Financial Reporting Board has furthermore withdrawn UFR 4 "Accounting for special wage tax and yield tax" and published UFR 9 "Accounting for yield tax". Nordea will apply UFR 9 as from 1 January 2013. UFR 4 is applied in the financial statements for 2012. The treatment of yield tax in UFR 9 is the same as in UFR 4. Regarding special wage tax the withdrawal of UFR 4 and the implementation of IAS 19 are not expected to have any significant impact on Nordea's financial statements or on the capital adequacy.

IAS 32 "Financial Instrument: Presentation"
IAS 32 "Financial Instruments: Presentation" has been

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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.

The effective date is as from 1 January 2014 but earlier application is permitted. The EU commission has endorsed these amendments during 2012. Nordea will apply this amendment as from 1 January 2013. The assessment is that the amended standard will not have any significant impact on the financial statements or on the capital adequacy.

IFRS 7 "Financial instruments: Disclosures"

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 is as from 1 January 2013, but earlier application is permitted. The EU commission has endorsed these amendments during 2012. Nordea will apply this amendment as from 1 January 2013.

The amended standard will not have any impact on the financial statements, apart from disclosures, or on the capital adequacy.

4. Critical judgements and estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of judgements and estimates by management. Actual outcome can later, to some extent, differ from the estimates and the assumptions made. In this section Nordea describes:

- the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, and
- the judgements made when applying accounting policies (apart from those involving estimations) that have the most significant effect on the amounts recognised in the financial statements.

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 effectiveness testing of cash flow hedges
- the actuarial calculations of pension liabilities and plan assets related to employees
- the actuarial calculations of insurance contracts
- the valuation of investment properties
- the classification of leases
- the translations of assets and liabilities denominated in foreign currencies
- the valuation of deferred tax assets
- claims in civil lawsuits

Fair value measurement of certain financial instruments

Nordea's accounting policy for determining the fair value of financial instruments is described in section 11 "Determination of fair value of financial instruments" and Note G42 "Assets and liabilities at fair value". Critical judgements that have a significant impact on the recognised amounts for financial instruments is exercised when determining fair value of OTC derivatives and other financial instruments that lack quoted prices or recently observed market prices. Those judgements relate to 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.

When determining fair value of financial instruments that lack quoted prices or recently observed market prices there is also a high degree of estimation uncertainty. That estimation uncertainty is mainly a result of the judgement management exercises when:

- selecting an appropriate discount rate for the instrument and
- determining expected timing of future cash flows from the instruments.

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 on-going basis reviews critical judgements that are deemed to have a significant impact on fair value measurements.

The fair value of financial assets and liabilities measured at fair value using a valuation technique, level 2 and 3 in the fair value hierarchy, was EUR 252,558m (EUR 285,476m) and EUR 185,506m (EUR 235,514m) respectively at the end of the year.

Sensitivity analysis disclosures covering fair values of financial instruments with significant unobservable inputs can be found in Note G42 "Assets and liabilities at fair value".

Impairment testing of goodwill

Nordea's accounting policy for goodwill is described in section 16 "Intangible assets" and Note G20 "Intangible assets" lists the cash generating units to which goodwill has been allocated. Nordea's total goodwill amounted to EUR 2,656m (EUR 2,575m) at the end of the year.

The estimation of future cash flows and the calculation of the rate used to discount those cash flows are subject to estimation uncertainty. The forecast of future cash flows is sensitive to the cash flow projections for the near future (2–3 years) and to the estimated sector growth rate for the period beyond 2–3 years. The growth rates are based on historical data, updated to reflect the current situation, which implies estimation uncertainty.

The rates used to discount future expected cash flows are based on the long-term risk free interest rate plus a risk premium (post tax). The risk premium is based on external information of overall risk premiums in relevant countries.

For information on the sensitivity to changes in relevant parameters, see Note G20 "Intangible assets".

Impairment testing of loans to the public/credit institutions

Nordea's accounting policy for impairment testing of loans is described in section 14 "Loans to the public/credit institutions".

Management is required to exercise critical judgements and estimates when calculating loan impairment allowances on both individually assessed and collectively assessed loans. Nordea's total lending before impairment allowances was EUR 367,673m (EUR 391,539m) at the end of the year. For more information, see Note G13 "Loans and impairment".

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The most judgemental area is the calculation of collective impairment allowances. When testing a group of loans collectively for impairment, judgement has to be exercised when identifying the events and/or the observable data that indicate that losses have been incurred in the group of loans. Nordea monitors its portfolio through rating migrations and a loss event is an event resulting in a negative rating migration. Assessing the net present value of the cash flows generated by the customers in the group of loans also includes estimation uncertainty. This includes the use of historical data on probability of default and loss given default supplemented by acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

Effectiveness testing of cash flow hedges

Nordea's accounting policies for cash flow hedges are described in section 10 "Hedge accounting".

One important judgement in connection to cash flow hedge accounting is the choice of method used for effectiveness testing.

Where Nordea applies cash flow hedge accounting the hedging instruments used are predominantly cross currency interest rate swaps, which are always held at fair value. 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. The hypothetical derivative method is used when measuring the effectiveness of these cash flow hedges, meaning that the change in a perfect hypothetical swap is used as proxy for the present value of the cumulative change in expected future cash flows on the hedged transaction (the currency component). Critical judgement has to be exercised when defining the characteristics of the perfect hypothetical swap.

Actuarial calculations of pension liabilities and plan assets related to employees

Nordea's accounting policy for post-employment benefits is described in section 22 "Employee benefits".

The Projected Benefit 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 estimation of the discount rate is subject to uncertainty around whether corporate bond markets are deep enough, of high quality and also in connection to the extrapolation of yield curves to relevant maturities. In Sweden, Norway and Denmark the discount rate is determined with reference to covered bonds and in Finland with reference to corporate bonds. Other parameters like assumptions about salary increases and inflation are based on the expected long-term development of these parameters and are also subject to estimation uncertainty. The fixing of these parameters at year-end is disclosed in Note G33 "Retirement benefit obligations" together with a description of the discount rate sensitivity.

The expected return on plan assets is estimated taking into account the asset composition and based on long-term expectations on the 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, both are subject to estimation uncertainty. The expected return is disclosed in Note G33 "Retirement benefit obligations".

Actuarial calculations of insurance contracts

Nordea's accounting policy for insurance contracts is described in section 19 "Liabilities to policyholders".

A valuation of insurance 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 those on mortality and disability, 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.

The insurance liability and the assumption sensitivities to the carrying amount are disclosed in Note G28 "Liabilities to policyholders".

Valuation of investment properties

Nordea's accounting policies for investment properties are described in section 18 "Investment property".

Investment properties are measured at fair value. 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.

The carrying amounts of investment property were EUR 3,408m (EUR 3,644m) at the end of the year. See Note G23 "Investment property" for more information on amounts and parameters used in these models.

Classification of leases

Nordea's accounting policies for leases are described in section 15 "Leasing".

Critical judgement has to be exercised when classifying lease contracts. A lease is classified as a finance lease if it transfers substantially all the risks and rewards related to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards related to ownership.

The central district properties in Finland, Norway and Sweden that Nordea has divested are leased back. The duration of the lease agreement 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 benefit from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets' economic life. As a result, Nordea has classified these leases as operating leases. This judgement is a critical judgement that has a significant impact on the carrying amounts in the financial statement. The carrying amount of these properties at the time of disposal was EUR 1.5bn.

More information on lease contracts can be found in Note G22 "Leasing".

Translation of assets and liabilities denominated in foreign currencies

Nordea's accounting policies covering the translation of assets and liabilities denominated in foreign currencies is described in section 9 "Translation of assets and liabilities denominated in foreign currencies".

When reporting consolidated financial statements, the parent company Nordea Bank AB (publ) has been assessed to have two functional currencies, SEK and EUR, based on the different activities. The functional currency of the normal

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banking operations is SEK and the functional currency of the entity holding equity, shares in group undertakings and the funding of those shares is EUR. It is Nordea's assessment that one legal entity can consist of different entities with different functional currencies.

Valuation of deferred tax assets

Nordea's accounting policy for the recognition of deferred tax assets is described in section 20 "Taxes" and Note G11 "Taxes".

The valuation of deferred tax assets is influenced by management's assessment of Nordea's future profitability and sufficiency of future taxable profits and future reversals of existing taxable temporary differences. These assessments are updated and reviewed at each balance sheet date, and are, if necessary, revised to reflect the current situation.

The carrying amount of deferred tax assets was EUR 218m (EUR 169m) at the end of the year.

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 the current disputes are considered likely to have any significant adverse effect on Nordea or its financial position. See also Note G32 "Provisions" and Note G37 "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 acquisition 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 acquisition method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the group undertaking'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.

As at the acquisition date Nordea recognises the identifiable assets acquired and the liabilities assumed at their acquisition date fair values.

For each business combination Nordea measures the non-controlling interest in the acquired business either at fair value or at their proportionate share of the acquired identifiable net assets.

When the aggregate of the consideration transferred in a business combination and the amount recognised for non-controlling interest 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.

Equity and net income attributable to non-controlling interests are separately disclosed on the balance sheet, income statement and statement of comprehensive income.

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.

In the consolidation process the reporting from the group undertakings 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. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control over those policies. 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 undertakings are not eliminated. Nordea does not have any sales of assets to or from associated undertakings.

Special Purpose Entities (SPE)

A SPE is an entity created to accomplish a narrow and well defined objective. Often legal arrangements impose strict limits on the decision making powers of the management over the on-going activities of the SPE.

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 significant risks or rewards in connection to 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 commit-

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ments. 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 group undertakings 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 statement and statement 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. The effective interest includes fees considered to be an integral part of the effective interest rate of a financial instrument (generally fees received as compensation for risk). The effective interest rate equals the rate that discounts the contractual future cash flows to the carrying amount of the financial asset or financial liability.

Interest income and expenses from financial instruments are, with the exceptions described below, classified as "Net interest income".

Interest income and interest expense related to all balance sheet items held at fair value in Markets and Nordea Life & Pensions are classified as "Net result from items at fair value" in the income statement. Also the interest on the net funding of the operations in Markets is recognised on this line.

The interest component in FX swaps, and the interest paid and received in interest rate swaps plus changes in accrued interest, is classified as "Net result from items at fair value", apart for derivatives used for hedging, including economical hedges of Nordea's funding, where such components are classified as "Net interest income".

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 normally 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, including 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 net funding of the operations in Markets, are classified as "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. However, the fair value adjustments of credit risk on loans granted in accordance with the Danish mortgage finance law (see section 13 "Financial instruments" and Note G42 "Assets and liabilities a fair value") are reported under "Net loan losses". 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 undertakings. Nordea's

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share of items accounted for in other comprehensive income in the associated undertakings 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 undertaking'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 undertaking. Subsequently the investment in the associated undertaking increases/decreases with Nordea's share of the post-acquisition change in net assets in the associated undertaking 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 undertakings. For some associated undertakings not individually significant the change in Nordea's share of the net assets is based on the external reporting of the associated undertakings and affects the financial statements of Nordea in the period in which the information is available. The reporting from the associated undertakings is, if applicable, adjusted to comply with Nordea's accounting policies.

Other operating income

Net gains from divestments of shares in group undertakings and associated undertakings 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 central banks", "Loans to credit institutions" and "Loans to the public" on the balance sheet, are reported as "Net loan losses" together with losses from financial guarantees (including state guarantees in Denmark). Also the fair value adjustments of credit risk on loans granted in accordance with the Danish mortgage finance law (see section 13 "Financial instruments", and Note G42 "Assets and liabilities at fair value") are reported under "Net loan losses". 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 but apart from loans held at fair value as described above, 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 undertakings 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 undertakings are assessed for impairment annually. If observable indicators (loss events) indicate that an associated undertaking 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

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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 on 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" on 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" on 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" on 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 G43 "Transferred assets and obtained collaterals".

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

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.

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.

There are three forms of hedge accounting:

- Fair value hedge accounting
- Cash flow hedge accounting
- Hedges of net investments in foreign operations

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 are recognised separately in the income statement in the item "Net result from items at fair value". Given an effective hedge, the two changes

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in fair value will more or less balance, meaning the net result is 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 held at amortised cost 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" on 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 in other comprehensive income and accumulated in the cash flow hedge reserve 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 cash flow hedge reserve in equity through other comprehensive income are recycled and recognised in the income statement in the same period as the hedged item affects profit or loss, normally in the period that interest income or interest expense is recognised.

Hedged items
A hedged item in a cash flow hedge can be highly probable floating interest rate cash flows from recognised assets or liabilities or from future assets or liabilities. 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. The hypothetical derivative method is used when measuring the effectiveness of cash flow hedges, meaning that the change in a perfect hypothetical swap is used as proxy for the present value of the cumulative change in expected future cash flows from the hedged transaction (the currency component).

If the hedge relationship does not fulfil the requirements, hedge accounting is terminated. For fair value hedges the hedging instrument is reclassified to a trading derivative and the change in the fair value of 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, changes in the unrealised value of the hedging instrument will prospectively from the last time it was proven effective be accounted for in the income statement. The cumulative gain or loss on the hedging instrument that has been recognised in the cash flow hedge reserve 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 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. 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 on-going basis. The absolute levels for liquidity and volume required for a market to be considered active vary with the instrument classes. For some classes low price volatility is seen, also for those instruments within the class where the trade frequency is high. For instruments in such a class the liquidity requirements are lower and, correspondingly, the age limit for the prices used for establishing fair value is higher.

If markets are active or non-active is assessed regulary. The trade frequency and volume are monitored daily.

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Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:
- Interest-bearing securities
- Shares (listed)
- Derivatives (listed)
- 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. The adequacy of the valuation technique, including an assessment of whether to use quoted prices or theoretical prices, is monitored on a regular basis.

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. The adequacy of the valuation model is assessed by measuring its capability to hit market prices. This is done by comparison of calculated prices to relevant benchmark data, e.g. quoted prices from the exchange, the counterpartys valuations, price data from consensus services etc.

Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:
- Loans to the public (mortgage loans in 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)

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 G42 "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 technique using observable data (level 2), and
- valuation technique 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 the Model Risk Management Committee and all models are reviewed on a regular basis.

For further information, see Note G42 "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 together with instruments with central banks that can be resold immediately.

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 on the balance sheet and how changes in its value are recognised. In Note G41 "Classification of financial instruments" the classification of the financial instruments on 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 group undertaking Nordea Kredit Realkreditaktieselskab and interest-bearing securities, shares and investment

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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. When Nordea grants mortgage loans to customers in accordance with the Danish mortgage finance law Nordea at the same time issues bonds with matching terms, so called "match funding". The customers can repay the loans either through repayments of the principal or by purchasing the issued bonds and return them to Nordea as a settlement of the loan. The bonds play an important part in the Danish money market and Nordea consequently buys and sells own bonds in the market. If the loans and bonds were measured at amortised cost such buy-backs of bonds would give rise to an accounting mismatch as any gains or losses would have to be recognised immediately in the income statement. If such bonds are subsequently sold in the market any premium or discount would be amortised over the expected maturity, which would also create an accounting mismatch. To avoid such an accounting mismatch Nordea measures both the loans and bonds at fair value through profit or loss.

Interest-bearing securities, shares and investment contracts (defined in section 19 "Liabilities to policyholders") in Nordea Life & Pensions are generally also classified into the category Designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. The investment contracts (unit-linked) are held at fair value and to avoid an accounting mismatch also the related assets are held at fair value. This is valid also for insurance contracts (defined in section 19 "Liabilities to policyholders") where the assets are generally held at fair value to reduce an accounting mismatch with the liabilities to policyholders that are generally measured at fair value.

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 its financial assets and liabilities at fair value. Consequently, the majority of 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 on 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 or 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

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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 central banks", "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 central banks", "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".

Offsetting of financial assets and liabilities

Nordea offsets financial assets and liabilities on the balance sheet if there is a legal right to offset, in the ordinary course of business and in case of bankruptcy, and if the intent is to settle the items net or realise the asset and settle the liability simultaneously. This is generally achieved through the central counterparty clearing houses that Nordea has agreements with.

14. Loans to the public/credit institutions

Financial instruments classified as "Loans to the public/credit institutions" (including loans to central banks) on 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 on the balance sheet" as well as Note G41 "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 all 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.

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

Loans not impaired on an individual basis are collectively tested for impairment.

These 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

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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 (discounted with original effective interest rate), including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

For significant loans that have been individually identified as impaired the measurement of the impairment loss is made on an individual basis.

For insignificant loans that have been individually identified as impaired and for loans not identified as impaired on an individual basis the measurement of the impairment loss is measured using a portfolio based expectation of the future cash flows.

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 and the value of the loan and the related allowance for impairment loss are derecognised. 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 loan losses incurred. In the event of a recovery the payment is reported as a recovery of 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 acquire 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 on 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.

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Nordea as lessee

Finance leases

Finance leases are recognised as assets and liabilities on 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 normally 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 undertakings is not tested for impairment separately, but included in the total carrying amount of the associated undertakings. The policies covering impairment testing of associated undertakings is disclosed in section 6 "Recognition of operating income and impairment".

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 could be separated from the entity and sold, transferred, licenced, rented or exchanged. The asset is amortised over its useful life, generally over 10 years.

Impairment

Goodwill is 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 largely independent cash flows 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 G20 "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 in-

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tended 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

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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 on 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 on 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 on 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 group undertakings and associated undertakings 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 and Nordea intends to either settle the tax asset and the tax liability net or to recover the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are generally offset if there is a legally enforceable right to offset current tax assets and current tax 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 unrecog-

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nised 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
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 G33 "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 and is included in the "Retirement benefit obligation" or in the "Retirement benefit asset".

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, Norway and Denmark the discount rate is determined with reference to covered bonds and in Finland with reference to corporate 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).

For each business combination, Nordea measures the non-controlling interests in the acquiree either at fair value or at their proportionate share of the acquiree's identifiable net assets.

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. 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 accounted for as equity net of deferred tax at prevailing tax rates in the respective country.

In addition, Nordea's share of the earnings in associated undertakings, 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" on 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 financial assets or financial liabilities.

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 as a provision on the balance sheet, at the higher of either the received fee less amortisation, or an amount calculated as the discounted best estimate of the expenditure required to settle the present obligation. Changes

G1 Accounting policies

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 "Credit commitments".

25. Share-based payment

Equity-settled programmes

Nordea has annually issued Long Term Incentive Programmes from 2007 through 2012. Employees participating in these programmes are granted share-based 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 is 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. The fair value 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 date 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. These programmes are fully vested when the payments of 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 have the power to participate in the financial and operating decisions of Nordea but do not control those policies.

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 G19 "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 G46 "Related-party transactions".

27. Exchange rates

EUR 1 = SEK	Jan–Dec 2012	Jan–Dec 2011
Income statement (average)	8,7052	9,0293
Balance sheet (at end of period)	8,5820	8,9120
EUR 1 = DKK		
Income statement (average)	7,4438	7,4506
Balance sheet (at end of period)	7,4610	7,4342
EUR 1 = NOK		
Income statement (average)	7,4758	7,7946
Balance sheet (at end of period)	7,3483	7,7540
EUR 1 = PLN		
Income statement (average)	4,1836	4,1203
Balance sheet (at end of period)	4,0740	4,4580
EUR 1 = RUB		
Income statement (average)	39,9253	40,8809
Balance sheet (at end of period)	40,3295	41,7650

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 current years' plan rates and to that different allocations 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 2012 internally developed and bought software are capitalised directly in the operating segments. Comparative information has been restated accordingly.

Basis of segmentation

Compared with the 2011 Annual Report there have been no changes in the basis of segmentation. Nordea's organisation is developed around the three main business areas Retail Banking, Wholesale Banking and Wealth Management and around the business unit Group Operations & Other Lines of Business. The separate divisions within these main business areas and business unit have been identified as operating segments. Also Group Corporate Centre has been identified as an operating segment. Financial results are presented for the two main business areas Retail Banking and Wholesale Banking, with further breakdown on operating segments, and for 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.

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 and equity products 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	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net interest income	3,881	3,651	1,145	1,214	399	363	131	159	5,556	5,387	196	69	5,752	5,456
Net fee and commission income	1,468	1,421	528	547	–6	–14	582	573	2,572	2,527	–68	–132	2,504	2,395
Net result from items at fair value	355	423	1,061	822	84	10	378	290	1,878	1,545	–94	–28	1,784	1,517
Profit from associated undertakings accounted for under the equity method	37	22	0	0	–1	0	4	2	40	24	53	18	93	42
Other income	35	23	11	5	4	0	133	105	183	133	–80	–42	103	91
Total operating income	5,776	5,540	2,745	2,588	480	359	1,228	1,129	10,229	9,616	7	–115	10,236	9,501
- of which internal transactions[2]	–2,104	–2,058	–458	–413	2,646	2,573	–84	–102	0	0	—	—	—	—
Staff costs	–1,306	–1,333	–773	–718	–69	–62	–704	–674	–2,852	–2,787	–196	–326	–3,048	–3,113
Other expenses	–1,797	–1,900	–102	–106	–90	–100	55	69	–1,934	–2,037	74	123	–1,860	–1,914
Depreciation, amortisation and impairment charges of tangible and intangible assets	–93	–74	–38	–20	–1	0	–91	–68	–223	–162	–55	–30	–278	–192
Total operating expenses	–3,196	–3,307	–913	–844	–160	–162	–740	–673	–5,009	–4,986	–177	–233	–5,186	–5,219
Profit before loan losses	2,580	2,233	1,832	1,744	320	197	488	456	5,220	4,630	–170	–348	5,050	4,282
Net loan losses	–625	–597	–308	–173	0	0	–24	–8	–957	–778	24	43	–933	–735
Operating profit	1,955	1,636	1,524	1,571	320	197	464	448	4,263	3,852	–146	–305	4,117	3,547
Income tax expense	–517	–436	–419	–407	–79	–52	–120	–122	–1,135	–1,017	144	104	–991	–913
Net profit for the year	1,438	1,200	1,105	1,164	241	145	344	326	3,128	2,835	–2	–201	3,126	2,634
Balance sheet, EURbn														
Loans to the public[3]	225	218	64	62	0	0	8	8	297	288	49	49	346	337
Deposits and borrowings from the public[3]	109	105	46	39	0	0	10	10	165	154	36	36	201	190

1) Including the main business area Wealth Management and the business unit Group Operations & Other Lines of Business.
2) IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest income and expense related to the funding of the operating segments by the internal bank in Group Corporate Centre.
3) 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

	Retail Banking Nordic[1]		Retail Banking Poland & Baltic countries[1]		Retail Banking Other[2]		Total Retail Banking	
Income statement, EURm	2012	2011	2012	2011	2012	2011	2012	2011
Net interest income	3,893	3,602	304	275	–316	–226	3,881	3,651
Net fee and commission income	1,420	1,374	76	72	–28	–25	1,468	1,421
Net result from items at fair value	344	375	24	50	–13	–2	355	423
Profit from associated undertakings accounted for under the equity method	37	22	0	0	0	0	37	22
Other income	18	5	5	7	12	11	35	23
Total operating income	**5,712**	**5,378**	**409**	**404**	**–345**	**–242**	**5,776**	**5,540**
- of which internal customers[3]	–1,688	–1,766	–57	–34	–359	–258	–2,104	–2,058
Staff costs	–993	–1,025	–69	–75	–244	–233	–1,306	–1,333
Other expenses	–1,931	–2,032	–110	–114	244	246	–1,797	–1,900
Depreciation, amortisation and impairment charges of tangible and intangible assets	–42	–36	–8	–8	–43	–30	–93	–74
Total operating expenses	**–2,966**	**–3,093**	**–187**	**–197**	**–43**	**–17**	**–3,196**	**–3,307**
Profit before loan losses	**2,746**	**2,285**	**222**	**207**	**–388**	**–259**	**2,580**	**2,233**
Net loan losses	–561	–531	–64	–66	0	0	–625	–597
Operating profit	**2,185**	**1,754**	**158**	**141**	**–388**	**–259**	**1,955**	**1,636**
Income tax expense	–575	–461	–39	–43	97	68	–517	–436
Net profit for the year	**1,610**	**1,293**	**119**	**98**	**–291**	**–191**	**1,438**	**1,200**
Balance sheet, EURbn								
Loans to the public	211	205	14	13	0	0	225	218
Deposits and borrowings from the public	104	101	5	4	0	0	109	105

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) IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest income and expense related to the funding of the operating segments by the internal bank in Group Corporate Centre.

G2 Segment reporting, cont.

Break-down of Wholesale Banking

	Corporate & Institutional Banking		Shipping, Offshore & Oil Services		Nordea Bank Russia		Capital Markets unallocated		Wholesale Banking Other[1]		Total Wholesale Banking	
Income statement, EURm	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net interest income	802	785	319	328	196	171	9	3	–181	–73	1,145	1,214
Net fee and commission income	546	542	61	82	15	14	–97	–94	3	3	528	547
Net result from items at fair value	396	413	27	29	8	13	630	367	0	0	1,061	822
Profit from associated undertakings accounted for under the equity method	0	0	0	0	0	0	0	0	0	0	0	0
Other income	1	0	0	0	3	1	2	1	5	3	11	5
Total operating income	**1,745**	**1,740**	**407**	**439**	**222**	**199**	**544**	**277**	**–173**	**–67**	**2,745**	**2,588**
- of which internal transactions[2]	–229	–204	–67	–74	–46	–27	70	–23	–186	–85	–458	–413
Staff costs	–39	–39	–24	–25	–66	–56	–444	–406	–200	–192	–773	–718
Other expenses	–439	–438	–41	–41	–31	–34	205	224	204	183	–102	–106
Depreciation, amortisation and impairment charges of tangible and intangible assets	0	0	0	0	–5	–6	–1	–1	–32	–13	–38	–20
Total operating expenses	**–478**	**–477**	**–65**	**–66**	**–102**	**–96**	**–240**	**–183**	**–28**	**–22**	**–913**	**–844**
Profit before loan losses	**1,267**	**1,263**	**342**	**373**	**120**	**103**	**304**	**94**	**–201**	**–89**	**1,832**	**1,744**
Net loan losses	–67	–31	–234	–136	–6	–7	0	0	–1	1	–308	–173
Operating profit	**1,200**	**1,232**	**108**	**237**	**114**	**96**	**304**	**94**	**–202**	**–88**	**1,524**	**1,571**
Income tax expense	–288	–294	–77	–89	–27	–24	–76	–24	49	24	–419	–407
Net profit for the year	**912**	**938**	**31**	**148**	**87**	**72**	**228**	**70**	**–153**	**–64**	**1,105**	**1,164**
Balance sheet, EURbn												
Loans to the public	45	44	13	13	6	5	0	0	0	0	64	62
Deposits and borrowings from the public	39	33	5	5	2	1	0	0	0	0	46	39

1) 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.
2) IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest income and expense related to the funding of the operating segments by the internal bank in Group Corporate Centre.

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	
	2012	2011	2012	2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Total Operating segments	10,229	9,616	4,263	3,852	297	288	165	154
Group functions[1]	10	9	–117	–236	0	0	0	0
Unallocated items	30	53	–83	–67	45	39	20	17
Eliminations	–195	–181	—	—	—	—	—	—
Differences in accounting policies[2]	162	4	54	–2	4	10	16	19
Total	10,236	9,501	4,117	3,547	346	337	201	190

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.

Total operating income split on product groups, EURm	2012	2011
Banking products	6,571	6,215
Capital Markets products	2,329	2,068
Savings products & Asset management	739	691
Life & Pensions	546	417
Other	51	110
Total	10,236	9,501

Banking products consists of three different product types. Account products includes account based products such as lending, deposits, cards and Netbank services. Transaction products consist of cash management as well as trade and project finance services. Financing products includes asset based financing through leasing, hire purchase and factoring as well as sales to finance partners such as dealers, vendors and retailers. Capital Markets products contains financial instruments, or arrangements for financial instruments, that are available in the financial marketplace, including currencies, commodities, stocks and bonds. Savings products & Asset management includes Investment funds, Discretionary Management, Portfolio Advice, Equity Trading and Pension Accounts. Investment Funds is a bundled product where the fund company invest 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 decisions. Life & Pensions includes life insurance and pension products and services.

Geographical information

	Total operating income, EURm		Assets, EURbn	
	2012	2011	31 Dec 2012	31 Dec 2011
Sweden	2,246	2,290	145	146
Finland	1,792	1,573	73	78
Norway	1,944	1,983	92	89
Denmark	3,133	2,680	275	320
Baltic countries	212	28	10	1
Poland	246	252	9	9
Russia	180	180	5	6
Other	483	515	68	67
Total	10,236	9,501	677	716

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 customers operations. Goodwill is allocated to different countries based on the location of the business activities of the acquired entities.

G3 Net interest income

EURm	2012	2011
Interest income		
Loans to credit institutions	105	282
Loans to the public	10,634	10,318
Interest-bearing securities	901	904
Other interest income	624	451
Interest income	12,264	11,955
Interest expense		
Deposits by credit institutions	–217	–240
Deposits and borrowings from the public	–2,007	–2,158
Debt securities in issue	–3,965	–3,586
Subordinated liabilities	–354	–330
Other interest expenses[1]	31	–185
Interest expense	–6,512	–6,499
Net interest income	5,752	5,456

1) The net interest income from derivatives, measured at fair value and are 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 9,844m (EUR 9,178m). Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR –5,283m (EUR –4,819m).

Interest on impaired loans amounted to an insignificant portion of interest income.

Net interest income

EURm	2012	2011
Interest income	11,955	11,662
Leasing income[1]	309	293
Interest expense	–6,512	–6,499
Total	5,752	5,456

1) Of which contingent leasing income amounts to EUR 148m (EUR 146m). Contingent leasing income in Nordea contains of variable interest rates, excluding the fixed margin. If the contingent leasing income decreases there will be an offsetting impact from lower funding expenses.

G4 Net fee and commission income

EURm	2012	2011
Asset management commissions	832	754
Life insurance	301	306
Brokerage, securities issues and corporate finance	289	266
Custody and issuers services	117	115
Deposits	54	44
Total savings related commissions	**1,593**	**1,485**
Payments	416	399
Cards	487	446
Total payment commissions	**903**	**845**
Lending	463	437
Guarantees and documentary payment	225	214
Total lending related commissions	**688**	**651**
Other commission income	122	141
Fee and commission income	**3,306**	**3,122**
Savings and investments	–276	–245
Payments	–92	–87
Cards	–238	–219
State guarantee fees	–89	–55
Other commission expenses	–107	–121
Fee and commission expense	**–802**	**–727**
Net fee and commission income	**2,504**	**2,395**

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 491m (EUR 468m).

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 1,422m (EUR 1,260m). The corresponding amount for fee expenses is EUR –64m (EUR –67m).

G5

EURm	2012	2011
Shares/participations and other share-related instruments	1,657	–518
Interest-bearing securities and other interest-related instruments	2,638	1,452
Other financial instruments	484	163
Foreign exchange gains/losses	253	546
Investment properties	135	158
Change in technical provisions, Life[2]	–2,935	–937
Change in collective bonus potential, Life	–544	607
Insurance risk income, Life	188	217
Insurance risk expense, Life	–92	–171
Total	**1,784**	**1,517**

Net result from categories of financial instruments[1]

EURm	2012	2011
Financial instruments designated at fair value through profit or loss	40	20
Financial instruments held for trading[3]	1,191	988
Financial instruments under fair value hedge accounting	36	10
– of which net gains/losses on hedging instruments	1,076	1,940
– of which net gains/losses on hedged items	–1,040	–1,930
Financial assets measured at amortised cost[4]	29	10
Financial liabilities measured at amortised cost	–23	–8
Foreign exchange gains/losses excluding currency hedges	230	317
Other	–2	1
Financial risk income, net Life[2]	187	132
Insurance risk income, net Life	96	47
Total	**1,784**	**1,517**

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 2,601m (EUR 2,544m).
3) Of which amortised deferred day one profits amounts to EUR 12m (EUR 14m).
4) Of which EUR 21m related to instruments classified into the category "Loans and receivables" and EUR 8m related to instruments classified into the category "Held to maturity".

G6

EURm	2012	2011
Sale of global custody operations	4	2
Income from real estate	10	3
Disposal of tangible and intangible assets	13	10
Other	76	76
Total	**103**	**91**

G7

EURm	2012	2011
Salaries and remuneration (specification below)[1]	–2,327	–2,343
Pension costs (specification below)	–247	–299
Social security contributions	–398	–388
Other staff costs	–76	–83
Total [2]	**–3,048**	**–3,113**
Salaries and remuneration		
To executives[3]		
– Fixed compensation and benefits	–21	–20
– Performance-related compensation	–8	–7
– Allocation to profit-sharing	–1	0
Total	**–30**	**–27**
To other employees	–2,297	–2,316
Total	**–2,327**	**–2,343**

1) Of which allocation to profit-sharing 2012 EUR 65m (EUR 37m) consisting of a new allocation of EUR 70m (EUR 43m) and a release related to prior years of EUR 5m (EUR 6m).
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 group undertakings. Former board members (including deputies), CEOs, deputy CEOs, managing directors and executive vice presidents, in the parent company and operating group undertakings, are included. Executives amount to 315 (315) positions.

EURm	2012	2011
Pension costs[1]		
Defined benefits plans (Note G33)[2]	–58	–104
Defined contribution plans	–189	–195
Total	**–247**	**–299**

1) Pension cost for executives as defined in footnote 3 above, amounts to EUR 8m (EUR 8m) and pension obligations to EUR 57m (EUR 56m).
2) Excluding social security contributions. Including social security contributions EUR 66m (EUR 124m).

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) one week before the Annual General Meeting on 14 March 2013.

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) 2012. The remuneration was EUR 252,000 for the Chairman, EUR 97,650 for the Vice Chairman and EUR 75,600 for other members and the annual remuneration for committee work was 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.

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 2012, which is based on agreed, specific targets, can amount to a maximum of 35% of the fixed salary.

The fixed salary was increased with 2.5% to SEK 10,762,500 (EUR 1,236,330) as from 1 January 2012, which was announced at the AGM 2012. For 2012 the CEO has earned variable salary part which, together with the fixed salary, is in accordance with Nordea's remuneration guidelines approved by the AGM 2012. 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 2012, which is based on agreed, specific targets, can be a maximum of 35% of the fixed salary.

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.

EUR	Fixed salary/ Board fee[1] 2012	Fixed salary/ Board fee[1] 2011	Variable salary part 2012	Variable salary part 2011	Long Term Incentive Programmes[2] 2012	Long Term Incentive Programmes[2] 2011	Benefits 2012	Benefits 2011	Total 2012	Total 2011
Chairman of the Board:										
Björn Wahlroos[3]	–267,115	–227,219	—	—	—	—	—	—	–267,115	–227,219
Vice Chairman of the Board:										
Marie Ehrling[4]	–115,207	–112,839	—	—	—	—	—	—	–115,207	–112,839
Former chairman of the Board:										
Hans Dalborg[5]	—	–74,199	—	—	—	—	—	—	—	–74,199
Other Board members:[6]										
Tom Knutzen	–89,240	–93,278	—	—	—	—	—	—	–89,240	–93,278
Lars G Nordström	–89,240	–87,767	—	—	—	—	—	—	–89,240	–87,767
Björn Savén[7]	—	–93,278	—	—	—	—	—	—	—	–93,278
Svein Jacobsen	–92,971	–98,201	—	—	—	—	—	—	–92,971	–98,201
Stine Bosse	–89,240	–89,590	—	—	—	—	—	—	–89,240	–89,590
Sarah Russell	–89,240	–93,278	—	—	—	—	—	—	–89,240	–93,278
Kari Stadigh	–92,971	–96,089	—	—	—	—	—	—	–92,971	–96,089
Peter F Braunwalder[8]	–66,483	—	—	—	—	—	—	—	–66,483	—
CEO:										
Christian Clausen[9]	–1,236,330	–1,162,884	–383,262	–308,164	–277,292	–144,782	–57,653	–22,411	–1,954,537	–1,638,241
Group Executive Management (GEM):										
7 (7) individuals excluding CEO[10]	–5,248,832	–4,637,433	–1,560,348	–1,084,710	–1,170,473	–507,492	–264,791	–222,780	–8,244,444	–6,452,415
Total	–7,476,869	–6,866,055	–1,943,610	–1,392,874	–1,447,765	–652,274	–322,444	–245,191	–11,190,688	–9,156,394

1) The Board fee consists of a fixed annual fee and a fixed annual fee for committee work. These are accounted for in SEK and translated into EUR based on the average exchange rate each year.
2) CEO and members of GEM have a conditional right to maximum 61,158 matching shares, 122,316 performance shares I and 61,158 performance shares II in LTIP 2010, 114,867 matching shares, 229,735 performance shares I and 114,867 performance shares II in LTIP 2011 and 157,978 matching shares, 473,934 performance shares I and 157,978 performance shares II in LTIP 2012. The disclosed expense is calculated in accordance with IFRS 2 "Share-based Payment". LTIP costs increased mainly as LTIP 2011 and LTIP 2012 allows CEO and members of GEM to invest 15% of their salaries in saving shares instead of 10% in earlier programmes. The LTIP expense in 2011 was also on a lower level due to a shift from a two year vesting period until LTIP 2009 to a three year vesting period as from LTIP 2010. See below for more information on the valuation of the Long Term Incentive Programmes.
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 in December 2011.
8) New member of the Board as from the AGM 2012.
9) The CEO's salary is paid in SEK and converted to EUR based on the average exchange rate each year. The increase in fixed salary 2012 is in accordance with the salary increase communicated at the AGM 2012 of 2.5% and the remaining increase is due to the exchange rate effect. Benefits are included at taxable values after salary deduction. In 2011 Nordea bought an apartment to be used by the CEO as from April 2012. The new housing arrangement has had an increasing effect on the disclosed housing benefit, defined as the taxable benefit used when calculating social charges. The taxable housing benefit for the CEO is largely unchanged.
10) GEM members are included for the period they have been appointed. Two new GEM members were appointed, and one member retired, in May 2011. The increase in compensation is mainly due to the full year impact of one additional GEM member, a general salary increase and exchange rate effects. 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. Pensionable income is defined as the fixed salary. The maximum pensionable income is 200 Swedish Income Base Amounts. 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	2012 Pension cost[4]	2012 Pension obligation[5]	2011 Pension cost[4]	2011 Pension obligation[5]
Board members[1]:				
Lars G Nordström	—	402,250	—	430,549
CEO:				
Christian Clausen[2]	–843,527	12,151,364	–1,514,941	11,466,681
Group Executive Management:				
7 (7) individuals excluding CEO[3]	–2,108,905	5,337,679	–2,184,289	4,606,923
Former Chairman of the Board and CEOs:				
Vesa Vainio and Thorleif Krarup[6]	—	18,132,111	—	18,271,060
Total	–2,952,432	36,023,404	–3,699,230	34,775,213

1) Employee representatives excluded. The pension obligation is in accordance with the collective pension agreement BTP and earned during the employment period.
2) The main reason behind the decrease in pension cost is the increase of the maximum pensionable income in 2011, from 190 Swedish Income Base Amounts to 200 Swedish Income Base Amounts, which gave rise to a Past service cost of EUR 838,042 in 2011. The Past service cost constituted the retroactive adjustment of the pension earned in earlier periods following the increase in the maximum pensionable income. New pension rights earned in 2012, the discount factor and exchange rate effects have had an increasing impact on the pension obligation, while changes in actuarial assumptions have had a decreasing impact.
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 the pension obligation is due to new pension rights earned and exchange rate effects, to some extent offset by changes in actuarial assumptions.
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 1,094,953 (1,029,988) relates to DCP agreements.
5) Pension obligations calculated in accordance with IAS 19. These obligations are dependent on 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.
6) The pension obligation for Vesa Vainio and Thorleif Krarup is mainly due to pension rights earned in, and funded by, banks forming Nordea.

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 6m (EUR 4m). 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 terms based on market conditions. 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 on the part that exceeds 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 is 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

	2012			2011		
Conditional rights LTIP 2012	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Granted	1,270,410	3,188,486	1,270,410	—	—	—
Forfeited	–5,973	–11,946	–5,973	—	—	—
Outstanding at end of year	1,264,437	3,176,540	1,264,437	—	—	—
– of which currently exercisable	—	—	—	—	—	—
Conditional rights LTIP 2011						
Outstanding at the beginning of year	950,056	1,900,112	950,056	—	—	—
Granted[1]	35,599	71,199	35,599	950,056	1,900,112	950,056
Forfeited	–14,460	–28,920	–14,460	—	—	—
Outstanding at end of year	971,195	1,942,391	971,195	950,056	1,900,112	950,056
– of which currently exercisable	—	—	—	—	—	—
Conditional rights LTIP 2010						
Outstanding at the beginning of year	889,163	1,778,326	889,163	896,645	1,793,290	896,645
Forfeited	–18,135	–36,270	–18,135	–7,482	–14,964	–7,482
Outstanding at end of year	871,028	1,742,056	871,028	889,163	1,778,326	889,163
– of which currently exercisable	—	—	—	—	—	—

G7 Staff costs, cont.

	2012			2011		
Rights LTIP 2009	A-rights	B-C-rights	D-rights	A-rights	B-C-rights	D-rights
Outstanding at the beginning of year	316,498	306,340	119,944	959,006	959,006	383,602
Forfeited	–11,962	–11,962	–11,962	—	—	—
Exercised[2]	–202,631	–186,841	–73,678	–642,508	–652,666	–263,658
Outstanding at end of year	101,905	107,537	34,304	316,498	306,340	119,944
– of which currently exercisable	101,905	107,537	34,304	316,498	306,340	119,944
Rights LTIP 2008						
Outstanding at the beginning of year	52,654	54,351	43,573	98,255	100,383	80,695
Forfeited	–7,043	–7,043	–7,043	–500	–500	–500
Exercised[2]	–45,611	–47,308	–36,530	–45,101	–45,532	–36,622
Outstanding at end of year	0	0	0	52,654	54,351	43,573
– of which currently exercisable	0	0	0	52,654	54,351	43,573

1) Granted rights in 2012 in LTIP 2011 are compensation for dividend on the underlying Nordea share during 2012.
2) Weighted average share price during the exercise period amounts to EUR 6.88 (EUR 7.45).

Participation in the Long Term Incentive Programmes (LTIPs) requires that the participants take direct ownership by investing in Nordea shares.

	LTIP 2012			LTIP 2011		
	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Ordinary share per right	1.0	1.0	1.0	1.00	1.00	1.00
Exercise price	—	—	—	—	—	—
Grant date	13 May 2012	13 May 2012	13 May 2012	13 May 2011	13 May 2011	13 May 2011
Vesting period	36 months	36 months	36 months	36 months	36 months	36 months
Contractual life	36 months	36 months	36 months	36 months	36 months	36 months
Allotment	April/May 2015	April/May 2015	April/May 2015	April/May 2014	April/May 2014	April/May 2014
Fair value at grant date	EUR 6.55	EUR 6.55	EUR 2.37	EUR 7.90[1]	EUR 7.90[1]	EUR 2.86[1]

1) The fair value has been recalculated due to dividend during the vesting period which the participants are compensated for through additional Matching and Performance Shares.

	LTIP 2010			LTIP 2009		
	Matching Share	Performance Share I	Performance Share II	A-rights	B-C-rights	D-rights
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price	—	—	—	EUR 0.51	EUR 0.12	EUR 0.12
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]		
	A-rights	B-C-rights	D-rights
Ordinary share per right	1.30	1.30	1.30
Exercise price	EUR 1.75	EUR 0.98	EUR 0.98
Grant date	13 May 2008	13 May 2008	13 May 2008
Vesting period	24 months	24 months	24 months
Contractual life	48 months	48 months	48 months
First day of exercise	29 April 2010	29 April 2010	29 April 2010
Fair value at grant date	EUR 7.53	EUR 8.45	EUR 4.14

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 2008, in accordance with the agreement of the programme. The recalculation was 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) or a target in risk-adjusted return on capital at risk (RAROCAR). 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 or a target in RAROCAR and in P/B-ranking compared to a peer group.

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 2012	LTIP 2011	LTIP 2010	LTIP 2009[1]	LTIP 2008[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 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.
Performance condition, B-rights/Performance Share I	Average RAROCAR during the period 2012 up to and including 2014. Full right to exercise will be obtained if the RAROCAR amounts to 17%.	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 exceeds 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 exceeds 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.
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.
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.
EPS knock out, C-rights	—	—	—	Reported EPS for 2010 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.52.
Performance condition, D-rights/Performance Share II	RAROCAR during the period 2012 up to and including 2014 and P/B-ranking year-end 2014 compared to a peer group. Full right to exercise will be obtained if the RAROCAR amounts to 14% and if Nordea´s P/B-ranking is 1–5.	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.
Cap	The market value of the allotted shares is capped to the participants' annual salary for year-end 2011.	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.

G7 Staff costs, cont.

	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009[1]	LTIP 2008[1]
Dividend compensation	The number of Matching Shares and Performance Shares will be adjusted for dividends on the underlying Nordea share during the vesting period, as if assuming that each dividend was used to immediately invest in additional Nordea shares.	The number of Matching Shares and Performance Shares will be adjusted for dividends on the underlying Nordea share during the vesting period, as if assuming that each dividend was used to immediately invest in additional Nordea shares.	—	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.

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 and LTIP 2008 were in 2009 adjusted due to the financial effects of the new rights issue in 2009.

Fair value calculations

The fair value is measured through the use of generally accepted valuation models with the following input factors:

	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008
Weighted average share price	EUR 6.70	EUR 8.39	EUR 6.88	EUR 5.79	EUR 11.08
Right life	3.0 years	3.0 years	3.0 years	2.5 years	2.5 years
Deduction of expected dividends	No	No	No	Yes	Yes
Risk free rate	Not applicable	Not applicable	Not applicable	1.84%	3.83%
Expected volatility	Not applicable	Not applicable	Not applicable	29%	21%

Expected volatility is based on historical values. As the exercise price (zero for LTIP 2010, LTIP 2011 and LTIP 2012) 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, LTIP 2011 and LTIP 2012.

The value of the D-rights/Performance Share II are based on market related conditions and fulfilment of the TSR, RAROCAR and P/B targets have been taken into consideration when calculating the rights' fair value at grant date. When calculating the impact from the market conditions it has been assumed that all possible outcomes have equal possibilities. Also the caps in each programme have been taken into consideration when calculating the rights' fair value at grant. The adjustment to fair value is approximately 2–3% of the weighted average share price.

Expenses for equity-settled share-based payment programmes[1]

EURm	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008
Expected expense for the whole programme	–19	–19	–12	–11	–10
Maximum expense for the whole programme	–32	–26	–20	–11	–10
Total expense during 2012	–4	–6	–2	—	—
Total expense during 2011	—	–3	–4	–2	—

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, LTIP 2011 and LTIP 2012. The expected expense is recognised over the vesting period of 36 months (LTIP 2010, LTIP 2011, LTIP 2012) and 24 months (LTIP 2009 and 2008).

G7 Staff costs, cont.

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	2012	2011
Deferred TSR-linked compensation at beginning of the year	10	13
Accrued deferred/retained TSR-linked compensation during the year	11	5
TSR indexation during the year	4	–3
Payments during the year[1]	–4	–4
Translation differences	0	–1
Deferred TSR-linked compensation at end of year[2]	21	10

1) There have been no adjustments due to forfeitures in 2012.
2) Of which EUR 9m is available for disposal by the employees in 2013. 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.

Average number of employees

	Total		Men		Women	
	2012	2011	2012	2011	2012	2011
Full-time equivalents						
Denmark	8,545	8,475	4,329	4,248	4,216	4,227
Finland	7,312	7,785	1,889	1,957	5,423	5,828
Sweden	7,102	7,530	3,148	3,320	3,954	4,210
Norway	3,343	3,536	1,788	1,896	1,555	1,640
Poland	2,416	2,118	913	664	1,503	1,454
Russia	1,520	1,659	525	593	995	1,066
Estonia	475	469	103	76	372	393
Latvia	462	433	137	99	325	334
Luxembourg	423	354	260	336	163	18
Lithuania	365	345	111	91	254	254
United States	101	89	49	46	52	43
United Kingdom	69	71	40	42	29	29
Singapore	65	59	23	23	42	36
Germany	49	39	29	20	20	19
Other countires	27	21	10	9	17	12
Total average	32,274	32,983	13,354	13,420	18,920	19,563
Total number of employees (FTEs), end of period	31,466	33,068				

Gender distribution

In the parent company´s Board of Directors 67% (62%) were men and 33% (38%) were women. 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 67% (68%) men and 33% (32%) women. Internal Boards consist mainly of management in Nordea.

G8

EURm	2012	2011
Information technology	–639	–647
Marketing and representation	–121	–131
Postage, transportation, telephone and office expenses	–224	–232
Rents, premises and real estate	–421	–444
Other[1]	–455	–460
Total	–1,860	–1,914

1) Including fees and remuneration to auditors distributed as follows.

Auditors' fee

EURm	2012	2011
KPMG		
Auditing assignments	–7	–5
Audit-related services	–1	–2
Tax advisory services	0	0
Other assignments	–2	–5
Total	–10	–12

G9

EURm	2012	2011
Depreciation/amortisation		
Property and equipment (Note G 21)		
Equipment	–110	–110
Buildings	0	–1
Intangible assets (Note G 20)		
Computer software	–106	–55
Other intangible assets	–24	–24
Total	–240	–190
Impairment charges/Reversed impairment charges		
Property and equipment (Note G 21)		
Equipment	—	—
Intangible assets (Note G 20)		
Other intangible assets	–38	–2
Total	–38	–2
Total	–278	–192

G10 Net loan losses

EURm	2012	2011
Divided by class		
Loans to credit institutions	–1	2
– of which provisions	–5	–1
– of which write-offs	—	–7
– of which allowances to cover write-offs	—	7
– of which reversals	4	1
– of which recoveries	—	2
Loans to the public	–939	–659
– of which provisions	–1,438	–1,154
– of which write-offs	–643	–800
– of which allowances to cover write-offs	453	625
– of which reversals	611	596
– of which recoveries	78	74
Off-balance sheet items[1]	7	–78
– of which provisions	–43	–148
– of which write-offs	—	–315
– of which allowances to cover write-offs	—	315
– of which reversals	50	70
Total	–933	–735
Specification		
Changes of allowance accounts on the balance sheet	–821	–636
– of which Loans, individually assessed[2]	–945	–761
– of which Loans, collectively assessed[2]	117	203
– of which Off-balance sheet items, individually assessed[1]	13	–87
– of which Off-balance sheet items, collectively assessed[1]	–6	9
Changes directly recognised in the income statement	–112	–99
– of which realised loan losses, individually assessed	–190	–175
– of which realised recoveries, individually assessed	78	76
Total	–933	–735

1) Included in Note G32 Provisions as "Transfer risk, off-balance" and "Individually assessed, guarantees and other commitments".
2) Included in Note G13 Loans and impairment.

G11 Taxes

Income tax expense

EURm	2012	2011
Current tax[1]	–1,000	–709
Deferred tax	9	–204
Total	–991	–913
1) Of which relating to prior years	–27	18
Current and deferred tax recognised in Other comprehensive income		
Deferred tax assets due to hedge of net investments in foreign operations	45	0
Deferred tax relating to available-for-sale investments	–17	–1
Deferred tax relating to cash flow hedges	50	–43
Total	78	–44

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	2012	2011
Profit before tax	4,117	3,547
Tax calculated at a tax rate of 26.3%	–1,083	–933
Effect of different tax rates in other countries	29	14
Income from associated undertakings	15	9
Tax-exempt income	59	48
Non-deductible expenses	–39	–69
Adjustments relating to prior years	–27	18
Utilization of non-capitalized tax losses carry-forwards from previous periods	0	0
Change of tax rate[1]	73	2
Not creditable foreign taxes	–18	–2
Tax charge	–991	–913
Average effective tax rate	24%	26%

1) Due to change of corporate tax rate in Sweden from 26.3% to 22.0%.

Deferred tax

	Deferred tax assets		Deferred tax liabilities	
EURm	2012	2011	2012	2011
Deferred tax related to:				
Tax losses carry-forward	18	16	—	—
Untaxed reserves	—	—	36	1
Loans to the public	19	29	465	483
Shares	—	—	19	5
Derivatives	26	147	19	212
Intangible assets	0	5	80	85
Property and equipment	6	8	0	2
Investment property	—	—	177	176
Retirement benefit assets/obligations	27	60	57	69
Hedge of net investments in foreign operations	97	57	—	14
Liabilities/provisions	93	70	212	194
Netting between deferred tax assets and liabilities	–68	–223	–68	–223
Total	218	169	997	1,018
– of which expected to be settled after more than 1 year	154	96	953	891

EURm	2012	2011
Movements in deferred tax assets/liabilities (net)		
Amount at beginning of year (net)	–849	–607
Deferred tax relating to items recognised in Other comprehensive income	78	–44
Translation differences	–13	6
Acquisitions and others	–4	0
Deferred tax in the income statement	9	–204
Amount at end of year (net)	–779	–849

G11 Taxes, cont.

EURm	2012	2011
Current tax assets	**78**	**185**
– of which expected to be settled after more than 1 year	9	17
Current tax liabilities	**391**	**154**
– of which expected to be settled after more than 1 year	26	36
Unrecognised deferred tax assets		
Unused tax losses carry-forward	53	54
Total	**53**	**54**
Expire date 2012	—	1
Expire date 2013	—	0
No expiry date	53	53
Total	**53**	**54**

G12

	2012	2011
Earnings:		
Profit attributable to shareholders of Nordea Bank AB (publ) (EURm)	3,119	2,627
Number of shares (in millions):		
Number of shares outstanding at beginning of year	4,047	4,043
Average number of issued C-shares[1]	2	3
Average number of repurchased own C-shares[1]	–2	–3
Average number of own shares in trading portfolio	–23	–16
Basic weighted average number of shares outstanding	**4,024**	**4,027**
Adjustment for diluted weighted average number of additional ordinary shares outstanding[1, 2]	2	1
Diluted weighted average number of shares outstanding	**4,026**	**4,028**
Basic earnings per share, EUR	0.78	0.65
Diluted earnings per share, EUR	0.78	0.65

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 Loans and impairment

EURm	Central banks and credit institutions 31 Dec 2012	Central banks and credit institutions 31 Dec 2011	The public[1] 31 Dec 2012	The public[1] 31 Dec 2011	Total 31 Dec 2012	Total 31 Dec 2011
Loans, not impaired[2]	18,578	51,860	342,190	334,554	360,768	386,414
Impaired loans[2]	24	33	6,881	5,092	6,905	5,125
– of which performing	—	9	4,023	2,937	4,023	2,946
– of which non-performing	24	24	2,858	2,155	2,882	2,179
Loans before allowances	**18,602**	**51,893**	**349,071**	**339,646**	**367,673**	**391,539**
Allowances for individually assessed impaired loans	–24	–26	–2,376	–1,866	–2,400	–1,892
– of which performing	—	—	–1,332	–1,080	–1,332	–1,080
– of which non-performing	–24	–26	–1,044	–786	–1,068	–812
Allowances for collectively assessed impaired loans	–4	–2	–444	–577	–448	–579
Allowances	**–28**	**–28**	**–2,820**	**–2,443**	**–2,848**	**–2,471**
Loans, carrying amount	**18,574**	**51,865**	**346,251**	**337,203**	**364,825**	**389,068**

1) Finance leases, where Nordea Group is a lessor, are included in Loans to the public, see Note G22 Leasing.
2) Comparative figures have been restated to ensure consistency between periods, see Note G1 for more information.

Reconciliation of allowance accounts for impaired loans[1]

EURm	Central banks and credit institutions: Individually assessed	Central banks and credit institutions: Collectively assessed	Central banks and 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 2012	**–26**	**–2**	**–28**	**–1,866**	**–577**	**–2,443**	**–1,892**	**–579**	**–2,471**
Provisions	0	–5	–5	–1,313	–125	–1,438	–1,313	–130	–1,443
Reversals	1	3	4	367	244	611	368	247	615
Changes through the income statement	**1**	**–2**	**–1**	**–946**	**119**	**–827**	**–945**	**117**	**–828**
Allowances used to cover write-offs	—	—	—	453	—	453	453	0	453
Reclassification	0	—	0	–21	21	0	–21	21	0
Translation differences	1	0	1	4	–7	–3	5	–7	–2
Closing balance at 31 Dec 2012	**–24**	**–4**	**–28**	**–2,376**	**–444**	**–2,820**	**–2,400**	**–448**	**–2,848**
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**

1) See Note G10 Net loan losses.

Allowances and provisions

EURm	Central banks and credit institutions 31 Dec 2012	Central banks and credit institutions 31 Dec 2011	The public 31 Dec 2012	The public 31 Dec 2011	Total 31 Dec 2012	Total 31 Dec 2011
Allowances for items on the balance sheet	–28	–28	–2,820	–2,443	–2,848	–2,471
Provisions for off balance sheet items	–16	–13	–68	–80	–84	–93
Total allowances and provisions	**–44**	**–41**	**–2,888**	**–2,523**	**–2,932**	**–2,564**

Key ratios[1]

	31 Dec 2012	31 Dec 2011
Impairment rate, gross, basis points[2]	188	131
Impairment rate, net, basis points[2]	123	83
Total allowance rate, basis points	77	63
Allowances in relation to impaired loans, %[2]	35	37
Total allowances in relation to impaired loans, %[2]	41	48
Non-performing loans, not impaired, EURm[2]	614	307

1) For definitions, see Business definitions on page 93.
2) Comparative figures have been restated to ensure consistency between periods, see Note G1 for more information.

G14 Interest-bearing securities

EURm	31 Dec 2012	31 Dec 2011
Eligible as collateral with central banks		
Issued by State and sovereigns	9,258	10,894
Issued by Municipalities and other public bodies	2,236	1,316
Issued by other entities	14,885	14,896
Non eligible		
Issued by public bodies	10,711	11,183
Issued by other borrowers	65,813	61,807
Total	102,903	100,096
– of which Financial instruments pledged as collateral (Note G15)	7,964	7,723
Total	94,939	92,373
Listed and unlisted securities and Financial instruments pledged as collateral		
Listed securities	95,487	90,816
Unlisted securities	7,416	9,280
Total	102,903	100,096

G15 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 on the balance sheet to the item Financial instruments pledged as collateral.

EURm	31 Dec 2012	31 Dec 2011
Interest-bearing securities	7,964	7,723
Shares	6	650
Total	7,970	8,373

For information on transferred assets and reverse repos, see Note G43.

G16 Shares

EURm	31 Dec 2012	31 Dec 2011
Shares	11,983	10,509
Shares taken over for protection of claims	1	4
Fund units, equity related	8,871	5,034
Fund units, interest related	7,279	5,270
Total	28,134	20,817
– of which Financial instruments pledged as collateral (Note G15)	6	650
Total	28,128	20,167
– of which expected to be settled after more than 1 year	19,273	15,894
Listed and unlisted shares and Financial instruments pledged as collateral		
Listed shares	24,630	15,283
Unlisted shares	3,504	5,534
Total	28,134	20,817

G17 Derivatives and Hedge accounting

31 Dec 2012, EURm	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	89,774	84,279	3,707,415
FRAs	21	29	24,998
Futures and forwards	585	559	1,438,612
Options	12,163	12,147	450,396
Other	15	0	1,177
Total	102,558	97,014	5,622,598
Equity derivatives			
Equity swaps	93	107	4,705
Futures and forwards	16	13	395
Options	514	448	12,711
Total	623	568	17,811
Foreign exchange derivatives			
Currency and interest rate swaps	10,593	13,345	792,777
Currency forwards	505	893	91,048
Options	202	212	26,329
Other	0	0	242
Total	11,300	14,450	910,396
Credit derivatives			
Credit Default Swaps (CDS)	637	655	47,052
Total	637	655	47,052
Commodity derivatives			
Swaps	493	433	5,694
Futures and forwards	5	26	599
Options	30	28	1,524
Total	528	487	7,817
Other derivatives			
Swaps	—	8	426
Options	11	6	233
Other	49	14	1,924
Total	60	28	2,583
Total derivatives held for trading	115,706	113,202	6,608,257
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	2,281	594	58,816
Options	0	0	1,042
Total	2,281	594	59,858
Foreign exchange derivatives			
Currency and interest rate swaps	802	407	8,871
Total	802	407	8,871
Total derivatives used for hedge accounting	3,083	1,001	68,729
Total derivatives	118,789	114,203	6,676,986

G17 Derivatives and Hedge accounting, cont.

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 (CDS)	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

EURm	31 Dec 2012	31 Dec 2011
Assets		
Carrying amount at beginning of year	–215	1,127
Changes during the year		
Revaluation of hedged items	–506	–1,343
Translation differences	10	1
Carrying amount at end of year	**–711**	**–215**
Liabilities		
Carrying amount at beginning of year	1,274	898
Changes during the year		
Revaluation of hedged items	625	366
Translation differences	41	10
Carrying amount at end of year	**1,940**	**1,274**

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.

G19 Investments in associated undertakings

EURm	31 Dec 2012	31 Dec 2011
Acquisition value at beginning of year	603	564
Acquisitions during the year	6	16
Sales during the year	–4	–4
Share in earnings[1]	67	60
Dividend received	–42	–35
Reclassifications	0	1
Translation differences	–34	1
Acquisition value at end of year	**596**	**603**
Accumulated impairment charges at beginning of year	–12	–10
Accumulated impairment charges on sales during the year	1	—
Reversed impairment charges during the year	—	0
Impairment charges during the year	—	–1
Reclassifications	0	–1
Translation differences	0	0
Accumulated impairment charges at end of year	**–11**	**–12**
Total	**585**	**591**
– of which, listed shares	—	—

1) Share in earnings

EURm	2012	2011
Profit from companies accounted for under the equity method	93	42
Portfolio hedge, Eksportfinans ASA	–36	6
Associated undertakings in Life, reported as Net result from items at fair value	10	12
Share in earnings	**67**	**60**

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 2012	31 Dec 2011
Total assets	6,975	8,091
Total liabilities	5,734	6,664
Operating income	455	194
Operating profit	98	84

Nordea has issued contingent liabilities of EUR 731m (EUR 940m) on behalf of associated undertakings.

31 Dec 2012	Registration number	Domicile	Carrying amount 2012, EURm	Carrying amount 2011, EURm	Voting power of holding %
Eksportfinans ASA	816521432	Oslo	129	145	23
Ejendomspartnerskabet af 1/7 2003	27134971	Ballerup	193	190	49
Luottokunta	0201646-0	Helsinki	46	49	27
LR Realkredit A/S	26045304	Copenhagen	13	4	39
Realia Holding Oy	2106796-8	Helsinki	20	20	25
Samajet Nymøllevej 59–91	24247961	Ballerup	20	20	25
E-nettet Holding A/S	28308019	Copenhagen	2	1	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
Bluegarden A/S (former Multidata Holding A/S)	27226027	Ballerup	0	9	29
Samejet Lautruphøj I/S	50857859	Ballerup	6	6	50
Nets Holding A/S	27225993	Ballerup	99	91	21
NorVega SGR S.p.A.	1060050156	Milano	—	3	40
Upplysningscentralen UC AB	556137-5113	Stockholm	3	0	26
Bankomat AB (former BAB Bankernas Automatbolag AB)	556817-9716	Stockholm	6	3	20
Other			10	12	
Total			**585**	**591**	

G20 Intangible assets

EURm	31 Dec 2012	31 Dec 2011
Goodwill allocated to cash generating units[1]		
Retail Banking Norway	958	909
Retail Banking Denmark	590	592
Retail Banking Sweden	237	230
Retail Banking Poland	66	60
Life & Pensions	310	306
Banking Russia	277	268
Shipping, Offshore & Oil services	218	210
Goodwill, total	**2,656**	**2,575**
Other intangible assets		
Computer software	694	651
Other intangible assets	75	95
Other intangible assets, total	**769**	**746**
Intangible assets, total	**3,425**	**3,321**

1) Excluding goodwill in associated undertakings.

Goodwill		
Acquisition value at beginning of year	2,576	2,586
Translation differences	81	–10
Acquisition value at end of year	**2,657**	**2,576**
Accumulated impairment charges at beginning of year	–1	–1
Translation differences	0	0
Accumulated impairment charges at end of year	**–1**	**–1**
Total	**2,656**	**2,575**
Computer software		
Acquisition value at beginning of year	854	660
Acquisitions during the year	171	191
Sales/disposals during the year	–1	–1
Reclassifications	0	0
Translation differences	17	4
Acquisition value at end of year	**1,041**	**854**
Accumulated amortisation at beginning of year	–195	–140
Amortisation according to plan for the year	–106	–55
Accumulated amortisation on sales/disposals during the year	0	0
Reclassifications	0	1
Translation differences	–4	–1
Accumulated amortisation at end of year	**–305**	**–195**
Accumulated impairment charges at beginning of year	–8	–5
Impairment charges during the year	–38	–2
Reclassifications	4	—
Translation differences	0	–1
Accumulated impairment charges at end of year	**–42**	**–8**
Total	**694**	**651**

G20 Intangible assets, cont.

EURm	31 Dec 2012	31 Dec 2011
Other intangible assets		
Acquisition value at beginning of year	216	221
Acquisitions during the year	6	1
Sales/disposals during the year	–11	–1
Reclassifications	–2	0
Translation differences	6	–5
Acquisition value at end of year	**215**	**216**
Accumulated amortisation at beginning of year	–117	–98
Amortisation according to plan for the year	–24	–24
Accumulated amortisation on sales/disposals during the year	9	1
Reclassifications	1	1
Translation differences	–5	3
Accumulated amortisation at end of year	**–136**	**–117**
Accumulated impairment charges at beginning of year	–4	–4
Accumulated impairment charges at end of year	**–4**	**–4**
Total	**75**	**95**

The total amount is expected to be recovered 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. Due to the long-term nature of the investments, cash flow is expected to continue indefinitely.

Cash flows in the near future (between 3–5 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. Cash flows for the period beyond the forecasting period are based on estimated sector growth rates. For impairment testing, a growth rate of 2.5% (4.0%) has been used for all Nordic cash generating units. For cash generating units in Poland and Russia, 3.0% (4.0%) and 4.5% (4.0%) have been used. Growth rates are based on historical data, updated to reflect the current situation.

Cash flows include normalised loan losses.

The derived cash flows are discounted at a rate based on the market's long-term risk-free rate of interest and yield requirements. The post-tax discount rate used for the impairment test 2012 is 8.5% (9.0%), which equals a pre-tax rate of 11.3% (11.9%). For operations in Poland, an additional risk premium of 150 basis points has been applied and for Russia an additional risk premium of 225 basis points has been applied.

The impairment tests conducted in 2012 did not indicate any need for goodwill impairment. See Note G1 section 4 for more information.

An increase in the discount rate of 1 percentage point or a reduction in the future growth rate of 1 percentage points are considered to be reasonably possible changes in key assumptions. Such a change would not result in an impairment in any of the cash generating units.

G21 Property and equipment

EURm	31 Dec 2012	31 Dec 2011
Property and equipment	474	469
– of which buildings for own use	73	72
Total	**474**	**469**
Equipment		
Acquisition value at beginning of year	960	891
Acquisitions during the year	139	154
Sales/disposals during the year	–59	–70
Reclassifications	–47	–16
Translation differences	29	1
Acquisition value at end of year	**1,022**	**960**
Accumulated depreciation at beginning of year	–551	–497
Accumulated depreciation on sales/disposals during the year	43	43
Reclassifications	13	18
Depreciations according to plan for the year	–110	–110
Translation differences	–14	–5
Accumulated depreciation at end of year	**–619**	**–551**
Accumulated impairment charges at beginning of year	–12	–10
Reclassification	10	–2
Translation differences	0	0
Accumulated impairment charges at end of year	**–2**	**–12**
Total	**401**	**397**
Land and buildings		
Acquisition value at beginning of year	81	79
Acquisitions during the year	1	3
Sales/disposals during the year	–1	0
Reclassifications	–1	0
Translation differences	2	–1
Acquisition value at end of year	**82**	**81**
Accumulated depreciation at beginning of year	–9	–9
Accumulated depreciation on sales/disposals during the year	0	0
Depreciation according to plan for the year	0	–1
Translation differences	0	1
Accumulated depreciation at end of year	**–9**	**–9**
Total	**73**	**72**

The total amount is expected to be settled after more than 1 year.

G22

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 G13) 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 2012	31 Dec 2011
Gross investments	8,086	7,682
Less unearned finance income	–473	–648
Net investments in finance leases	**7,613**	**7,034**
Less unguaranteed residual values accruing to the benefit of the lessor	–81	–29
Present value of future minimum lease payments receivable	**7,532**	**7,005**
Accumulated allowance for uncollectible minimum lease payments receivable	5	7

As of 31 December 2012 the gross investment and the net investment by remaining maturity was distributed as follows:

	31 Dec, 2012	
EURm	Gross Investment	Net Investment
2013	1,740	1,668
2014	1,767	1,693
2015	1,738	1,688
2016	893	851
2017	706	648
Later years	1,242	1,065
Total	**8,086**	**7,613**

Operating leases

Assets subject to operating leases mainly comprise real estate, vehicles, aeroplanes and other equipment. On the balance sheet they are reported as tangible assets.

Carrying amount of leased assets, EURm	31 Dec 2012	31 Dec 2011
Acquisition value	81	102
Accumulated depreciations	–36	–41
Accumulated impairment charges	0	—
Carrying amount at end of year	**45**	**61**
– of which repossessed leased property, carrying amount	—	—
Carrying amount distributed on groups of assets, EURm		
Equipment	45	61
Carrying amount at end of year	**45**	**61**

Depreciation for 2012 amounted to EUR 15m (EUR 18m).

Under non-cancellable operating leases, the future minimum lease payments receivable are distributed as follows:

EURm	31 Dec 2012
2013	13
2014	7
2015	5
2016	3
2017	2
Later years	0
Total	**30**

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 30m (EUR 28m).

Operating leases

Nordea has entered into operating lease agreements for premises and office equipment.

Leasing expenses during the year, EURm	31 Dec 2012	31 Dec 2011
Leasing expenses during the year	–268	–295
– of which minimum lease payments	–261	–288
– of which contingent rents	–7	–7
Leasing income during the year regarding sublease payments	7	7

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

EURm	31 Dec 2012
2013	211
2014	147
2015	104
2016	75
2017	69
Later years	181
Total	**787**

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 23m.

G23

Movement on the balance sheet

EURm	31 Dec 2012	31 Dec 2011
Carrying amount at beginning of year	3,644	3,535
Acquisitions during the year	116	129
Sales/disposals during the year	–181	–48
Net gains or losses from fair value adjustments	–48	–17
Transfers/reclassifications during the year	–3	32
Translation differences	–120	13
Carrying amount at end of year	**3,408**	**3,644**
– of which expected to be settled after more than 1 year	3,378	3,591

Amounts recognised in the income statement[1]

EURm	2012	2011
Rental income	244	251
Direct operating expenses that generate rental income	–59	–68
Direct operating expenses that did not generate rental income	–2	–11

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	1,626
Norway	962
Finland	558
Sweden	78
Other	184
Total	**3,408**

Yield requirements, average	Denmark	Norway	Finland	Sweden
Department stores, multistorey, car parks and hotels	7.6%	6.0%	5.8%	6,8%
Office buildings	6.2%	6.5%	5.9%	—
Apartment buildings	5.7%	6.0%	4.5%	4,3%
Other	—	6.5%	7.3%	—

G24

EURm	31 Dec 2012	31 Dec 2011
Claims on securities settlement proceeds	6,117	11,587
Reinsurance recoverables	4	4
Cash/margin receivables	7,810	6,273
Other	2,441	1,561
Total	**16,372**	**19,425**
– of which expected to be settled after more than 1 year	124	6

G25 Prepaid expenses and accrued income

EURm	31 Dec 2012	31 Dec 2011
Accrued interest income	1,302	1,552
Other accrued income	451	374
Prepaid expenses	806	777
Total	**2,559**	**2,703**
– of which expected to be settled after more than 1 year	542	541

G26

EURm	31 Dec 2012	31 Dec 2011
Central banks	8,699	17,161
Other banks	30,647	34,515
Other credit institutions	16,080	3,640
Total	**55,426**	**55,316**

G27

EURm	31 Dec 2012	31 Dec 2011
Deposits from the public	182,061	174,609
Borrowings from the public	18,617	15,483
Total	**200,678**	**190,092**

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 3,891m (EUR 3,932m) are also included in Deposits.

G28

EURm	31 Dec 2012	31 Dec 2011
Traditional life insurance provisions	23,399	23,572
– of which guaranteed provisions	23,266	23,450
– of which non-guaranteed provisions	133	122
Unit-linked insurance provisions	7,169	4,899
– of which guaranteed provisions	285	1,061
– of which non-guaranteed provisions	6,884	3,838
Insurance claims provision	463	428
Provisions, Health & personal accident	259	277
Total insurance contracts	**31,290**	**29,176**
Investment contracts	12,106	10,226
– of which guaranteed provisions	3,786	3,319
– of which non-guaranteed provisions	8,320	6,907
Collective bonus potential	1,924	1,313
Total	**45,320**	**40,715**

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 2012, 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	**23,572**	**4,899**	**428**	**277**	**10,226**	**1,313**	**40,715**
Gross premiums written	1,833	1,112	—	—	2,582	—	5,527
Transfers	–1,055	1,135	—	—	–166	—	–86
Addition of interest/Investment return	573	580	—	—	1,157	—	2,310
Claims and benefits	–2,373	–513	30	–34	–1,744	—	–4,634
Expense loading including addition of expense bonus	–82	–47	—	—	–85	—	–214
Change in provisions/bonus potential	—	—	—	13		584	597
Other	711	–16	—	—	–100	4	599
Translation differences	220	19	5	3	236	23	506
Provisions/bonus potentials, end of year	**23,399**	**7,169**	**463**	**259**	**12,106**	**1,924**	**45,320**
Provision relating to bonus schemes/ discretionary participation feature:	98%				25%		

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%		

G28 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 2012		31 Dec 2011	
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	–149.3	–130.5	–148.1	–92.1
Mortality – decreased living with 1 year	270.9	9.4	226.9	18.3
Disability – 10% increase	–24.2	–14.1	–33.7	–6.5
Disability – 10% decrease	35.8	0.1	33.6	6.5
50 bp increase in interest rates	–486.1	4.0	–207.5	83.3
50 bp decrease in interest rates	369.6	–4.4	200.4	–97.2
12% decrease in all shareprices	–844.8	–9.1	–712.8	–81.7
8% decrease in property value	–192.5	–30.8	–194.4	–46.3
8% loss on counterparts	–67.1	–0.2	–39.0	–0.2

Liabilities to policyholders divided in guarantee levels (technical interest rate)

31 Dec 2012, EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	15,336	4,081	13,186	9,568	503	42,674

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

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

G29

EURm	31 Dec 2012	31 Dec 2011
Certificates of deposit	18,627	35,459
Commercial papers	38,524	31,381
Bond loans	127,081	112,954
Other	108	156
Total	184,340	179,950

G30

EURm	31 Dec 2012	31 Dec 2011
Liabilities on securities settlement proceeds	16,457	14,355
Sold, not held, securities	6,136	13,539
Accounts payable	225	230
Cash/margin payables	5,787	4,374
Other	4,867	10,870
Total	33,472	43,368
– of which expected to be settled after more than 1 year	34	164

G31 Accrued expenses and prepaid income

EURm	31 Dec 2012	31 Dec 2011
Accrued interest	2,185	2,113
Other accrued expenses	1,330	1,027
Prepaid income	388	356
Total	**3,903**	**3,496**
– of which expected to be settled after more than 1 year	25	25

G32

EURm	31 Dec 2012	31 Dec 2011
Reserve for restructuring costs	109	152
Transfer risk, off-balance	19	13
Individually assessed, guarantees and other commitments	65	80
Tax	132	112
Other	64	126
Total	**389**	**483**

EURm	Restructuring	Transfer risk	Off-balance sheet	Tax	Other	Total
At beginning of year	152	13	80	112	126	483
New provisions made	51	8	28	16	6	109
Provisions utilised	–83	—	–19	–1	–1	–104
Reversals	–15	–2	–26	0	–15	–58
Reclassifications	–9	—	—	—	–56	–65
Discount effect	10	—	—	—	0	10
Translation differences	3	0	2	5	4	14
At end of year	**109**	**19**	**65**	**132**	**64**	**389**
– of which expected to be settled after more than 1 year	25	19	54	1	49	148

Provisions for restructuring costs amounts to EUR 109m and covers termination benefit (EUR 99m) and other provisions mainly related to redundant premises (EUR 10m). The restructuring activities have mainly 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 2013. 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 2013.

Provision for Transfer risk of EUR 19m 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 G13. 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 65m.

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 131m. 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 be settled during 2013.

Other provisions refers to the following provisions: Provision for premiums in Defined Contribution Plans EUR 34m (EUR 11m expected to be settled 2013), provision for legal disputes EUR 10m (total amount expected to be settled after 2013) and other provisions amounting to EUR 20m (EUR 4m expected to be settled 2013). The provision related to Defined Contribution Plans is expected to be settled over the following 5–10 years.

G33

EURm	31 Dec 2012	31 Dec 2011
Defined benefit plans, net	47	102
Total	47	102

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 is reflected on the Group's balance sheet. The major plans in each country are funded schemes covered by assets in pension funds/foundations.

Multiemployer plan

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 2012, as information on Nordea's share of the liabilities and pension costs in the plan is not available 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. The premium rate to Fellesordningen is 1.75% of the salary basis in 2012. The rate is expected to increase 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[1]	Swe	Nor	Fin	Den
2012				
Discount rate	3.5%	4.0%[2]	3.5%	3.5%
Salary increase	2.5%	3.0%	3.0%	2.5%
Inflation	1.5%	2.0%	2.0%	2.0%
Expected return on assets before taxes	4.5%	5.0%	4.5%	4.5%
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%

1) The assumptions disclosed for 2012 have an impact on the liability calculation by year-end 2012, while the assumptions disclosed for 2011 are used for calculating the pension expense in 2012.

2) As further described in Note G1, section 22, the discount rate in Norway is as from 2012 determined with referece to covered bonds. If the government bond yield was used the discount rate would be approximately 1 percentage point lower. For effects from this change see the sensitivity analysis described below.

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 12% and in service cost of 18%. A one percentage point decrease in the discount rate would lead to an increase in pension obligation of 16% and in service cost of 24%.

Asset composition

The combined return on assets in 2012 was 8.7% (3.5%) driven by the fact that all assets performed well in 2012 with credit bonds and equities contributing strongly. At the end of the year the equity exposure in pension funds/foundations represented 23% (17%) of total assets.

G33 Retirement benefit obligations, cont.

Asset composition in funded schemes	Swe 2012	Nor 2012	Fin 2012	Den 2012	Total 2012	Total 2011
Equity	20%	21%	28%	10%	23%	17%
Bonds	75%	60%	60%	69%	67%	74%
Real estate	—	15%	11%	—	6%	7%
– of which Nordea real estate	—	—	3%	—	1%	1%
Other plan assets	5%	4%	1%	21%	4%	2%

Amounts recognised on the balance sheet

EURm	Swe 2012	Nor 2012	Fin 2012	Den 2012	Total 2012	Total 2011
Pension Benefit Obligation (PBO)	1,477	935	894	117	3,423	3,484
Plan assets	1,404	673	916	132	3,125	2,848
Total surplus/deficit (–)	–73	–262	22	15	–298	–636
– of which unrecognised actuarial gains/losses (–)	–77	–73	–90	–11	–251	–534
Of which recognised on the balance sheet	4	–189	112	26	–47	–102
– of which retirement benefit assets	125	10	137	29	301	223
– of which retirement benefit obligations	121	199	25	3	348	325
– of which related to unfunded plans (PBO)	128	192	25	2	347	368

Overview of surplus or deficit in the plans

EURm	Total 2012	Total 2011	Total 2010	Total 2009	Total 2008
PBO	3,423	3,484	3,305	3,087	2,830
Plan Assets	3,125	2,848	2,766	2,397	2,099
Surplus/deficit (–)	–298	–636	–539	–690	–731

Changes in the PBO

EURm	Swe 2012	Nor 2012	Fin 2012	Den 2012	Total 2012	Total 2011
PBO at 1 Jan	1,574	1,005	774	131	3,484	3,305
Service cost	36	25	3	0	64	63
Interest cost	56	30	34	4	124	131
Pensions paid	–73	–42	–42	–8	–165	–166
Curtailments and settlements	—	–4	—	—	–4	–16
Past service cost	–30	–2	—	—	–32	31
Actuarial gains (–)/losses	–133	–136	122	–10	–157	123
Translation differences	62	55	3	0	120	18
Change in provision for SWT/SSC[1]	–15	4	—	—	–11	–5
PBO at 31 Dec	1,477	935	894	117	3,423	3,484

1) Change in provision for special wage tax (SWT) and social security contribution (SSC) in Sweden and Norway, calculated on recognised amounts on the balance sheet.

Changes in the fair value of plan assets

EURm	Swe 2012	Nor 2012	Fin 2012	Den 2012	Total 2012	Total 2011
Assets at 1 Jan	1,249	633	837	129	2,848	2,766
Expected return on assets	53	27	44	4	128	134
Pensions paid	—	–22	–42	–8	–72	–97
Curtailments and settlements	—	–4	—	—	–4	–10
Contributions	1	8	9	—	18	79
Actuarial gains/losses (–)	53	–4	64	7	120	–38
Translation differences	48	35	4	—	87	14
Plan assets at 31 Dec	1,404	673	916	132	3,125	2,848
Actual return on plan assets	106	23	108	11	248	96

G33 Retirement benefit obligations, cont.

Overview of actuarial gains/losses

EURm	Total 2012	Total 2011	Total 2010	Total 2009	Total 2008
Effects of changes in actuarial assumptions	187[1]	–130	–44	51	–337
Experience adjustments	90	–31	85	84	–268
– of which on plan assets	120	–38	71	73	–225
– of which on plan liabilities	–30	7	14	11	–43
Actuarial gains/losses	**277**	**–161**	**41**	**135**	**–605**

1) Main impact from changed assumptions on discount rate in Norway and inflation in Sweden.

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 66m (EUR 124m). 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 2012	Nor 2012	Fin 2012	Den 2012	Total 2012	Total 2011
Service cost	36	25	3	0	64	63
Interest cost	56	30	34	4	124	131
Expected return on assets	–53	–27	–44	–4	–128	–134
Curtailments and settlements	—	0	—	—	0	–4[1]
Recognised past service cost[2]	–25	–2	—	—	–27	31
Recognised actuarial gains (–)/losses	12	11	0	2	25	17
SWT/SSC[3]	3	5	—	—	8	20
Pension cost on defined benefit plans	**29**	**42**	**–7**	**2**	**66**	**124**

1) Recognised actuarial losses of EUR 2m related to the curtailment.
2) In 2012 the recognised past service cost is mainly due to a change in the early retirement option in the Swedish collective pension agreement and it includes recognised actuarial losses of EUR 5m. In 2011 EUR 30m related to New Normal.
3) Cost related to special wage tax (SWT) in Sweden and social security contribution (SSC) in Norway.

The pension cost is lower than expected at the beginning of the year, mainly due to the change in the early retirement option in the Swedish collective pension agreement (negative past servie cost). Compared with the pension cost 2012, excluding the negative past service cost, the pension cost from defined benefit plans is expected to decrease in 2013, mainly as a consequence of the change of actuarial assumptions at the end of 2012. The amended IAS 19, with effective date 1 January 2013, will not have any significant impact on the pension expense 2013, compared with the expense disclosed in this annual report. Actuarial gains/losses will be recognised directly in other comprehensive income instead of being amortised in the income statement. This positive effect is however largely offset by the fact that the return on plan assets will be recognised using the discount rate instead of an expected return.

The group expects to contribute EUR 48m to its defined benefit plans in 2013.

Key management personnel

The Group's total pension obligations relating to key management personnel amounted to EUR 36m (EUR 35m) 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 2012 were EUR 2m (EUR 3m). Complete information concerning key management personnel is disclosed in Note G7.

G34

EURm	31 Dec 2012	31 Dec 2011
Dated subordinated debenture loans	5,160	3,818
Undated subordinated debenture loans	666	658
Hybrid capital loans	1,971	2,027
Total	**7,797**	**6,503**

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.

G35 Assets pledged as security for own liabilities

EURm	31 Dec 2012	31 Dec 2011
Assets pledged for own liabilities		
Lease agreements[1]	77	78
Securities etc[2]	33,541	23,239
Loans to the public	110,964	103,451
Other pledged assets	20,320	20,126
Total	164,902	146,894
The above pledges pertain to the following liabilities		
Deposits by credit institutions	8,416	10,263
Deposits and borrowings from the public	5,377	2,379
Derivatives	233	639
Debt securities in issue	86,653	78,208
Other liabilities and commitments	37,752	36,970
Total	138,431	128,459

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 on the balance sheet. Securities borrowed or bought under reverse repurchase agreements are not recognised on the balance sheet and thus not included in the amount. Such transactions are disclosed in Note G43, Transferred assets and obtained collaterals.

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.

G36

EURm	31 Dec 2012	31 Dec 2011
Other assets pledged[1]		
Lease agreements	0	0
Securities etc	4,324	6,063
Other assets pledged	43	27
Total	4,367	6,090

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.

G37

EURm	31 Dec 2012	31 Dec 2011
Guarantees		
– Loan guarantees	4,016	4,897
– Other guarantees	14,828	16,730
Documentary credits	2,231	2,626
Other contingent liabilities	82	215
Total	21,157	24,468

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 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 group undertakings 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 are considered likely to have any significant adverse effect on the Group or its financial position.

G38

EURm	31 Dec 2012	31 Dec 2011
Future payment obligations	545	996
Credit commitments[1]	84,914	85,319
Other commitments	749	655
Total	86,208	86,970

1) Including unutilised portion of approved overdraft facilities of EUR 45,796m (EUR 47,607m).

Reverse repurchase agreements are recognised on and derecognised from the balance sheet on settlement date. Nordea has as per 31 December 2012 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 2012. The net impact on the balance sheet is minor. These instruments have not been disclosed as commitments.

For information about derivatives, see Note G17 and about reverse repos, see Note G43.

G39

Operating profit, insurance

EURm	2012	2011
Operating income[1]		
Fee and commission income	351	340
Fee and commission expense	–135	–132
Net fee and commission income	216	208
Net result on items at fair value	282	179
Operating income	498	387
Operating expenses		
Staff costs	–121	–128
Other expenses	–83	–83
Depreciation, amortisation and impairment charges of tangible and intangible assets	–14	–6
Total operating expenses	–218	–217
Operating profit, insurance	280	170

1) Before allocations and elimination of intra-group transactions.

Operating profit, insurance

EURm	2012	2011
Technical result		
Premiums written	5,494	5,576
Investment income, investment contracts	1,157	782
Investment income, insurance contracts	2,487	–354
Other technical income	132	139
Claims paid	–4,614	–3,823
Change in technical provisions, investment contracts	–1,732	–910
Change in technical provisions, insurance contracts	–1,734	–1,499
Change in collective bonus potential	–582	575
Operating expenses	–350	–350
Technical result	258	136
Non-technical investment income	22	34
Operating profit	280	170

Balance sheet

EURm	31 Dec 2012	31 Dec 2011
Assets		
Cash and balances with central banks	1	1
Loans to the public	571	877
Loans to credit institutions	1,802	1,922
Interest bearing securities	25,405	25,789
Shares and participations	19,096	15,559
Derivatives	752	463
Participating interests	234	233
Intangible assets	332	335
Tangible assets	27	26
Investment property	3,261	3,523
Deferred tax assets	16	—
Retirement benefit assets	7	—
Other assets	559	439
Prepaid expenses and accrued income	545	432
Total assets	52,608	49,599
– of which intra-group transactions	4,973	4,879
Liabilities		
Deposits by credit institutions and central banks	1,999	3,941
Deposits and borrowings from the public	387	630
Liabilities to Life insurance policyholders	45,320	40,715
Derivatives	518	117
Current tax liabilities	65	22
Other liabilities	1,652	1,766
Accrued expenses and deferred income	212	128
Deferred tax liabilities	294	282
Provisions	6	—
Retirement benefit obligation	8	9
Subordinated liabilities	530	523
Total liabilities	50,991	48,133
Equity	1,617	1,466
Total liabilities and equity	52,608	49,599
– of which intra-group transactions	3,294	5,796

G40 Capital adequacy

Capital adequacy is a measure of the financial strength of a bank, usually expressed as a ratio of capital to assets. There is now a worldwide capital adequacy standard (Basel II) drawn up by the Basel Committee on Banking Supervision (BCBS). Within the EU, the capital adequacy requirements are outlined in the Capital Requirement Directive (CRD).

The CRD contains a detailed set of minimum requirements to assure the conceptual soundness and integrity of the internal assessment. Over the years, amendments have been made to the first version of the CRD regulation. CRD II was implemented at the end of 2010 and strengthened the large exposure regime, increased the quality of the capital base and added stricter securitisation regulation. CRD III, which has been valid since 31 December 2011 includes capital requirements for re-securitisation, disclosure of securitisation positions, capital requirements for trading book positions and remuneration policies (from 1 January 2011). The transition rule, stipulating that the capital is not allowed to be below 80% of the capital requirement calculated under Basel I regulation, has been extended to apply at least until December 2014.

The regulatory capital requirements are calculated using the following formula:

Minimum capital requirements = Capital base/RWA
where Minimum capital requirements ≥ 8%

The Basel II framework is built on three Pillars:

- Pillar I – requirements for the calculation of RWA and capital requirements
- Pillar II – rules for the Supervisory Review Process (SRP), including the ICAAP
- Pillar III – rules for the disclosure on risk and capital management, including capital adequacy

Nordea performs an ICAAP with the purpose to review the management, mitigation and measurement of material risks within the buiness environment in order to assess the adequacy of capitalisation and to determine an internal capital requirements reflecting the risks of the institution.

The ICAAP is a continuous process which increases awareness of capital requirements and exposure to material risks throughout the organisation, both in the business area and legal entity dimensions. Stress tests are important drivers of risk awareness, looking at capital and risk from a firm-wide perspective on a regular basis and on an ad-hoc basis for specific areas or segments. The process includes a regular dialogue with supervisory authorities, rating agencies and other external stakeholders with respect to capital management, measurement and mitigation techniques used.

Nordea's capital levels continue to be adequate to support the risks taken, both from an internal perspective as well as from the perspective of supervisors. Heading into 2013, Nordea will continue to closely follow the development of the new capital requirement regime as well as maintain its open dialouge with various supervisory authorities.

The disclosures in this note cover the Nordea Financial Group as defined on page 150.

Bridge between IFRS equity and core tier 1 capital

EURm	31 Dec 2012	31 Dec 2011
Balance sheet equity	28,216	26,120
Adjustment NLP & AFS	–949	–757
Subtotal	**27,267**	**25,363**
Dividend	–1,370	–1,048
Goodwill	–2,346	–2,269
Intangible assets	–748	–717
Deferred taxes	–201	–169
Cash Flow hedges	16	–123
Shortfall deduction (50%)	–554	–243
Deduction for investments in credit institutions (50%)	–103	–117
Core tier 1 capital	**21,961**	**20,677**

Items included in the capital base

EURm	31 Dec 2012	31 Dec 2011
Tier 1 capital		
Paid-up capital	4,050	4,047
Share premium	1,080	1,080
Eligible capital	**5,130**	**5,127**
Reserves	19,028	17,478
Minority interests	5	8
Income from current year	3,120	2,627
Eligible reserves	**22,153**	**20,113**
Core tier 1 capital (before deductions)	**27,283**	**25,240**
Subordinated capital loans	**1,992**	**1,964**
Proposed/actual dividend	–1,370	–1,048
Deferred tax assets	–201	–169
Intangible assets	–3,094	–2,986
Deductions for investments in credit institutions	–103	–117
IRB provisions shortfall (–)	–554	–243
Deductions	**–5,322**	**–4,563**
Tier 1 capital (net after deductions)	**23,953**	**22,641**
– of which hybrid capital	1,992	1,964
– of which core tier 1 capital (net of deductions)	21,961	20,677
Tier 2 capital		
Undated sudordinated loans	708	723
Dated sudordinated loans	4,676	3,197
Other additional own funds	56	4
Tier 2 capital (before deductions)	**5,440**	**3,924**
Deductions for investments in credtit institutions	–103	–117
IRB provisions excess (+)/shortfall (–)	–554	–243
Deductions	**–657**	**–360**
Tier 2 capital (net after deductions)	**4,783**	**3,564**
Holdings in insurance undertakings	–1,236	–1,211
Pension assets in excess of related liabilities	–226	–156
Capital base	**27,274**	**24,838**

G40 Capital adequacy

Core tier 1 capital and tier 1 capital

Core tier 1 capital is defined as eligible capital including eligible reserves, net of regulatory required deductions made directly to tier 1 capital. The capital recognised as core tier 1 capital holds the ultimate characteristics for loss absorbance defined from a going concern perspective and represents the most subordinated claim in the event of liquidation. The tier 1 capital is defined as core tier 1 capital and capital of the same or close to the character of eligible capital and eligible reserves. Tier 1 capital can include a limited component of undated subordinated capital loans.

Eligible capital and eligible reserves

Paid up capital is the share capital contributed by shareholders, including the share premium paid. Eligible reserves consist primarily of retained earnings, other reserves, minority interests and income from current year. Retained earnings are earnings from previous years reported via the income statement. Other reserves are related to revaluation and translation reserves referred to acquisitions and associated undertakings under the equity method. The equity interests of minority shareholdings in companies that are fully consolidated in the financial group are also included. Positive income from current year is included as eligible capital after verification by the external auditors, however negative income must be deducted. Repurchased own shares or own shares temporary included in trading portfolios are deducted from eligible reserves.

The eligible capital and eligible reserves, considered as the capital of highest quality, constitute the predominant share (92%) of tier 1 capital in Nordea.

Tier 1 instruments subject to limits

The requirement for including undated subordinated loans in tier 1 capital is restricted and repurchase can normally not take place until five years after original issuance of the instrument.

Undated subordinated loans may be repaid only upon decision by the Board of Directors in Nordea and with the permission of the Swedish FSA. Further, there are restrictions related to step-up conditions order of priority, interest payments under constraint conditions. Currently, the inclusion of undated subordinated capital as a component of tier 1 capital is limited by regulation to 50% net of relevant deductions. For the tier 1 loans, conditions specify appropriation in order to avoid being obliged to enter into liquidation. To the extent that may be required to avoid liquidation, the principal amounts of tier 1 loans (together with accrued interest) would be written down and converting such amount into a conditional capital contribution.

As of year-end 2012, the undated tier 1 instruments included in the capital base of the Nordea Group constitute only 8% of tier 1 capital.

Tier 2 capital

Tier 2 capital must be subordinated to depositors and general creditors of the bank. It cannot be secured or covered by a guarantee of the issuer or related entity or include any other arrangement that legally or economically enhances the seniority of the claim vis-a`-vis depositors and other bank creditors.

Tier 2 subordinated loans

Tier 2 capital consists mainly of subordinated loans. Tier 2 capital includes two different types of subordinated loan capital; undated loans and dated loans. According to the regulation, tier 2 capital may not exceed tier 1 capital and dated tier 2 loans must not exceed 50% of tier 1 capital. The limits are set net after deductions.

The basic principle for subordinated loans in the capital base is the order of priority in case of a default or bankruptcy situation. Under such conditions, the holder of the subordinated loan would be repaid after other creditors, but before shareholders. The share of outstanding loan amount possible to include in the tier 2 capital related to dated loans is reduced if the remaining maturity is less than five years.

During 2012 Nordea issued two new tier 2 loans of EUR 750m and USD 1,000m respectively. As of year-end, Nordea held EUR 4.7bn in dated subordinated loans and EUR 0.7bn in undated subordinated loans.

The table below shows the carrying outstanding amounts of undated and dated loans included in the capital base. Call date is where the issuer has the legal right to redeem outstanding loan amounts according the terms of agreement. The loans and the principles for time-reductions follow Swedish legislation. The carrying amounts in the table may deviate from capital amounts used in the capital base due to swap arrangements and adjustments for maturities.

Other tier 2 capital

Other additional funds consists of adjustment to valuation differences in available for sale equities transferred to core additional own funds. Unrealised gains from equity holdings classified as available for sale securities can according to regulation only be included in tier 2 capital. Nordea has no significant holdings in this category and therefore only has a minor impact on tier 2 capital from such items.

G40 Capital adequacy

Dated and undated loans

Dated loans, tier 2

Issuer	Carrying amount EURm	Capital base 31 Dec 2012	Start	Maturity	Call date	Step-up
Nordea Bank AB	939	939	2011	May 2021		N
Nordea Bank AB	500	500	2008	Sep 2018	Sep 2013	Y
Nordea Bank AB	746	746	2012	Feb 2022	Feb 2017	N
Nordea Bank AB	996	996	2010	Mar 2020		N
Nordea Bank AB	746	746	2010	Mar 2021		N
Nordea Bank AB	749	749	2012	Sep 2022		N
Total dated loans	4,676	4,676				

Undated loans, tier 1

Issuer	Carrying amount EURm	Capital base 31 Dec 2012	Start	Maturity	Call date	Step-up
Nordea Bank AB	376	398	2009	n/a	Mar 2015	Y
Nordea Bank AB	376	376	2009	n/a	Mar 2015	Y
Nordea Bank AB	455	500	2005	n/a	Apr 2015	Y
Nordea Bank AB	176	145	2005	n/a	Mar 2035	Y
Nordea Bank AB	88	73	2005	n/a	Oct 2035	Y
Nordea Bank AB	500	500	2004	n/a	Mar 2013	N
Total undated loans, tier 1	1,971	1,992				

Undated loans, tier 2

Issuer	Carrying amount EURm	Capital base 31 Dec 2012	Start	Maturity	Call date	Step-up
Nordea Bank Norway ASA	152	152	1986	n/a	May 2013	N
Nordea Bank Finland Plc	367	468	2004	n/a	Jul 2014	Y
Nordea Bank Finland Plc	88	88	1999	n/a	Feb 2029	Y
Total undated loans, tier 2	607	708				
Total	7,254	7,376				

G40 Capital adequacy

Capital requirements and RWA

EURm	31 Dec 2012 Capital requirement	31 Dec 2012 Basel II RWA	31 Dec 2011 Capital requirement	31 Dec 2011 Basel II RWA
Credit risk	**11,627**	**145,340**	**12,929**	**161,604**
IRB foundation	9,764	122,050	9,895	123,686
– of which corporate	7,244	90,561	6,936	86,696
– of which institutions	671	8,384	897	11,215
– of which retail SME	915	11,439	1,041	13,017
– of which retail mortgage	721	9,007	800	10,005
– of which retail other	101	1,264	108	1,345
– of which other	112	1,395	113	1,408
Standardised	1,863	23,290	3,034	37,918
– of which sovereign	34	426	43	536
– of which institution	47	583	90	1,127
– of which corporate	732	9,160	1,885	23,557
– of which retail	860	10,752	795	9,934
– of which other	190	2,369	221	2,764
Market risk	**506**	**6,323**	**652**	**8,144**
– of which trading book, Internal Approach	312	3,897	390	4,875
– of which trading book, Standardised Approach	138	1,727	206	2,571
– of which banking book, Standardised Approach	56	699	56	698
Operational risk	**1,298**	**16,229**	**1,236**	**15,452**
– of which standardised	1,298	16,229	1,236	15,452
Sub total	**13,431**	**167,892**	**14,817**	**185,200**
Adjustment for transition rules				
Additional capital requirement according to transition rules	3,731	46,631	3,087	38,591
Total	**17,162**	**214,523**	**17,904**	**223,791**

Capital requirements for market risk, 31 December 2012

EURm	Trading book, IA RWA	Trading book, IA Capital requirement	Trading book, SA RWA	Trading book, SA Capital requirement	Banking book, SA RWA	Banking book, SA Capital requirement	Total RWA	Total Capital requirement
Interest rate risk[1]	1,070	85	1,298	104	—	—	2,368	189
Equity risk	106	9	317	25	—	—	423	34
Foreign exchange risk	298	24	—	—	699	56	997	80
Commodity risk	—	—	112	9	—	—	112	9
Diversification effect	–600	–48	—	—	—	—	–600	–48
Stressed Value-at-Risk	1,770	142	—	—	—	—	1,770	142
Incremental Risk Charge	764	61	—	—	—	—	764	61
Comprehensive Risk Charge	489	39	—	—	—	—	489	39
Total	**3,897**	**312**	**1,727**	**138**	**699**	**56**	**6,323**	**506**

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

The Nordea Group may transfer capital within its legal entities without material restrictions. International transfers of capital between legal entities are normally possible after approval by the local regulator and are of importance in governing the capital position of the Group. The guarantee schemes introduced within the EU in 2008 limit the transferability of capital under certain circumstances, which serves to impact cross-border financial groups. No such restrictions were however directly affecting Nordea as per end of 2012.

More Capital Adequacy information for the Group can be found in the Capital management section page 66 and in the Pillar III report.

G40 Capital adequacy

Specification over group undertakings consolidated/deducted from the Nordea Financial Group, 31 December 2012

Group undertakings included in the Nordea Financial Group	Number of shares	Carrying amount EURm	Voting power of holding	Domicile	Consolidation method
Nordea Bank Finland Plc	1,030,800,000	5,956	100%	Helsinki	Purchase method
Nordea Finance Finland Ltd			100%	Espoo	Purchase method
Nordea Bank Danmark A/S	50,000,000	4,010	100%	Copenhagen	Purchase method
Nordea Finans Danmark A/S			100%	Höje Taastrup	Purchase method
Nordea Kredit Realkreditaktieselskab			100%	Copenhagen	Purchase method
Fionia Asset Company A/S			100%	Copenhagen	Purchase method
Nordea Bank Norge ASA	551,358, 576	2,818	100%	Oslo	Purchase method
Nordea Eiendomskreditt AS			100%	Oslo	Purchase method
Nordea Finans Norge AS			100%	Oslo	Purchase method
Privatmegleren AS			100%	Oslo	Purchase method
Nordea Bank Polska S.A.	55,061,403	363	99%	Gdynia	Purchase method
OOO Promyshlennaya Companiya Vestcon	4,601,942,680	659	100%	Moscow	Purchase method
OJSC Nordea Bank			100%	Moscow	Purchase method
Nordea Hypotek AB (publ)	100,000	1,898	100%	Stockholm	Purchase method
Nordea Fonder AB	15,000	241	100%	Stockholm	Purchase method
Nordea Bank S.A.	999,999	454	100%	Luxembourg	Purchase method
Nordea Finans Sverige AB (publ)	1,000,000	116	100%	Stockholm	Purchase method
Nordea Fondene Norge Holding AS	1,200	29	100%	Oslo	Purchase method
Nordea Eijendomsinvestering A/S	1,000	29	100%	Copenhagen	Purchase method
Nordea Investment Management AB	12,600	232	100%	Stockholm	Purchase method
Nordea Invest Fund Management A/S	25,000	8	100%	Copenhagen	Purchase method
Nordea Investment Fund Company Finland Ltd	3,350	138	100%	Helsinki	Purchase method
Nordea Life Holding AB	1,000	707	100%	Stockholm	Purchase method
Other companies		1			Purchase method
Total included in the capital base		17,659			

Group undertakings deducted from the capital base	Carrying amount EURm	Voting power of holding	Domicile
Nordea Life Holding AB, including debt from parent company	1,236	100%	Stockholm
Total group undertakings deducted from the capital base	1,236		

Over 10% investments in credit institutions deducted from the capital base, including debt from group undertakings			
Eksportfinans ASA	191	23%	Oslo
NF Fleet Oy	2	20%	Espoo
LR Realkredit A/S	13	39%	Copenhagen
Other	0		
Total investments in credit institutions deducted from the capital base[1]	206		

1) Other associated undertakings are consolidated using the equity method.

G41 Classification of financial instruments

31 Dec 2012, 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	36,060	—	—	—	—	—	—	36,060
Loans to central banks	7,207	—	798	—	—	—	—	8,005
Loans to credit institutions	2,911	—	6,683	975	—	—	—	10,569
Loans to the public	266,996	—	26,120	53,135	—	—	—	346,251
Interest-bearing securities	755	6,497	39,561	20,762	—	27,364	—	94,939
Financial instruments pledged as collateral	—	—	7,970	—	—	—	—	7,970
Shares	—	—	8,950	19,168	—	10	—	28,128
Derivatives	—	—	115,706	—	3,083	—	—	118,789
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–711	—	—	—	—	—	—	–711
Investments in associated undertakings	—	—	—	—	—	—	585	585
Intangible assets	—	—	—	—	—	—	3,425	3,425
Property and equipment	—	—	—	—	—	—	474	474
Investment property	—	—	—	—	—	—	3,408	3,408
Deferred tax assets	—	—	—	—	—	—	218	218
Current tax assets	—	—	—	—	—	—	78	78
Retirement benefit assets	—	—	—	—	—	—	301	301
Other assets	7,560	—	—	7,810	—	—	1,002	16,372
Prepaid expenses and accrued income	2,083	—	—	25	—	—	451	2,559
Total	322,861	6,497	205,788	101,875	3,083	27,374	9,942	677,420

31 Dec 2012, 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	17,320	2,538	—	35,568	—	55,426
Deposits and borrowings from the public	16,919	7,381	—	176,378	—	200,678
Liabilities to policyholders	—	12,106	—	—	33,214	45,320
Debt securities in issue	7,572	31,296	—	145,472	—	184,340
Derivatives	113,202	—	1,001	—	—	114,203
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	1,940	—	1,940
Current tax liabilities	—	—	—	—	391	391
Other liabilities	6,136	5,787	—	19,107	2,442	33,472
Accrued expenses and prepaid income	—	470	—	2,103	1,330	3,903
Deferred tax liabilities	—	—	—	—	997	997
Provisions	—	—	—	—	389	389
Retirement benefit obligations	—	—	—	—	348	348
Subordinated liabilities	—	—	—	7,797	—	7,797
Total	161,149	59,578	1,001	388,365	39,111	649,204

G41 Classification of financial instruments, cont.

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
Loans to central banks	40,063	—	552	—	—	—	—	40,615
Loans to credit institutions	2,963	—	4,760	3,527	—	—	—	11,250
Loans to the public	264,272	—	23,718	49,213	—	—	—	337,203
Interest-bearing securities	400	7,893	43,138	21,138	—	19,804	—	92,373
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

Loans designated at fair value through profit or loss

EURm[1]	31 Dec 2012	31 Dec 2011
Carrying amount	54,110	52,740
Maximum exposure to credit risk	54,110	52,740
Carrying amount of credit derivatives used to mitigate the credit risk	—	—

1) Comparative figures have been restated to ensure consistency between periods.

G41 Classification of financial instruments, cont.

Financial assets and liabilities designated at fair value through profit or loss

Changes in fair values of financial liabilities attributable to changes in credit risk

The financial liabilities designated at fair value through profit or loss exposed to changes in credit risk are issued bonds in the Danish group undertaking Nordea Kredit Realkreditaktieselskab, EUR 31,296m (EUR 31,756m), the funding of the Markets operation, EUR 16,176m (EUR 19,854m) and investment contracts in Life, EUR 12,106m (EUR 10,226m). 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 increased by EUR 89m (decreased EUR 210m) in 2012 due to changes in own credit risk. The cumulative change since designation is a decrease of EUR 626m (decrease EUR 718m). The method used to estimate the amount of changes in fair value attributable to changes in market conditions is 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.

Changes in fair values of financial assets attributable to changes in credit risk

Lending designated at fair value through profit or loss exposed to changes in credit risk consist of lending in the Danish group undertaking Nordea Kredit Realkreditaktieselskab, EUR 48,091m (EUR 45,720m) and lending in the Markets operation, EUR 6,019m (EUR 7,020m). The fair value of lending in Nordea Kredit Realkreditaktieselskab decreased by EUR 119m (decreased EUR 51m) in 2012 due to changes in credit risk. The cumulative change since designation is a decrease of EUR 169m (decrease EUR 113m). The method used to estimate the amount of change in the fair value attributable to changes in credit risk is simular to the incurred loss impairment model for amortised cost assets under IAS 39. The lending in Markets is generally of such a short term nature (mainly overnight deposits) that the effect of changes in credit risk is not significant. Also instruments classified as "Other assets" and "Prepaid expenses and accrued income" are of such a short-term nature that the impact from changes in credit risk is not significant.

Comparison of carrying amount and contractual amount to be paid at maturity

2012, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	59,578	58,338

2011, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	61,836	60,420

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.

G42

EURm	31 Dec 2012 Carrying amount	31 Dec 2012 Fair value	31 Dec 2011 Carrying amount	31 Dec 2011 Fair value
Assets				
Cash and balances with central banks	36,060	36,060	3,765	3,765
Loans to central banks	8,005	8,005	40,615	40,615
Loans to credit institutions	10,569	10,571	11,250	11,271
Loans to the public	346,251	346,505	337,203	337,354
Interest-bearing securities	94,939	95,308	92,373	92,635
Financial instruments pledged as collateral	7,970	7,970	8,373	8,373
Shares	28,128	28,128	20,167	20,247
Derivatives	118,789	118,789	171,943	171,943
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–711	–711	–215	–215
Investments in associated undertakings	585	585	591	591
Intangible assets	3,425	3,425	3,321	3,321
Property and equipment	474	474	469	469
Investment property	3,408	3,408	3,644	3,644
Deferred tax assets	218	218	169	169
Current tax assets	78	78	185	186
Retirement benefit assets	301	301	223	223
Other assets	16,372	16,372	19,425	19,425
Prepaid expenses and accrued income	2,559	2,559	2,703	2,703
Total assets	**677,420**	**678,045**	**716,204**	**716,719**
Liabilities				
Deposits by credit institutions	55,426	55,396	55,316	55,302
Deposits and borrowings from the public	200,678	200,605	190,092	190,047
Liabilities to policyholders	45,320	45,320	40,715	40,715
Debt securities in issue	184,340	183,647	179,950	179,902
Derivatives	114,203	114,203	167,390	167,390
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,940	1,940	1,274	1,274
Current tax liabilities	391	391	154	154
Other liabilities	33,472	33,472	43,368	43,368
Accrued expenses and prepaid income	3,903	3,903	3,496	3,496
Deferred tax liabilities	997	997	1,018	1,018
Provisions	389	389	483	483
Retirement benefit obligations	348	348	325	325
Subordinated liabilities	7,797	7,798	6,503	6,502
Total liabilities	**649,204**	**648,409**	**690,084**	**689,976**

G42 Assets and liabilities at fair value, cont.

Determination of fair value for assets and liabilities

Financial assets and financial liabilities on 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 on 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 the carrying amount.

Nordea holds very limited amounts of equity instruments measured at cost. Fair value is set to the 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 and the separate section below.

Deferred Day 1 profit or loss

In accordance with the Group's accounting policy as described in Note G1, the financial instrument is recognised at the transaction price and any trade date profit is deferred if there are significant unobservable inputs used in the valuation technique. 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 carrying amount (movement of deferred Day 1 profit or loss).

EURm	31 Dec 2012	31 Dec 2011
Amount at beginning of year	29	42
Deferred profit/loss on new transactions	7	1
Recognised in the income statement during the year	–12	–14
Amount at end of year	**24**	**29**

Determination of fair value from quoted market prices or valuation techniques

Fair value measurements of financial instruments carried at fair value are categorised under the three levels of the IFRS fair value hierarchy that reflects the significance of unobservable inputs. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 in the fair value hierarchy 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 on-going 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 exist.

Level 2 in the fair value hierarchy consists of financial assets and financial liabilities that do not have directly quoted market prices available from active markets. The fair values are estimated using valuation techniques or valuation models based on market prices or rates prevailing at the balance sheet date and any unobservable inputs have had an insignificant impact on the fair values. This is the case for the majority of Nordea's OTC derivatives, securities purchased/sold under reverse repurchase/repurchase agreements, securities borrowed/lent and other instruments where active markets supply the input to the valuation techniques or models.

Level 3 in the fair value hierarchy consists of those types of financial instruments where 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 and hedge funds. This is generally also the case for more complex OTC derivatives, including OTC derivatives where less active markets supply input to the valuation techniques or models, certain complex or structured financial instruments such as CLNs and CDOs, and illiquid interest bearing securities. Complex valuation models are generally characterised by the use of unobservable and model specific parameters.

All valuation models, both complex and simple models, make use of market parameters. These parameters comprise interest rates, volatilities, correlations etc. Some of these parameters are observable while others are not. For non-exotic currencies the interest rates are all observable, and the volatilities and the correlations of the interest rates and FX rates are observable up to a certain maturity. Volatilities and correlations are also observable for the most liquid equity instruments in the short end. For less liquid equity instruments, and for commodities, the option market is fairly illiquid, and hence the volatilities and correlations are unobservable. For each instrument the sensitivity towards unobservable parameters is measured. If the impact from unobservable parameters on the valuation is significant the instrument is categorised as Level 3 in the fair value hierarchy.

For interest-bearing securities the categorisation into the three levels are based on the internal pricing methodology. These instruments 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.

For OTC derivatives valuation models are used for establishing fair value. For collateralised contracts OIS interest rates are used for discounting. These rates are observable in the market. The valuation is in addition based on several other market parameters, depending on the nature of the contract. Complex valuation models are used for more exotic OTC derivatives. The models are usually in-house developed, and based on assumptions about the behaviour of the underlying asset and statistical scenario analysis. As mentioned above OTC derivatives are generally categorised as Level 2 in the fair value hier-

G42 Assets and liabilities at fair value, cont.

archy and all significant model parameters are thus observable in active markets. For vanilla derivatives standard models like e.g. Black-Scholes are used for valuation.

Valuations of Private Equity Funds (PEF) and unlisted equity instruments are by nature 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 used 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.

Nordea furthermore holds loans and issued debt securities in the group undertaking Nordea Kredit Realkreditaktieselskab at fair value. When Nordea grants mortgage loans to borrowers, in accordance with the Danish mortgage finance law, Nordea at the same time issues debt securities with matching terms, so called "match funding". Fair value of the issued debt securities is based on quoted prices and thus categorised as Level 1 in the fair value hierarchy. As the borrowers have the right to purchase debt securities issued by Nordea in the market and return these as repayment for their loans, the fair value of the loans is the same as the fair value of the issued bonds (due to the revaluation of the repayment option embedded in the loan) adjusted for changes in the credit risk of the borrower. The credit risk adjustment is calculated based on an incurred loss model.

Fair value is generally calculated as the theoretical net present value of the individual instruments, based on independently sourced market parameters as described above, 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.

The following table presents the categorisation of financial instruments held at fair value into the fair value hierarchy.

31 Dec 2012, EURm	Quoted prices in active markets for the same instrument (Level 1)	– of which Life	Valuation technique using observable data (Level 2)	– of which Life	Valuation technique using non-observable data (Level 3)	– of which Life	Total
Assets							
Loans to central banks	—	—	798	—	—	—	798
Loans to credit institutions	34	—	7,624	—	—	—	7,658
Loans to the public	—	—	79,255	—	—	—	79,255
Debt securities[1]	60,593	16,768	33,940	5,558	1,118	719	95,651
Shares[2]	24,760	16,886	—	—	3,374	2,210	28,134
Derivatives	175	156	116,698	78	1,916	—	118,789
Other assets	—	—	7,810	—	—	—	7,810
Prepaid expenses and accrued income	—	—	25	—	—	—	25
Liabilities							
Deposits by credit institutions	—	—	19,858	—	—	—	19,858
Deposits and borrowings from the public	—	—	24,300	—	—	—	24,300
Liabilities to policy holders	—	—	12,106	12,106	—	—	12,106
Debt securities in issue	31,296	—	7,572	—	—	—	38,868
Derivatives	53	—	112,566	—	1,584	—	114,203
Other liabilities	4,873	—	7,050	—	—	—	11,923
Accrued expenses and prepaid income	—	—	470	—	—	—	470

1) Of which EUR 87,687m relates to Interest-bearing securities (the portion held at fair value in Note G41). EUR 7,964m relates to the balance sheet item Financial instruments pledged as collateral.
2) EUR 6m relates to the balance sheet item Financial instruments pledged as collateral.

G42 Assets and liabilities at fair value, cont

31 Dec 2011, EURm	Quoted prices in active markets for the same instrument (Level 1)	– of which Life	Valuation technique using observable data (Level 2)	– of which Life	Valuation technique using non-observable data (Level 3)	– of which Life	Total
Assets							
Loans to central banks	—	—	552	—	—	—	552
Loans to credit institutions	48	—	8,239	—	—	—	8,287
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 84,080m relates to Interest-bearing securities (the portion held at fair value in Note G41). 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.

Transfers between level 1 and 2

During the year, Nordea Group transferred debt securities of EUR 9,558m (EUR 3,057m) from level 1 to level 2 and EUR 1,447m (EUR 496m) 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.

G42 Assets and liabilities at fair value, cont

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 2012, EURm	1 Jan 2012	Realised	Unrealised[1]	Pur-chases	Sales	Settle-ments	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2012
Debt securities	1,149	16	55	156	–269	6	—	—	5	1,118
– of which Life	750	22	40	57	–156	—	—	—	6	719
Shares	4,921	74	84	1,435	–3,202	–4	25	–10	51	3,374
– of which life	3,425	91	38	1,223	–2,593	—	25	–9	10	2,210
Derivatives (net of assets and liabilities)	–289	–264	621	—	—	264	—	0	—	332

1) Relates to those assets and liabilities held at the end of the reporting period.

31 Dec 2011, EURm	1 Jan 2011	Realised	Unrealised[1]	Pur-chases	Sales	Settle-ments	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2011
Debt securities	1,848	–13	149	417	–671	—	68	–655	6	1,149
– of which Life	1,787	–13	–16	110	–536	—	68	–655	5	750
Shares	4,237	65	–79	1,819	–1,533	—	655	–56	–187	4,921
– of which life	2,425	43	2	1,434	–1,084	—	655	–56	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.

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).

Sensitivity analysis of level 3 financial instruments

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" and the separate section above).

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 2012, EURm	Carrying amount	Favourable	Unfavourable
Debt securities	1,118	60	–60
– of which Life	719	36	–36
Shares	3,374	315	–315
– of which Life	2,210	221	–221
Derivatives (net)	332	20	–24

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 (net)	–289	20	–43

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. 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.

G43

Transferred assets that are not derecognised in their entirety and associated liabilities

All assets transferred continue to be recognised on the balance sheet if Nordea is still exposed to changes in the fair value of the assets. This is the case for repurchase agreements and securities lending transactions.

Repurchase agreements are a form of collateralised borrowing where Nordea sells securities with an agreemement to repurchase them at a later date at a fixed price. The cash received is recognised as a deposit (liability). Securities delivered under repurchase agreements are not derecognised from the balance sheet.

Securities lending transactions are transactions where Nordea lends securities it holds to a counterpart and receives a fee.

As both repurchase agreements and securities lending transactions results in that securities are returned to Nordea, all risks and rewards of the instruments transferred is retained by Nordea, although they are not available for Nordea during the period during which they are transferred. The counterpart in the transactions holds the securities as collateral, but has no recourse to other assets in Nordea.

The securities still reported on the balance sheet and the corresponding liabilities are measured at fair value.

EURm	31 Dec 2012	31 Dec 2011
Repurchase agreements		
Interest-bearing securities	7,964	7,723
Securities lending agreements		
Shares	6	650
Total	7,970	8,373

Liabilities associated with the assets

EURm	31 Dec 2012	31 Dec 2011
Repurchase agreements		
Deposits by credit institutions	3,082	3,821
Deposits and borrowings from the public	5,103	3,368
Securities lending agreements		
Deposits by credit institutions	46	—
Other	—	1
Total	8,231	7,190
Net	–261	1,183

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 2012	31 Dec 2011
Reverse repurchase agreements		
Received collaterals which can be repledged or sold	33,092	32,700
– of which repledged or sold	14,498	10,499
Securities borrowing agreements		
Received collaterals which can be repledged or sold	4,064	2,261
– of which repledged or sold	4,053	2,206
Total	37,156	34,961

G44

Life Group and Nordea Bank Danmark A/S have assets and liabilities included on 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 on the Group's balance sheet.

EURm	31 Dec 2012	31 Dec 2011
Assets		
Interest-bearing securities	1,837	2,262
Shares	18,288	13,649
Other assets	236	259
Total assets	**20,361**	**16,170**
Liabilities		
Deposits and borrowings from the public	3,891	3,932
Insurance contracts	7,168	4,900
Investment contracts	8,911	7,338
Other liabilities	391	—
Total liabilities	**20,361**	**16,170**

G45

Remaining maturity

31 Dec 2012, 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		36,060	—	—	—	—	—	36,060
Loans to central banks	G13	6,764	1,241	0	0	0	—	8,005
Loans to credit institutions	G13	1,375	7,347	611	880	356	—	10,569
Loans to the public	G13	17,014	84,921	29,064	82,954	132,298	—	346,251
Interest-bearing securities	G14	848	15,775	12,588	48,526	17,202	—	94,939
Financial instruments pledged as collateral	G15	—	691	3,972	2,929	378	—	7,970
Derivatives	G17	—	5,459	5,399	33,220	74,711	—	118,789
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G18	—	0	85	–238	–558	—	–711
Total assets with fixed maturities		**62,061**	**115,434**	**51,719**	**168,271**	**224,387**	**—**	**621,872**
Other assets		—	—	—	—	—	55,548	55,548
Total assets		**62,061**	**115,434**	**51,719**	**168,271**	**224,387**	**55,548**	**677,420**
Deposits by credit institutions	G26	7,636	39,181	4,103	3,627	879	—	55,426
Deposits and borrowings from the public	G27	149,613	36,887	6,360	868	6,950	—	200,678
– of which Deposits		148,010	21,517	4,716	868	6,950	—	182,061
– of which Borrowings		1,603	15,370	1,644	0	0	—	18,617
Liabilities to policyholders	G28	877	379	1,219	7,629	35,216	—	45,320
Debt securities in issue	G29	0	46,309	33,979	74,059	29,993	—	184,340
– of which Debt securities in issue		—	46,205	33,978	74,056	29,993	—	184,232
– of which Other		0	104	1	3	—	—	108
Derivatives	G17	—	6,256	5,673	34,403	67,871	—	114,203
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G18	—	0	–183	382	1,741	—	1,940
Subordinated liabilities	G34	—	0	4	584	7,209	—	7,797
Total liabilities with fixed maturities		**158,126**	**129,012**	**51,155**	**121,552**	**149,859**	**—**	**609,704**
Other liabilities		—	—	—	—	—	39,500	39,500
Equity		—	—	—	—	—	28,216	28,216
Total liabilities and equity		**158,126**	**129,012**	**51,155**	**121,552**	**149,859**	**67,716**	**677,420**

G45 Maturity analysis for assets and liabilities, cont.

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
Loans to central banks	G13	17,575	23,040	—	—	—	—	40,615
Loans to credit institutions	G13	1,266	5,266	271	4,070	377	—	11,250
Loans to the public	G13	25,293	78,608	17,138	74,826	141,338	—	337,203
Interest-bearing securities	G14	3,713	17,190	18,768	38,477	14,225	—	92,373
Financial instruments pledged as collateral	G15	—	1,013	3,632	2,240	1,488	—	8,373
Derivatives	G17	—	9,659	7,452	39,854	114,978	—	171,943
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G18	55	–644	93	298	–17	—	–215
Total assets with fixed maturities		**51,667**	**134,132**	**47,354**	**159,765**	**272,389**	**—**	**665,307**
Other assets		—	—	—	—	—	50,897	50,897
Total assets		**51,667**	**134,132**	**47,354**	**159,765**	**272,389**	**50,897**	**716,204**

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
Deposits by credit institutions	G26	7,025	42,675	1,800	3,153	663	—	55,316
Deposits and borrowings from the public	G27	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	G28	656	446	1,100	7,010	31,503	—	40,715
Debt securities in issue	G29	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	G17	—	8,157	7,535	41,420	110,278	—	167,390
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G18	80	–12	166	1,782	–742	—	1,274
Subordinated liabilities	G34	—	—	—	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**

Cash flow analysis

31 Dec 2012, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	64,731	96,711	52,205	178,597	252,197	644,441
Non interest-bearing financial assets	—	—	—	—	174,644	174,644
Total financial assets	**64,731**	**96,711**	**52,205**	**178,597**	**426,841**	**819,085**
Interest-bearing financial liabilities	131,671	154,611	52,562	94,468	44,617	477,929
Non interest-bearing financial liabilities	879	634	1,219	7,629	264,394	274,755
Total financial liabilities	**132,550**	**155,245**	**53,781**	**102,097**	**309,011**	**752,684**
Derivatives, cash inflow	—	502,724	185,363	373,691	167,094	1,228,872
Derivatives, cash outflow	—	522,850	184,338	365,760	166,886	1,239,834
Net exposure	**—**	**–20,126**	**1,025**	**7,931**	**208**	**–10,962**
Exposure	**–67,819**	**–78,660**	**–551**	**84,431**	**118,038**	**55,439**
Cumulative exposure	**–67,819**	**–146,479**	**–147,030**	**–62,599**	**55,439**	**—**

G45 Maturity analysis for assets and liabilities, cont.

31 Dec 2011, EURm[1]	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	40,862	118,224	50,660	180,789	234,269	624,804
Non interest-bearing financial assets	—	—	—	—	227,040	227,040
Total financial assets	**40,862**	**118,224**	**50,660**	**180,789**	**461,309**	**851,844**
Interest-bearing financial liabilities	125,697	172,991	37,260	83,343	46,046	465,337
Non interest-bearing financial liabilities	573	571	1,102	6,946	315,793	324,985
Total financial liabilities	**126,270**	**173,562**	**38,362**	**90,289**	**361,839**	**790,322**
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	**–85,408**	**–81,510**	**17,344**	**107,859**	**104,827**	**63,112**
Cumulative exposure	**–85,408**	**–166,918**	**–149,574**	**–41,715**	**63,112**	**—**

1) The figures have been restated to ensure consistency between the periods.

The table is based on contractual maturities for on balance sheet financial instruments. For derivatives, the expected cash inflows and outflows are combined 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 84,914m (EUR 85,319m), which could be drawn on at any time. Nordea has also issued guarantees of EUR 18,844m (EUR 21,627m) 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.

G46 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 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Assets				
Loans	342	275	0	12
Interest-bearing securities	11	14	—	—
Derivatives	304	246	—	—
Investments in associated undertakings	585	591	—	—
Total assets	**1,242**	**1,126**	**0**	**12**
Liabilities				
Deposits	165	71	47	44
Debt securities in issue	39	30	—	—
Derivatives	4	93	—	—
Total liabilities	**208**	**194**	**47**	**44**
Off balance[2]	**9,997**	**10,519**	**—**	**—**

	Associated undertakings		Other related parties[1]	
EURm	2012	2011	2012	2011
Net interest income	6	7	0	0
Net fee and commission income	4	1	1	1
Net result from items at fair value	121	31	—	—
Other operating income	0	0	—	—
Total operating expenses	–11	–9	—	—
Profit before loan losses	**120**	**30**	**1**	**1**

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 7m. 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 14m was utilised as of 31 December 2012. The latest maturity is 31 December 2013, 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.

1) Shareholders with significant influence and close family members to key management personell in Nordea Group as well as companies significantly influenced by key management personnel or by close family members to key management personnel in Nordea Group are considered to be related parties to Nordea. Included in this group of related parties are Sampo Oyj and Aegon Asset Management. If transactions with related companies 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, and if they did not involve more than normal risktaking, the transactions are not included in the table.
2) Including nominal values on derivatives.

G47

Credit risk management and credit risk analysis is 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) 2012, 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 2012	31 Dec 2011
On-balance sheet items	428,192	419,603
Off-balance sheet items	47,966	51,719
Securities financing	2,170	2,084
Derivatives	34,263	42,959
Exposure At Default (EAD)	**512,591**	**516,365**

Tables presented in this note, containing exposure, are presented as Exposure At Default (EAD). EAD is the exposure after applying credit conversion factors (CCF).

Link between credit risk exposure and the balance sheet

This section discloses the link between the loan portfolio as defined by accounting standards and exposure as defined the CRD. The main differences are outlined in this section to illustrate the link between the different reporting methods. Original exposure is the exposure before taking into account substitution effects stemming from credit risk mitigation, credit conversion factors (CCFs) for off-balance sheet exposure and allowances within the standardised approach. In this note, however, exposure is defined as exposure at default (EAD) for IRB exposure and exposure value for standardised exposure, unless otherwise stated. In accordance with the CRD, credit risk exposure presented in this note is divided between exposure classes where each exposure class is divided into exposure types as follows:

- On-balance sheet items
- Off-balance sheet items (e.g. guarantees and unutilised amounts of credit facilities)
- Securities financing (e.g. reversed repurchase agreements and securities lending)
- Derivatives

Items presented in other parts of the Annual Report, are divided as follows (in accordance with the accounting standards):

- On-balance sheet items (e.g. loans to central banks and credit institutions, loans to the public, reversed repurchase agreements, positive fair value for derivatives and interest-bearing securities)
- Off-balance sheet items (e.g. guarantees and unutilised lines of credit)

The table below shows the link between the CRD credit risk exposure and items presented in the Annual Report.

On-balance sheet items

The following items have been excluded from the balance sheet, when calculating on-balance exposure in accordance with the CRD:

- Market risk related items in the trading book, such as certain interest-bearing securities and pledged instruments.
- Repos, derivatives and securities lending. These transactions are either included in the calculation of market risk in the trading book or reported as separate exposure types (derivatives or securities financing).
- Life insurance operations, (due to solvency regulation).
- Other, mainly allowances, intangible assets and deferred tax assets.

Off-balance sheet items

The following off-balance sheet items specified in the Annual Report are excluded when off-balance exposure is calculated in accordance with the CRD:

- Life insurance operations (due to solvency regulation).
- Assets pledged as security for own liabilities and Other assets pledged (apart from leasing). These transactions are reported as, securities financing. (i.e. a separate exposure type)
- Derivatives

Derivatives and securities financing

Derivatives can be both on-balance sheet (i.e. positive fair value) and off-balance (i.e. nominal amounts) in accordance with accounting standards. However, in the CRD, the derivatives and securities financing are reported as separate exposure types. Also, repurchase agreements and securities lending/borrowing transactions are on the balance sheet calculated based on nominal value. In the CRD calculations these exposure types are determined net of the collateral value.

G47 Credit risk disclosures, cont.

On-balance sheet items

31 Dec 2012, EURm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Life insurance operations	Other	Balance sheet
Cash and balances with central banks	36,059	—	—	1	—	36,060
Interest-bearing securities and pledged instruments	57,109	22,680	—	23,120	—	102,909
Loans to credit institutions and central banks	10,431	—	8,146	2	–5	18,574
Loans to the public	318,029	4,502	26,178	571	–3,029	346,251
Derivatives[1]	—	—	118,660	129	—	118,789
Intangible assets	—	—	—	332	3,093	3,425
Other assets and prepaid expenses	7,185	20,067	55	23,480	625	51,412
Total assets	428,813	47,249	153,039	47,635	684	677,420
Exposure at default[2]	428,192					

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 2011, EURm	Original 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
Interest-bearing securities and pledged instruments	51,308	26,019	—	23,419	—	100,746
Loans to credit institutions and central banks	45,789	—	5,513	—	563	51,865
Loans to the public	312,288	—	26,784	878	–2,747	337,203
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	1,245	716,204
Exposure at default[2]	419,603					

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.

Off-balance sheet items

31 Dec 2012, EURm	Credit risk in Basel II calculation	Life insurance operations	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	21,106	51	0	21,157
Commitments	85,507	661	40	86,208
Total	106,613	712	40	107,365

31 Dec 2012, EURm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	52,925	85	53,009	48%	25,525
Checking accounts	20,540	4,198	24,738	22%	5,540
Loan commitments	11,704	2,722	14,426	32%	4,589
Guarantees	20,024	1	20,025	60%	11,925
Other	1,420	20	1,440	27%	387
Total	106,613	7,026	113,638		47,966

G47 Credit risk disclosures, cont.

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

As of year-end 2012, 78% of the total credit risk exposure was calculated using the IRB approach. The main part of the exposure is within the IRB corporate and IRB retail portfolios. During 2012, a slight decrease was seen on total exposure level primarily due to decrease of the corporate and institutions portfolios. The largest shift in total exposures is related to on-balance sheet exposures in the corporate portfolio, which carried a risk weight of 100% before the rollout to the IRB approach. Therefore the largest decrease in RWA is related to the corporate portfolio in the standardise portfolio. Derivative exposures, especially within the institutions portfolio, significantly decreased during the year.

Exposure classes split by exposure type

31 Dec 2012, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	73,757	2,041	108	3,851	79,757
Institutions	42,084	1,748	1,388	20,417	65,637
Corporate	138,959	35,088	672	9,639	184,358
Retail	159,032	9,052	2	77	168,163
Other	14,360	37	0	279	14,676
Total exposure	428,192	47,966	2,170	34,263	512,591

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

Nordea is geographically well diversified as no market accounts for more than 26% of the total exposure. The exposure in Sweden and Finland represents 25% and 26% of the total exposure in the Group respectively, while Denmark accounts for 22% and Norway 16%.

The increase in corporate IRB exposures is mainly referable to International Units and the Baltic countries where some exposures moved from the standardised approach to the IRB approach. The increase in the IRB retail portfolio was largely due to increased lending to the Nordic countries.

In Finland, the decrease in the IRB portfolio is attributable to lower institution and corporate exposures. For institutions the decrease is a result of decreased derivative exposures. In all other countries the total IRB exposures increased compared to previous year.

In the table below, exposure is split by geography areas, based on where the exposure is booked and does not take the internal guarantees between the parent company and its group undertakings into account.

G47 Credit risk disclosures, cont.

Exposure split by geography and exposure classes

31 Dec 2012, 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	59,147	13,304	27,483	5,245	13,115	986	1,816	464	17,344	79,757
Institutions	61,529	6,382	30,282	7,899	16,966	83	1,152	200	2,673	65,637
Corporate	160,002	38,579	39,148	36,926	45,349	5,814	2,040	4,614	11,888	184,358
Retail	167,088	52,103	35,219	32,094	47,672	766	179	46	84	168,163
Other	6,971	1,853	1,636	525	2,957	2,227	4,272	716	490	14,676
Total exposure	454,737	112,221	133,768	82,689	126,059	9,876	9,459	6,040	32,479	512,591

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

In the table below, the total exposure is split by industry. The industry breakdown follows the Global Industries Classification Standard (GICS) and is based on NACE codes (i.e. statistical classification of economic activities in the European community).

The IRB corporate portfolio is well diversified between industries. The real estate management and investment sector is the largest sector which together with other financial institutions are the only sectors that account for more than 5% of the total exposure of EUR 513bn. During the year, the exposure class IRB institution increased exposures to other financial institutions and decreased exposures to banks. The largest relative decrease is found within the industry telecommunication equipment while the highest relative increase showed up within IT software, hardware and services. The largest nominal increase and decrease appeared in retail mortgage and banks respectively.

Exposure split by industry group

EURm	31 Dec 2012	31 Dec 2011
Retail mortgage	137,828	127,488
Other retail	34,671	39,111
Central and local governments	37,312	36,141
Banks	85,062	94,411
Construction and engineering	5,863	5,893
Consumer durables (cars, appliances etc)	5,385	5,651
Consumer staples (food, agriculture etc)	14,124	12,621
Energy (oil, gas etc)	4,754	4,433
Health care and pharmaceuticals	2,412	2,635
Industrial capital goods	5,344	5,840
Industrial commercial services	16,692	19,636
IT software, hardware and services	1,944	1,598
Media and leisure	3,059	2,973
Metals and mining materials	1,111	1,289
Paper and forest materials	3,168	3,529
Real estate management and investment	46,461	45,036
Retail trade	13,308	13,617
Shipping and offshore	14,083	13,441
Telecommunication equipment	453	622
Telecommunication operators	2,002	2,080
Transportation	4,859	4,711
Utilities (distribution and production)	8,716	8,685
Other financial companies	35,927	35,804
Other materials (chemical, building materials etc)	7,150	7,613
Other	20,903	21,507
Total exposure	512,591	516,365

G47 Credit risk disclosures, cont.

The guarantees used as credit risk mitigation are to a large extent issued by central and regional governments in the Nordic countries. Banks and insurance companies are also important guarantors of credit risk. Only eligible providers of guarantees and credit derivatives can be recognised in the standardised and IRB approach for credit risk. All central governments, regional governments and institutions are eligible as well as some multinational development banks and international organisations. Guarantees issued by corporate entities can only be taken into account if their rating corresponds to A– (S&P's rating scale) or better.

Central governments and municipalities guarantee approximately 83% of the total guaranteed exposure. Exposure guarantee by these guarantors has an average risk weight of 0%. 6% of the guarantors are IRB institutions, of which 100% have a rating of 5 or higher. IRB corporate accounts for 11% of the guarantors, where 100% have a guarantor with a rating of 5 or higher. Credit derivatives are only used as credit risk protection to a very limited extent since the credit portfolio is considered to be well diversified.

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2012, EURm	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
Government, local authorities and central banks	77,423	79,757	437	1
Institutions	67,552	65,637	427	7,642
Corporate	238,863	184,358	8,471	64,608
Retail	179,828	168,163	3,017	130,955
Other	15,410	14,676	2	7,353
Total exposure	579,076	512,591	12,354	210,559

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

The table below presents the distribution of collateral used in the capital adequacy calculation process. The table shows real estate to be the major part of the eligible collateral items in relative terms. Financial collateral saw the largest relative increase. Commercial real estate and other physical collateral also increased during the year while residential real estate and receivables decreased somewhat in relative terms. Real estate is commonly used as collateral for credit risk mitigation purposes. There is no certain concentration of real estate collateral to any region within the Nordic and Baltic countries. Other physical collateral consist mainly of ships.

Collateral distribution

	31 Dec 2012	31 Dec 2011
Financial Collateral	4.7%	4.1%
Receivables	1.2%	1.2%
Residential Real Estate	70.7%	71.5%
Commercial Real Estate	17.5%	17.3%
Other Physical Collateral	6.0%	5.9%

G47 Credit risk disclosures, cont.

A common way to analyse the value of the collateral is to measure the loan to value (LTV) ratio, i.e. the credit extended divided by the market value of the collateral pledged. In the table below, the retail mortgage exposures are distributed by LTV range up to the top LTV bucket based on the LTV ratio. In 2012, the retail mortgage exposure increased in the LTV buckets representing LTV below 50%.

Loan-to-value distribution

	31 Dec 2012		31 Dec 2011[1]	
Retail mortgage exposure	EURbn	%	EURbn	%
<50%	97.4	77	92.0	77
50–70%	20.7	16	19.5	16
70–80%	5.6	4	5.3	4
80–90%	2.3	2	2.2	2
>90%	1.2	1	1.2	1
Total	127.2	100	120.1	100

1) During 2012, Nordea changed method for calculation LTV. This was done in order to obtain a consistent method across the group. As a result, figures for 2011 above has been restated.

Nordea acts as an intermediary in the credit derivatives market, especially in Nordic names. Nordea also uses credit derivatives to hedge positions in corporate bonds and synthetic CDOs. When Nordea sells protection in a CDO transaction, it carries the risk of losses in the reference portfolio if a credit event occurs. When Nordea buys protection in a CDO transaction, any losses in the reference portfolio triggered by a credit event are carried by the seller of protection.

Credit derivatives transactions create risk in similar manner to other derivative transactions. Counterparties in these transactions are typically subject to a financial collateral agreement, where the exposure is covered daily by collateral placements. CDO valuations are subject to fair value adjustments for model risk. These fair value adjustments are recognised in the income statement.

Collaterised Debt Obligations (CDO) – Exposure[1]

	31 Dec 2012		31 Dec 2011	
Nominal, EURm	Bought protection	Sold protection	Bought protection	Sold protection
CDOs, gross	1,833	2,816	1,575	2,792
Hedged exposures	1,442	1,444	1,394	1,394
CDOs, net[2]	391[3]	1,372[3]	181[3]	1,398[4]
– of which Equity	53	361	114	385
– of which Mezzanine	80	386	65	400
– of which Senior	258	625	2	613

1) First-to-Default swaps are not classified as CDOs and are therefore not included in the table. Net bought protection amounts to EUR 214m (EUR 218m) and net sold protection to EUR 50m (EUR 53m). 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 207m (EUR 181m) and sub investment grade EUR 183m (EUR 0m).
4) Of which investment grade EUR 1,024m (EUR 1,279m) and sub investment grade EUR 150m (EUR 22m) and not rated EUR 220m (EUR 167m).

Restructured loans and receivables current year[1]

EURm	31 Dec 2012	31 Dec 2011
Loans before restructuring, carrying amount	13	81
Loans after restructuring, carrying amount	6	37

1) Loans classified as impaired that subsequently have improved and are not classified as impaired at the reporting date.

Assets taken over for protection of claims[1]

EURm	31 Dec 2012	31 Dec 2011
Current assets, carrying amount:		
Land and buildings	142	105
Shares and other participations	18	26
Other assets	5	6
Total	165	137

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.

G47 Credit risk disclosures, cont.

The table below shows loans past due 6 days or more that are not considered impaired split by corporate and household customers. Past due loans to corporate customers that are not considered impaired were at end of 2012 EUR 1,929 up from EUR 1,443m one year ago, while past due loans for household customers stayed largely unchanged at EUR 1,773m (EUR 1,754m).

Past due loans, excl. impaired loans

	31 Dec 2012		31 Dec 2011	
EURm	Corporate customers	Household customers	Corporate customers	Household customers
6–30 days	1,157	1,168	920	991
31–60 days	358	315	186	329
61–90 days	80	137	114	127
>90 days	334	153	222	306
Total	1,929	1,773	1,442	1,753
Past due not impaired loans divided by loans to the public after allowances, %	1.06	1.12	0.85	1.25

The distribution of loans to corporate by size of loans, seen in the table below, shows a high degree of diversification where approximately 69% (67%) of the corporate volume represents loans up to EUR 50m per customer.

Loans to corporate customers, by size of loan

	31 Dec 2012		31 Dec 2011	
Size in EURm	Loans EURbn	%	Loans EURbn	%
0–10	78.9	43	75.6	42
10–50	46.2	25	44.9	25
50–100	21.8	12	21.6	12
100–250	25.1	14	24.0	13
250–500	8.8	5	13.2	7
500–	2.0	1	1.9	1
Total	182.8	100	181.2	100

Interest-bearing securities and Treasury bills

	31 Dec 2012			31 Dec 2011		
EURm	At fair value	At amortised cost	Total	At fair value	At amortised cost	Total
State and sovereigns	20,547	280	20,827	22,165	343	22,508
Municipalities and other public bodies	5,192	802	5,994	5,217	431	5,648
Mortgage institutions	33,061	1,815	34,876	27,362	2,669	30,031
Other credit institutions	21,719	3,815	25,534	20,110	4,458	24,568
Corporates	4,280	540	4,820	5,350	392	5,742
Corporates, sub-investment grade	794	—	794	784	—	784
Other	2,094	—	2,094	3,092	—	3,092
Total	87,687	7,252	94,939	84,080	8,293	92,373

Income statement, Parent company

EURm	Note	2012	2011
Operating income			
Interest income		2,656	2,626
Interest expense		–1,932	–1,946
Net interest income	P3	**724**	**680**
Fee and commission income		853	777
Fee and commission expense		–230	–217
Net fee and commission income	P4	**623**	**560**
Net result from items at fair value	P5	189	234
Dividends	P6	3,554	1,534
Other operating income	P7	501	122
Total operating income		**5,591**	**3,130**
Operating expenses			
General administrative expenses:			
Staff costs	P8	–938	–823
Other expenses	P9	–842	–561
Depreciation, amortisation and impairment charges of tangible and intangible assets	P10, P23, P24	–105	–112
Total operating expenses		**–1,885**	**–1,496**
Profit before loan losses		**3,706**	**1,634**
Net loan losses	P11	–19	–20
Impairment of securities held as financial non-current assets	P21	–15	–9
Operating profit		**3,672**	**1,605**
Appropriations	P12	–103	1
Income tax expense	P13	–95	–114
Net profit for the year		**3,474**	**1,492**

Statement of comprehensive income, Parent company

EURm	2012	2011
Net profit for the year	3,474	1,492
Items that may be reclassified subsequently to the income statement		
Available-for-sale investments:[1]		
Valuation gains/losses during the year	30	8
Tax on valuation gains/losses during the year	–6	–2
Cash flow hedges:		
Valuation gains/losses during the year	179	–27
Tax on valuation gains/losses during the year	–48	7
Transferred to profit or loss for the year	–176	—
Tax on transfers to profit or loss for the year	46	—
Other comprehensive income, net of tax	25	–14
Total comprehensive income	3,499	1,478

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 2012	31 Dec 2011
Assets			
Cash and balances with central banks		180	152
Treasury bills	P14	5,092	3,730
Loans to credit institutions	P15	68,006	59,379
Loans to the public	P15	36,214	36,421
Interest-bearing securities	P16	11,594	14,584
Financial instruments pledged as collateral	P17	104	1,237
Shares	P18	4,742	1,135
Derivatives	P19	5,852	4,339
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	–1,157	–632
Investments in group undertakings	P21	17,659	16,713
Investments in associated undertakings	P22	8	5
Intangible assets	P23	670	658
Property and equipment	P24	121	81
Deferred tax assets	P13	19	26
Current tax assets	P13	41	12
Other assets	P25	1,713	2,262
Prepaid expenses and accrued income	P26	1,272	1,279
Total assets		**152,130**	**141,381**
Liabilities			
Deposits by credit institutions	P27	19,342	22,441
Deposits and borrowings from the public	P28	50,263	44,389
Debt securities in issue	P29	48,285	45,367
Derivatives	P19	4,166	3,014
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	16	147
Current tax liabilities	P13	3	71
Other liabilities	P30	1,635	1,776
Accrued expenses and prepaid income	P31	1,468	851
Deferred tax liabilities	P13	8	2
Provisions	P32	148	90
Retirement benefit obligations	P33	182	153
Subordinated liabilities	P34	7,131	6,154
Total liabilities		**132,647**	**124,455**
Untaxed reserves	P35	**108**	**5**
Equity			
Share capital		4,050	4,047
Share premium reserve		1,080	1,080
Other reserves		12	–13
Retained earnings		14,233	11,807
Total equity		**19,375**	**16,921**
Total liabilities and equity		**152,130**	**141,381**
Assets pledged as security for own liabilities	P36	4,230	3,530
Other assets pledged	P37	6,225	7,264
Contingent liabilities	P38	86,292	24,720
Commitments	P39	26,270	25,098

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 2012	4,047	1,080	–20	7	11,807	16,921
Net profit for the year	—	—	—	—	3,474	3,474
Available-for-sale investments:						
Valuation gains/losses during the year	—	—	—	30	—	30
Tax on valuation gains/losses during the year	—	—	—	–6	—	–6
Cash flow hedges:						
Valuation gains/losses during the year	—	—	179	—	—	179
Tax on valuation gains/losses during the year	—	—	–48	—	—	–48
Transferred to profit or loss for the year	—	—	–176	—	—	–176
Tax on transfers to profit or loss for the year	—	—	46	—	—	46
Other comprehensive income, net of tax	—	—	1	24	—	25
Total comprehensive income	—	—	1	24	3,474	3,499
Issued C-shares[2]	3	—	—	—	—	3
Repurchase of C-shares[2]	—	—	—	—	–3	–3
Share-based payments	—	—	—	—	13	13
Dividend for 2011	—	—	—	—	–1,048	–1,048
Repurchases of own shares	—	—	—	—	–10	–10
Balance at 31 Dec 2012	4,050	1,080	–19	31	14,233	19,375
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

1) Apart from retained earnings, unrestricted equity consists of a free fund to the amount of EUR 2,762m (31 Dec 2011 EUR 2,762m).
2) Refers to the Long Term Incentive Programme (LTIP). LTIP 2012 was hedged by issuing 2,679,168 C-shares (LTIP 2011 4,730,000, the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 20.3 million (31 Dec 2011 18.2 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 2011	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
New issue[1]	1.0	2,679,168	2,679,168
Balance at 31 Dec 2012	1.0	4,049,951,919	4,049,951,919

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 14 March 2013, a dividend in respect of 2012 of EUR 0.34 per share (2011 actual dividend EUR 0.26 per share) amounting to a total of EUR 1,370,092,365 (2011 actual: EUR 1,047,546,038) is to be proposed. The financial statements for the year ended 31 December 2012 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2013.

Cash flow statement, Parent company

EURm	2012	2011
Operating activities		
Operating profit	3,672	1,605
Adjustment for items not included in cash flow	48	–1,109
Income taxes paid	–180	–166
Cash flow from operating activities before changes in operating assets and liabilities	**3,540**	**330**
Changes in operating assets		
Change in treasury bills	–1,377	1,401
Change in loans to credit institutions	–9,001	–8,644
Change in loans to the public	164	–2,663
Change in interest-bearing securities	2,207	–1,301
Change in financial assets pledged as collateral	1,133	4,923
Change in shares	–3,615	–876
Change in derivatives, net	249	–283
Change in other assets	1,320	1,732
Changes in operating liabilities		
Change in deposits by credit institutions	–3,100	–6,202
Change in deposits and borrowings from the public	5,874	4,768
Change in debt securities in issue	2,918	11,943
Change in other liabilities	–165	–2,682
Cash flow from operating activities	**147**	**2,446**
Investing activities		
Shareholder's contributions to group undertakings	–935	—
Sale of business operations	—	2
Acquisition of associated undertakings	–3	–1
Acquisition of property and equipment	–64	–32
Sale of property and equipment	0	1
Acquisition of intangible assets	–95	–74
Sale of intangible assets	1	—
Net investments in debt securities, held to maturity	1,119	2,841
Purchase of other financial fixed assets	–335	–279
Cash flow from investing activities	**–312**	**2,458**
Financing activities		
Issued subordinated liabilities	1,495	957
Amortised subordinated liabilities	–618	–2,160
New share issue	3	19
Repurchase/divestment of own shares incl change in trading portfolio	–13	1
Dividend paid	–1,048	–1,168
Cash flow from financing activities	**–181**	**–2,351**
Cash flow for the year	**–346**	**2,553**
Cash and cash equivalents at the beginning of year	8,052	5,499
Translation difference	0	0
Cash and cash equivalents at the end of year	7,706	8,052
Change	**–346**	**2,553**

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	2012	2011
Depreciation	95	110
Impairment charges	25	11
Loan losses	42	41
Unrealised gains/losses	–563	–832
Capital gains/losses (net)	0	0
Change in accruals and provisions	690	–89
Anticipated dividends	–468	–1,055
Group contributions	–303	–355
Translation differences	–72	86
Change in fair value of the hedged items, assets/liabilities (net)	566	962
Other	36	12
Total	48	–1,109

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	2012	2011
Interest payments received	2,823	2,502
Interest expenses paid	1,852	1,820

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 2012	31 Dec 2011
Cash and balances with central banks	180	152
Loans to credit institutions, payable on demand	7,526	7,900
Total	7,706	8,052

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	2012	2011	2010	2009	2008
Net interest income	724	680	584	666	523
Net fee and commission income	623	560	571	456	468
Net result from items at fair value	189	234	157	152	–13
Dividends	3,554	1,534	2,203	973	2,063
Other income	501	122	123	123	190
Total operating income	**5,591**	**3,130**	**3,638**	**2,370**	**3,231**
General administrative expenses:					
Staff costs	–938	–823	–745	–644	–676
Other expenses	–842	–561	–526	–443	–473
Depreciation, amortisation and impairment charges of tangible and intangible assets	–105	–112	–112	–106	–103
Total operating expenses	**–1,885**	**–1,496**	**–1,383**	**–1,193**	**–1,252**
Profit before loan losses	**3,706**	**1,634**	**2,255**	**1,177**	**1,979**
Net loan losses	–19	–20	–33	–165	–80
Impairment of securities held as financial non-current assets	–15	–9	–105	—	–26
Operating profit	**3,672**	**1,605**	**2,117**	**1,012**	**1,873**
Appropriations	–103	1	0	–3	4
Income tax expense	–95	–114	–115	–24	11
Net profit for the year	**3,474**	**1,492**	**2,002**	**985**	**1,888**

Balance sheet

EURm	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008
Treasury bills and interest-bearing securities	16,686	18,314	20,706	20,675	12,178
Loans to credit institutions	68,006	59,379	48,151	43,501	43,855
Loans to the public	36,214	36,421	33,800	28,860	29,240
Investments in group undertakings	17,659	16,713	16,690	16,165	15,866
Other assets	13,565	10,554	14,458	9,125	11,895
Total assets	**152,130**	**141,381**	**133,805**	**118,326**	**113,034**
Deposits by credit institutions	19,342	22,441	28,644	30,187	34,713
Deposits and borrowings from the public	50,263	44,389	39,620	34,617	33,457
Debt securities in issue	48,285	45,367	33,424	22,119	17,949
Subordinated liabilities	7,131	6,154	7,135	6,605	6,829
Other liabilities/untaxed reserves	7,734	6,109	8,402	9,298	7,615
Equity	19,375	16,921	16,580	15,500	12,471
Total liabilities and equity	**152,130**	**141,381**	**133,805**	**118,326**	**113,034**

P1 Accounting policies

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 2011 Annual Report, mainly apart from the categorisation of commissions within Note P4 "Net fee and commission income" and the definition of impaired loans in Note P15 "Loans and impairment". These changes are further described below.

More information on changes in IFRSs implemented in 2012, 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 applied by Nordea" in Note G1 "Accounting policies". The conclusions within these sections are, where applicable, relevant also for the parent company.

Definition of impaired loans

The definition of impaired loans has been changed and the disclosure includes all loans that have, as a consequence of identified loss event, been written down either individually, for individually significant loans, or as part of a portfolio, for individually insignificant loans.

This definition of impaired loans provides more granular information of the loans actually impaired.

The income statement and balance sheet are unaffected by this change. The comparative figures have been restated accordingly and are disclosed in the below table.

	31 Dec 2011	
EURm	New policy	Old policy
Impaired loans	366	315
– Performing	245	254
– Non-performing	121	61

Categorisation of commissions

The categorisation of commission within "Net fee and commission income" has been improved by merging similar types of commissions. Commissions received for securities issues, corporate financial activities and issuer services were reclassified from "Payments" and "Other commission income" to the renamed lines "Brokerage, securities issues and corporate finance" and "Custody and issue services". This categorisation better describes the types of commission recognised in the income statement. The comparable figures have been restated accordingly and are disclosed in the below table.

	Jan–Dec 2011	
EURm	New policy	Old policy
Brokerage, securities issues and corporate finance	116	104
Custody and issuer services	17	11
Payments	106	121
Other commissions income	42	45

Accounting policies applicable for the parent company only

Investments in group undertakings and associated undertakings

The parent company's investments in group undertakings and associated undertakings 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 group undertakings and associated undertakings 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

Group contributions paid to group undertakings are recognised as an increase in the value of investments in group undertakings, net of tax. Group contributions received from group undertakings are recognised as dividends. The possible tax effects on group contributions received are classified as "Income tax expense" in the income statement.

Untaxed reserves

The parent company reports untaxed reserves, related to accelerated depreciation and tax allocation reserve under tax regulations. In the consolidated financial statements, untaxed reserves are split on the items "Retained earnings" and "Deferred tax liabilities" on the balance sheet.

P2

Geographical information

	Sweden		Finland[1]		Norway[1]		Denmark[1]		Others[1]		Total	
EURm	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net interest income	724	680	—	—	—	—	—	—	—	—	724	680
Net fee and commission income	623	560	—	—	—	—	—	—	—	—	623	560
Net result from items at fair value	189	234	—	—	—	—	—	—	—	—	189	234
Dividends	368	421	3,142	1,018	8	29	7	7	29	59	3,554	1,534
Other Operating income	501	122	—	—	—	—	—	—	—	—	501	122
Total operating income	**2,405**	**2,017**	**3,142**	**1,018**	**8**	**29**	**7**	**7**	**29**	**59**	**5,591**	**3,130**

1) Regards dividends from group undertakings.

P3

EURm	2012	2011
Interest income		
Loans to credit institutions	990	950
Loans to the public	1,203	1,164
Interest-bearing securities	405	460
Other interest income	58	52
Interest income	**2,656**	**2,626**
Interest expense		
Deposits by credit institutions	–172	–275
Deposits and borrowings from the public	–536	–549
Debt securities in issue	–1,027	–888
Subordinated liabilities	–328	–294
Other interest expenses[1]	131	60
Interest expense	**–1,932**	**–1,946**
Net interest income	**724**	**680**

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 2,314m (EUR 2,260m). Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR –2,089m (EUR –1,990m). Interest on impaired loans amounted to an insignificant portion of interest income.

P4 Net fee and commission income

EURm	2012	2011
Asset management commissions	90	90
Life insurance	8	10
Brokerage, securities issues and corporate finance	147	116
Custody and issuers services	14	17
Deposits	29	25
Total savings related commissions	**288**	**258**
Payments	111	106
Cards	224	202
Total payment commissions	**335**	**308**
Lending	137	133
Guarantees and documentary payment	68	36
Total lending related commissions	**205**	**169**
Other commission income	25	42
Fee and commission income	**853**	**777**
Savings and investments	–37	–32
Payments	–27	–35
Cards	–116	–102
State guarantee fees	–43	–42
Other commission expenses	–7	–6
Fee and commission expense	**–230**	**–217**
Net fee and commission income	**623**	**560**

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 167m (EUR 158m).

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 245m (EUR 217m). The corresponding amount for fee expenses is EUR –37m (EUR –32m).

P5

EURm	2012	2011
Shares/participations and other share-related instruments	30	45
Interest-bearing securities and other interest-related instruments	87	98
Other financial instruments	41	–6
Foreign exchange gains/losses	31	97
Total	**189**	**234**

Net result from categories of financial instruments

EURm	2012	2011
Financial instruments designated at fair value through profit or loss	17	40
Financial instruments held for trading[1]	144	140
Financial instruments under fair value hedge accounting	–13	7
– of which net losses on hedging instruments	506	901
– of which net gains on hedged items	–519	–894
Financial assets measured at amortised cost	0	—
Financial liabilities measured at amortised cost	0	–8
Foreign exchange gains/losses excluding currency hedges	41	55
Other	0	—
Total	**189**	**234**

1) Of which amortised deferred day one profits amounts to EUR 0m (EUR 0m).

P6

EURm	2012	2011
Dividends		
Nordea Bank Finland Plc	3,125	1,000
Nordea Bank Norge ASA	—	29
Nordea Life Holding AB	18	26
Nordea Investment Management AB	47	40
Nordea Bank S.A Luxembourg	10	40
Nordea Investment Funds Company I SA	19	19
Nordea Investment Funds Company Finland Ltd	17	18
Nordea Ejendomsinvestering A/S	7	7
Nordea Fondene Norge AS	8	0
Group Contributions		
Nordea Hypotek AB	208	302
Nordea Fonder AB	2	28
Nordea Finans AB	93	25
Nordic Baltic Holding AB	0	0
Total	**3,554**	**1,534**

P7

EURm	2012	2011
Divestment of shares	—	3
Remuneration from group undertakings	439	52
Other	62	67
Total	**501**	**122**

P8

EURm	2012	2011
Salaries and remuneration (specification below)[1]	–590	–498
Pension costs (specification below)	–144	–110
Social security contributions	–194	–186
Other staff costs	–10	–29
Total	–938	–823
Salaries and remuneration		
To executives[2]		
– Fixed compensation and benefits	–6	–6
– Performance-related compensation	–3	–2
– Allocation to profitsharing	0	0
Total	–9	–8
To other employees	–581	–490
Total	–590	–498

1) Allocation to profit-sharing foundation 2012 EUR 20m (EUR 4m) consists of a new allocation of EUR 18m (EUR 7m) and an allocation related to prior year of EUR 2m (EUR –3m).
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 17 (19) positions.

EURm	2012	2011
Pension costs[1]		
Defined benefit plans	–90	–67
Defined contribution plans	–54	–43
Total	–144	–110

1) Pension costs for executives, see Note G7.

Additional disclosures on remuneration under Swedish FSA 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) one week before the Annual General Meeting on 14 March 2013.

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 group undertakings, are issued by Nordea Bank AB (publ).

The expenses in below table regards only employees in Nordea Bank AB (publ).

Expenses for equity-settled share-based payment programmes[1]

EURm	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008
Expected expense for the whole programme	–8	–8	–4	–4	–3
Maximum expense for the whole programme	–13	–10	–7	–4	–3
Total expense during 2012	–2	–3	–1	—	—
Total expense during 2011	—	–1	–1	–1	—

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, LTIP 2011 and LTIP 2012. The expected expense is recognised over the vesting period of 36 months (LTIP 2010, 2011 and 2012) and 24 months (LTIP 2009 and 2008).

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 (www.nordea.com).

EURm	2012	2011
Deferred TSR-linked compensation at beginning of the year	1	2
Accrued deferred/retained TSR-linked compensation during the year	1	0
TSR indexation during the year	0	0
Payments during the year[1]	0	–1
Translation differences	0	0
Deferred TSR-linked compensation at end of year[2]	2	1

1) There have been no adjustments due to forfeitures in 2012.
2) Of which EUR 1m is available for disposal by the employees in 2013. 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.

Average number of employees

	Total		Men		Women	
	2012	2011	2012	2011	2012	2011
Full-time equivalents						
Sweden	6,601	7,023	2,910	3,071	3,691	3,952
Other countries	1,203	202	737	92	466	110
Total average	7,804	7,225	3,647	3,163	4,157	4,062

Gender distribution, executives

Per cent	31 Dec 2012	31 Dec 2011
Nordea Bank AB (publ)		
Board of Directors – Men	67	62
Board of Directors – Women	33	38
Other executives – Men	88	88
Other executives – Women	12	12

P9 Other expenses

EURm	2012	2011
Information technology	–500	–220
Marketing and representaion	–33	–33
Postage, transportation, telephone and office expenses	–69	–70
Rents, premises and real estate	–114	–116
Other[1]	–126	–122
Total	–842	–561

1) Including fees and remuneration to auditors distributed as follows.

Auditors' fee

EURm	2012	2011
KPMG		
Auditing assignments	–2	–2
Audit-related services	–1	0
Tax advisory services	0	0
Other assignments	–1	–4
Total	–4	–6

P10

EURm	2012	2011
Depreciation/amortisation		
Property and equipment (Note P24)		
Equipment	–22	–24
Buildings	0	0
Intangible assets (Note P23)		
Goodwill	–49	–69
Computer software	–20	–12
Other intangible assets	–4	–5
Total	–95	–110
Impairment charges		
Intangible assets (Note P23)		
Computer software	–10	–2
Total	–10	–2
Total	–105	–112

P11

EURm	2012	2011
Divided by class		
Loans to credit institutions	–1	1
– of which provisions	–5	—
– of which write-offs	0	–4
– of which allowances used for covering write-offs	0	4
– of which reversals	4	1
Loans to the public	–15	–26
– of which provisions	–69	–75
– of which write-offs	–65	–63
– of which allowances used for covering write-offs	27	35
– of which reversals	69	56
– of which recoveries	23	21
Off-balance sheet items[1]	–3	5
– of which provisions	–5	–1
– of which reversals	2	6
Total	–19	–20
Specification		
Changes of allowance accounts on the balance sheet	–4	–13
– of which Loans, individually assessed[2]	–14	–27
– of which Loans, collectively assessed[2]	13	9
– of which Off-balance sheet items, individually assessed[1]	0	1
– of which Off-balance sheet items, collectively assessed[1]	–3	4
Changes directly recognised in the income statement	–15	–7
– of which realised loan losses, individually assessed	–38	–28
– of which realised recoveries, individually assessed	23	21
Total	–19	–20

1) Included in Note P32 Provisions as "Transfer risk, off-balance", "Guarantees".
2) Included in Note P15 Loans and impairment.

Key ratios

	2012	2011
Loan loss ratio, basis points	5	6
– of which individual	8	10
– of which collective	–3	–4

P12

EURm	2012	2011
Change in tax allocation reserve	–103	—
Change in depreciation in excess of plan, equipment	0	1
Total	–103	1

P13 Taxes

Income tax expense

EURm	2012	2011
Current tax[1]	–88	–125
Deferred tax	–7	11
Total	–95	–114
1) Of which relating to prior years	—	16

The tax on the operating profit differs from the theoretical amount that would arise using the tax rate in Sweden as follows:

EURm	2012	2011
Profit before tax	3,569	1,606
Tax calculated at a tax rate of 26.3%	–939	–422
Tax-exempt income	872	314
Non-deductible expenses	–26	–22
Adjustments relating to prior years	—	16
Change of tax rate[1]	–2	—
Tax charge	–95	–114
Average effective tax rate	3%	7%

1) Due to change of corporate tax rate from 26.3% to 22.0%.

Deferred tax

	Deferred tax assets		Deferred tax liabilities	
EURm	2012	2011	2012	2011
Deferred tax related to:				
Derivatives	5	7	8	2
Retirement benefit obligations	8	7	—	—
Liabilities/provisions	6	12	0	0
Total	19	26	8	2
– of which expected to be settled after more than 1 year	14	8	0	0

EURm	2012	2011
Movements in deferred tax assets/liabilities, net:		
Amount at beginning of year (net)	24	8
Deferred tax relating to items recognised in Other comprehensive income	–8	5
Acquisitions and others	2	—
Deferred tax in the income statement	–7	11
Amount at end of year (net)	11	24
Current and deferred tax recognised in Other comprehensive income		
Deferred tax relating to available-for-sale investments	–6	–2
Deferred tax relating to cash flow hedges	–2	7
Total	–8	5
Current tax assets	41	12
– of which expected to be settled after more than 1 year	—	—
Current tax liabilities	3	71
– of which expected to be settled after more than 1 year	—	—

P14 Treasury bills

EURm	31 Dec 2012	31 Dec 2011
State and sovereigns[1]	4,907	4,868
Municipalities and other public bodies	289	99
Total	5,196	4,967
– of which Financial instruments pledged as collateral (Note P17)	104	1,237
Total	5,092	3,730

1) Of which EUR 17m (EUR 353m) held at amortised cost with a nominal amount of EUR 17m (EUR 353m).

P15 Loans and impairment

	Credit institutions		The public		Total	
EURm	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Loans, not impaired[1]	68,011	59,374	36,111	36,274	104,122	95,648
Impaired loans[1]	—	9	296	357	296	366
– of which performing	—	9	118	236	118	245
– of which non-performing	—	—	178	121	178	121
Loans before allowances	68,011	59,383	36,407	36,631	104,418	96,014
Allowances for individually assessed impaired loans	–1	–2	–132	–130	–133	–132
– of which performing	—	—	–61	–93	–61	–93
– of which non-performing	–1	–2	–71	–37	–72	–39
Allowances for collectively assessed impaired loans	–4	–2	–61	–80	–65	–82
Allowances	–5	–4	–193	–210	–198	–214
Loans, carrying amount	68,006	59,379	36,214	36,421	104,220	95,800

1) Comparative figures have been restated to ensure consistency between periods, see Note P1 for more information.

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 2012	–2	–2	–4	–130	–80	–210	–132	–82	–214
Provisions	—	–5	–5	–63	–5	–68	–63	–10	–73
Reversals	1	3	4	48	20	68	49	23	72
Changes through the income statement	1	–2	–1	–15	15	0	–14	13	–1
Allowances used to cover write-offs	—	—	—	27	—	27	27	—	27
Reclassifications	—	—	—	–8	7	–1	–8	7	–1
Translation differences	—	—	—	–6	–3	–9	–6	–3	–9
Closing balance at 31 Dec 2012	–1	–4	–5	–132	–61	–193	–133	–65	–198
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

1) See Note P11 Net loan losses.

P15 Loans and impairment, cont.

Allowances and provisions

EURm	Credit institutions 31 Dec 2012	Credit institutions 31 Dec 2011	The public 31 Dec 2012	The public 31 Dec 2011	Total 31 Dec 2012	Total 31 Dec 2011
Allowances for items on the balance sheet	–5	–4	–193	–210	–198	–214
Provisions for off balance sheet items	–117	–2	–2	–1	–119	–3
Total allowances and provisions	–122	–6	–195	–211	–317	–217

Key ratios[1]

	31 Dec 2012	31 Dec 2011
Impairment rate, gross, basis points[1]	28	38
Impairment rate, net, basis points[1]	16	24
Total allowance rate, basis points	19	22
Allowances in relation to impaired loans, %[1]	45	36
Total allowances in relation to impaired loans, %[1]	67	58

1) Comparative figures have been restated to ensure consistency between periods, see Note P1 for more information.

P16 Interest-bearing securities

EURm	31 Dec 2012	31 Dec 2011
Issued by other borrowers[1]	11,594	14,584
Total	11,594	14,584
– of which Financial instruments pledged as collateral (Note P17)	—	—
Total	11,594	14,584
Listed securities	11,530	14,064
Unlisted securities	64	520
Total	11,594	14,584

1) Of which EUR 864m (EUR 1,648m) held at amortised cost with a nominal amount of EUR 863m (EUR 1,634m).

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 on the balance sheet to the item Financial instruments pledged as collateral.

EURm	31 Dec 2012	31 Dec 2011
Treasury bills	104	1,237
Total	104	1,237

For more information on transferred assets and reverse repos, see Note P44.

P18 Shares

EURm	31 Dec 2012	31 Dec 2011
Shares	4,741	1,131
Shares taken over for protection of claims	1	4
Total	4,742	1,135
Listed shares	4,713	1,100
Unlisted shares	29	35
Total	4,742	1,135
– of which expected to be settled after more than 1 year	30	38

P19 Derivatives and Hedge accounting

31 Dec 2012, EURm	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	2,469	2,683	127,698
FRAs	22	21	25,052
Futures and forwards	—	6	1,839
Options	0	0	379
Other	0	—	1,165
Total	2,491	2,710	156,133
Equity derivatives			
Equity swaps	83	149	350
Futures and forwards	1	0	21
Options	61	67	1,987
Total	145	216	2,358
Foreign exchange derivatives			
Currency and interest rate swaps	629	609	13,541
Currency forwards	63	124	23,979
Total	692	733	37,520
Credit derivatives			
Credit default swaps	—	0	1
Total	—	0	1
Other derivatives			
Other	26	0	1,867
Total	26	0	1,867
Total derivatives held for trading	3,354	3,659	197,879
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	2,058	263	32,653
Options	0	0	642
Total	2,058	263	33,295
Foreign exchange derivatives			
Currency and interest rate swaps	440	244	7,475
Total	440	244	7,475
Total derivatives used for hedge accounting	2,498	507	40,770
– of which fair value hedges	2,396	382	19,886
– of which cash flow hedges	102	125	20,884
Total derivatives	5,852	4,166	238,649

P19 Derivatives and Hedge accounting, cont.

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

P20 Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets EURm	31 Dec 2012	31 Dec 2011
Carrying amount at beginning of year	–632	795
Changes during the year		
Revaluation of hedged items	–525	–1,427
Carrying amount at end of year	**–1,157**	**–632**

Liabilities EURm		
Carrying amount at beginning of year	147	749
Changes during the year		
Revaluation of hedged items	–131	–602
Carrying amount at end of year	**16**	**147**

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 2012	31 Dec 2011
Acquisition value at beginning of year	17,318	17,286
Acquisitions/capital contributions during the year	958	26
IFRS 2 expenses[1]	3	6
Acquisition value at end of year	**18,279**	**17,318**
Accumulated impairment charges at beginning of year	–605	–596
Impairment charges during the year	–15	–9
Reclassification	—	—
Accumulated impairment charges at end of year	**–620**	**–605**
Total	17,659	16,713

1) Allocation of IFRS 2 expenses for LTIP 2007–2012 related to the group undertakings. 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 2012	Number of shares	Carrying amount 2012, EURm	Carrying amount 2011, EURm	Voting power of holding %	Domicile	Registration number
Nordea Bank Finland Plc	1,030,800,000	5,956	5,955	100.0	Helsinki	1680235–8
Nordea Finance Finland Ltd				100.0	Espoo	0112305–3
Nordea Bank Danmark A/S	50,000,000	4,010	3,509	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	2,818	2,406	100.0	Oslo	911044110
Nordea Eiendomskreditt AS				100.0	Oslo	971227222
Nordea Finans Norge AS				100.0	Oslo	924507500
Privatmegleren AS				100.0	Oslo	986386661
Nordea Bank Polska S.A.	55,061,403	363	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	707	690	100.0	Stockholm	556742–3305
Nordea Liv & Pension, Livforsikringsselskab 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 Assurance Finland Ltd				100.0	Helsinki	0927072–8

P21 Investments in group undertakings, cont.

Nordea Hypotek AB (publ)	100,000	1,898	1,898	100.0	Stockholm	556091–5448
Nordea Fonder AB	15,000	241	229	100.0	Stockholm	556020–4694
Nordea Bank S.A.	999,999	454	454	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	232	230	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 Company I 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	0	100.0	Stockholm	556592–7950
Nordea Fastigheter AB[2]	3,380,000	1	1	100.0	Stockholm	556021–4917
Total		17,659	16,713			

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.

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	1,230	1,326
Kalmar Structured Finance A/S[2]	Credit Linked Note	<1 years	1	23
Total			1,231	1,349

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 1,691m and at year end 2012 EUR 1,230m were utilised. There is no outstanding CP issue at year end 2012. 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) 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 2012. Nordea holds CLNs issued by the SPE as part of offering a secondary market for the notes. The investment amounted to EUR 1m at year end 2012.

P22 Investments in associated undertakings

EURm	31 Dec 2012	31 Dec 2011
Acquisition value at beginning of year	5	4
Acquisitions during the year	3	1
Acquisition value at end of year	8	5
Total	8	5
– of which, listed shares	—	—

31 Dec 2012	Registration number	Domicile	Carrying amount 2012, EURm	Carrying amount 2011, EURm	Voting power of holding %
BDB Bankernas Depå AB	556695–3567	Stockholm	1	1	20
Bankpension Sverige AB	556695–8194	Stockholm	1	1	40
Bankomat AB	556817–9716	Stockholm	6	3	20
Other			0	0	
Total			8	5	

P23 Intangible assets

EURm	31 Dec 2012	31 Dec 2011
Goodwill allocated to cash generating units[1]		
Retail Banking	403	452
Goodwill, total	**403**	**452**
Computer software	264	198
Other intangible assets	3	8
Other intangible assets, total	**267**	**206**
Intangible assets, total	**670**	**658**
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	–607	–538
Amortisation according to plan for the year	–49	–69
Accumulated amortisation at end of year	**–656**	**–607**
Total	**403**	**452**

1) Excluding goodwill in associated undertakings

Computer software		
Acquisition value at beginning of year	249	175
Acquisitions during the year	93	74
Reclassifications	–2	—
Translation differences	0	0
Acquisition value at end of year	**340**	**249**
Accumulated amortisation at beginning of year	–49	–37
Amortisation according to plan for the year	–20	–12
Translation differences	1	—
Accumulated amortisation at end of year	**–68**	**–49**
Accumulated impairment charges at beginning of year	–2	0
Impairment charges during the year	–10	–2
Reclassifications	2	—
Translation differences	2	—
Accumulated impairment charges at end of year	**–8**	**–2**
Total	**264**	**198**
Other intangible assets		
Acquisition value at beginning of year	49	48
Acquisitions during the year	1	1
Sales/disposals during the year	–8	—
Acquisition value at end of year	**42**	**49**
Accumulated amortisation at beginning of year	–41	–36
Amortisation according to plan for the year	–4	–5
Accumulated amortisation on sales/disposals during the year	6	0
Accumulated amortisation at end of year	**–39**	**–41**
Total	**3**	**8**

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 G20 and Note G1 section 4 for more information.

P24 Property and equipment

EURm	31 Dec 2012	31 Dec 2011
Property and equipment	121	81
– of which buildings for own use	0	0
Total	**121**	**81**
Equipment		
Acquisition value at beginning of year	214	193
Acquisitions during the year	64	32
Sales/disposals during the year	–8	–11
Translation differences	0	0
Acquisition value at end of year	**270**	**214**
Accumulated depreciation at beginning of year	–133	–116
Accumulated depreciation on sales/disposals during the year	6	7
Depreciations according to plan for the year	–22	–24
Translation differences	0	0
Accumulated depreciation at end of year	**–149**	**–133**
Total	**121**	**81**
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 2012	31 Dec 2011
Leasing expenses during the year	–97	–95
– of which minimum lease payments	–97	–95
Leasing income during the year regarding sublease payments	39	37

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

EURm	31 Dec 2012
2013	66
2014	62
2015	35
2016	26
2017	16
Later years	141
Total	**346**

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 272m. EUR 250m of the subleases are towards group undertakings.

P25

EURm	31 Dec 2012	31 Dec 2011
Claims on securities settlement proceeds	273	500
Anticipated dividends from group undertakings	468	1 ,055
Group Contributions	303	355
Other	669	352
Total	**1, 713**	**2, 262**
– of which expected to be settled after more than 1 year	—	—

P26 Prepaid expenses and accrued income

EURm	31 Dec 2012	31 Dec 2011
Accrued interest income	458	614
Other accrued income	138	21
Prepaid expenses	676	644
Total	1,272	1,279
– of which expected to be settled after more than 1 year	560	543

P27

EURm	31 Dec 2012	31 Dec 2011
Central banks	3,224	4,331
Other banks	15,553	13,720
Other credit institutions	565	4,390
Total	19,342	22,441

P28

EURm	31 Dec 2012	31 Dec 2011
Deposits from the public	48,822	43,219
Borrowings from the public	1,441	1,170
Total	50,263	44,389

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

EURm	31 Dec 2012	31 Dec 2011
Certificates of deposit	—	0
Commercial papers	15,219	16,800
Bond loans	32,962	28,469
Other	104	98
Total	48,285	45,367

P30

EURm	31 Dec 2012	31 Dec 2011
Liabilities on securities settlement proceeds	173	130
Sold, not held, securities	559	454
Accounts payable	29	15
Cash/margin payable	—	0
Other	874	1,177
Total	1,635	1,776
– of which expected to be settled after more than 1 year	—	—

P31

EURm	31 Dec 2012	31 Dec 2011
Accrued interest	561	484
Other accrued expenses	296	163
Prepaid income	611	204
Total	1,468	851
– of which expected to be settled after more than 1 year	6	0

P32

EURm	31 Dec 2012	31 Dec 2011
Provision for restructuring costs	28	44
Transfer risk, off-balance	5	2
Guarantees	114	1
Other	1	43
Total	148	90

	Restructuring	Transfer risk	Guarantees	Other	Total
At beginning of year	44	2	1	43	90
New provisions made	12	5	113	1	131
Provisions utilised	–16	—	—	—	–16
Reversals	–14	–2	0	—	–16
Reclassifications	—	—	—	–43	–43
Translation differences	2	0	0	0	2
At end of year	28	5	114	1	148
– of which expected to be settled after more than 1 year	—	5	114	—	119

Provision for restructuring costs amounts to EUR 28m and covers termination benefits (EUR 24m) and other provisions mainly related to redundant premises (EUR 4m). 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 114m of wich EUR 110m covers the guarantee in favour of Nordea Bank Finland Plc and EUR 3m covers the guarantee in favour of Nordea Bank Polska S.A. Loan loss provisions for other guarantees amounts to EUR 1m. Provisions related to state guarantees in Other provisions are reclassified to Accrued expenses.

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 on the balance sheet pertain almost exclusively to former employees of Postgirot Bank. EUR 148m (EUR 127m) 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 on the balance sheet

	31 Dec 2012	31 Dec 2011
Present value of commitments relating to in whole or in part funded pension plans	–1,304	–1,040
Fair value at the end of the period relating to specifically separated assets	1,322	1,197
Surplus in the pension foundation	**18**	**157**
Present value of commitments relating to unfunded pension plans	–182	–153
Unrecognised surplus in the pension foundation	–18	–157
Reported liability net on the balance sheet	**–182**	**–153**

Specification of changes in the liability recognised on balance sheet as pension

	31 Dec 2012	31 Dec 2011
Balance at 1 Jan recognised as pension commitments	153	149
Pensions paid related to former employees of Postgirot Bank	–7	–6
Actuarial pension calculations	26	9
Effect of exchange rate changes	10	1
Balance at 31 Dec	**182**	**153**

Specification of cost and income in respect of pensions

	2012	2011
Pensions paid related to former employees of Postgirot Bank	–7	–6
Pensions paid covered by the pension foundation	–64	–58
Actuarial pension calculation	–19	–3
Defined benefit plans	**–90**	**–67**
Defined contribution plan	–54	–43
Pension costs[1]	**–144**	**–110**
Return on specifically separated assets, %	8.2	7.3

1) See Note P8 Staff costs.

Actual value of holdings in pension foundations

EURm	31 Dec 2012	31 Dec 2011
Shares	274	197
Interest-bearing securities	1,009	980
Other assets	39	20
Total	**1,322**	**1,197**

Assumptions for benefit-determined obligations

	2012	2011
Discount rate	1.9%	3.0%
The calculation is based on pay and pension levels on the accounting date	Yes	Yes

Next year's expected payment regarding defined benefit plans amounts to EUR 69m.

P34

EURm	31 Dec 2012	31 Dec 2011
Dated subordinated debenture loans	5,160	4,127
Hybrid capital loans	1,971	2,027
Total	**7,131**	**6,154**

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 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]	750	746	Fixed
Dated loan[4]	947	939	Fixed

1) Maturity date 26 March 2020.
2) Maturity date 29 March 2021.
3) Maturity date 15 February 2022.
4) Maturity date 13 May 2021.

P35

EURm	31 Dec 2012	31 Dec 2011
Tax allocation reserve	103	—
Accumulated excess depreprecia-tion, equipment	5	5
Total	**108**	**5**

P36

EURm	31 Dec 2012	31 Dec 2011
Assets pledged for own liabilities		
Securities etc[1]	4,230	3,530
Total	4,230	3,530
The above pledges pertain to the following liabilities		
Deposits by credit institutions	1,977	3,432
Deposits and borrowings from the public	2,480	489
Total	4,457	3,921

1) Relates only to securities recognised on the balance sheet. Securities borrowed or bought under reverse repurchase agreements are not recognised on 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 2012	31 Dec 2011
Other assets pledged[1]		
Securities etc	6,225	7,264
Total	6,225	7,264

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

EURm	31 Dec 2012	31 Dec 2011
Guarantees		
– Loan guarantees	70,514	8,614
– Other guarantees	15,774	16,102
Other contingent liabilities	4	4
Total	86,292	24,720

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 guarantees covering all commitments in Nordea Investment Management AB, org no 556060–2301 and Nordea Fastigheter AB, org no 556021–4917. The guarantee to Nordea Investment Management AB was withdrawn on 31 January 2013.

Nordea Bank AB (publ) has in December 2012 issued a guarantee of maximum EUR 60bn in favour of Nordea Bank Finland Plc where Nordea Bank AB (publ) guarantees the majority of the exposures in the exposure class IRB corporate in Nordea Bank Finland Plc. The guarantee covers EUR 41bn of corporate loans, guarantees, documentary credits and loan commitments. In addition, EUR 6bn of derivatives are covered by the guarantee as of 31 December 2012. The maximum amount of derivatives guaranteed is EUR 10bn. The guarantee increased the RWA by EUR 34bn, which was mitigated by and extraordinary dividend from Nordea Bank Finland Plc. The guarantee will generate commission income, while the losses recognized on the guaranteed exposures will be transferred to Nordea Bank AB. The guarantee is priced at arm's length, including expected credit losses and the cost of capital required by the guarantee. All internal transations in the guarantee are eliminated in the consolidated accounts.

Nordea Bank AB (publ) has issued a guarantee of EUR 1,326m in favour of Nordea Bank Polska S.A. The guarantee covers a mortgage loan portfolio with real estate as collateral.

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 group undertakings 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 are considered likely to have any significant adverse effect on the company or its financial position.

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EURm	31 Dec 2012	31 Dec 2011
Credit commitments[1]	26,270	25,098
Total	26,270	25,098

1) Including unutilised portion of approved overdraft facilities of EUR 12,952m (EUR 12,259m).

For information about derivatives see Note P19.

P40 Capital adequacy

Calculation of total capital base

EURm	31 Dec 2012	31 Dec 2011
Equity	19,375	16,921
Proposed/actual dividend	–1,370	–1,048
Hybrid capital loans	1,992	1,964
Deferred tax assets	–19	–26
Intangible assets	–670	–658
IRB provisions excess (+)/shortfall (–)	–52	–32
Other items, net	–12	13
Tier 1 capital (net after deduction)	19,244	17,134
– of which hybrid capital	1,992	1,964
Tier 2 capital	4,706	3,203
IRB provisions excess (+)/shortfall (–)	–52	–33
Other deduction	0	0
Total	23,898	20,304

Capital requirements and RWA

	31 Dec 2012		31 Dec 2011	
EURm	Capital requirement	Basel II RWA	Capital requirement	Basel II RWA
Credit risk	7,494	93,670	4,595	57,441
IRB foundation	4,752	59,394	2,186	27,328
– of which corporate	4,404	55,051	1,764	22,051
– of which institutions	140	1,751	198	2,477
– of which retail	188	2,345	201	2,518
– of which other	20	247	23	282
Standardised	2,742	34,276	2,409	30,113
– of which sovereign	2	21	—	—
– of which retail	106	1,327	0	0
– of which other	2,634	32,928	2,409	30,113
Market risk	123	1,539	92	1,158
– of which trading book, Internal Approach	39	484	30	376
– of which trading book, Standardised Approach	20	246	11	143
– of which banking book, Standardised Approach	64	809	51	639
Operational risk	219	2,739	190	2,375
– of which standardised	219	2,739	190	2,375
Sub total	7,836	97,948	4,877	60,974
Adjustment for transition rules				
Additional capital requirement according to transition rules	—	—	—	—
Total	7,836	97,948	4,877	60,974

On 21 December 2012 Nordea Bank AB (publ) entered into a guarantee agreement with Nordea Bank Finland Plc. From a capital adequacy perspective the agreement implies that Nordea Bank AB (publ) guarantees the majority of the credit risk exposures in the exposure class IRB corporate in Nordea Bank Finland Plc. The RWA effect of the guarantee in Nordea Bank AB (publ) at 31 December 2012 equals approx. EUR 34bn. To reduce the impact of the increased RWA in Nordea Bank AB (publ), an extraordinary dividend payment of EUR 2.5bn was performed in December 2012 from Nordea Bank Finland Plc to Nordea Bank AB (publ). See Note P38 for more information.

More Capital Adequacy information can be found in the Risk, Liquidity and Capital Management section page 66.

P41 Classification of financial instruments

31 Dec 2012, 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	180	—	—	—	—	—	—	180
Treasury bills	—	17	5,075	—	—	—	—	5,092
Loans to credit institutions	66,960	—	312	734	—	—	—	68,006
Loans to the public	31,712	—	—	4,502	—	—	—	36,214
Interest-bearing securities	—	865	4,510	—	—	6,219	—	11,594
Financial instruments pledged as collateral	—	—	104	—	—	—	—	104
Shares	—	—	4,712	30	—	—	—	4,742
Derivatives	—	—	3,354	—	2,498	—	—	5,852
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–1,157	—	—	—	—	—	—	–1,157
Investments in group undertakings	—	—	—	—	—	—	17,659	17,659
Investments in associated undertakings	—	—	—	—	—	—	8	8
Intangible assets	—	—	—	—	—	—	670	670
Property and equipment	—	—	—	—	—	—	121	121
Deferred tax assets	—	—	—	—	—	—	19	19
Current tax assets	—	—	—	—	—	—	41	41
Other assets	560	—	—	—	—	—	1,153	1,713
Prepaid expenses and accrued income	1,134	—	—	—	—	—	138	1,272
Total	99,389	882	18,067	5,266	2,498	6,219	19,809	152,130

31 Dec 2012, 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	104	1,855	—	17,383	—	19,342
Deposits and borrowings from the public	—	2,498	—	47,765	—	50,263
Debt securities in issue	—	—	—	48,285	—	48,285
Derivatives	3,659	—	507	—	—	4,166
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	16	—	16
Current tax liabilities	—	—	—	—	3	3
Other liabilities	560	—	—	560	515	1,635
Accrued expenses and prepaid income	—	—	—	1,172	296	1,468
Deferred tax liabilities	—	—	—	—	8	8
Provisions	—	—	—	—	148	148
Retirement benefit obligations	—	—	—	—	182	182
Subordinated liabilities	—	—	—	7,131	—	7,131
Total	4,323	4,353	507	122,312	1,152	132,647

P41 Classification of financial instruments, cont.

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.

Loans designated at fair value through profit or loss

EURm	31 Dec 2012	31 Dec 2011
Carrying amount	5,236	5,984
Maximum exposure to credit risk	5,236	5,984

Financial assets and liabilities designated at fair value through profit or loss

Changes in fair values of financial liabilites 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.

Changes in fair values of financial assets attributable to changes in credit risk

The lending in Markets is generally of such a short ternature (mainly overnight deposits) that the effect of changes in credit risk is not significant.

Comparison of carrying amount and contractual amount to be paid at maturity

2012, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	4,353	4,353

2011, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	2,967	2,967

P42

	31 Dec 2012		31 Dec 2011	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	180	180	152	152
Treasury bills	5,092	5,092	3,730	3,730
Loans to credit institutions	68,006	68,713	59,379	59,401
Loans to the public	36,214	36,224	36,421	36,430
Interest-bearing securities	11,594	11,970	14,584	14,849
Financial instruments pledged as collateral	104	104	1,237	1,237
Shares	4,742	4,742	1,135	1,135
Derivatives	5,852	5,852	4,339	4,339
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–1,157	–1,157	–632	–632
Investments in group undertakings	17,659	17,659	16,713	16,713
Investments in associated undertakings	8	8	5	5
Intangible assets	670	670	658	658
Property and equipment	121	121	81	81
Deferred tax assets	19	19	26	26
Current tax assets	41	41	12	12
Other assets	1,713	1,713	2,262	2,262
Prepaid expenses and accrued income	1,272	1,272	1,279	1,279
Total assets	**152,130**	**153,223**	**141,381**	**141,677**
Liabilities				
Deposits by credit institutions	19,342	19,252	22,441	22,433
Deposits and borrowings from the public	50,263	50,229	44,389	44,444
Debt securities in issue	48,285	47,382	45,367	45,080
Derivatives	4,166	4,166	3,014	3,014
Fair value changes of the hedged items in portfolio hedge of interest rate risk	16	16	147	147
Current tax liabilities	3	3	71	71
Other liabilities	1,635	1,635	1,776	1,776
Accrued expenses and prepaid income	1,468	1,468	851	851
Deferred tax liabilities	8	8	2	2
Provisions	148	148	90	90
Retirement benefit obligations	182	182	153	153
Subordinated liabilities	7,131	6,833	6,154	6,154
Total liabilities	**132,647**	**131,322**	**124,455**	**124,215**

Determination of fair value for assets and liabilities

For information on how fair values are determined, see Note G42 Assets and liabilities at fair value. The parent company 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 2012, EURm	Quoted prices in active markets for the 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	—	1,045	—	1,045
Loans to the public	—	4,502	—	4,502
Debt securities[1]	10,875	4,870	163	15,908
Shares	4,712	—	30	4,742
Derivatives	13	5,839	—	5,852
Liabilities				
Deposits by credit institutions	—	1,959	—	1,959
Deposits and borrowings from the public	—	2,498	—	2,498
Derivatives	17	4,148	0	4,165
Other liabilities	—	560	—	560

1) Of which EUR 5,418m Treasury bills and EUR 10,386m Interest-bearing securities (the portion held at fair value in Note P41). EUR 104m relates to the balance sheet item Financial instruments pledged as collateral.

31 Dec 2011, EURm	Quoted prices in active markets for the 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.

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 2012, EURm	1 Jan 2012	Realised	Unrealised[1]	Purchases	Sales	Settlements	Net transfers into/out of level 3	Translation differences	31 Dec 2012
Debt securities	163	—	—	—	—	—	—	—	163
Shares	34	—	—	—	—	–4	—	—	30
Derivatives (net of assets and liabilities)	0	—	—	—	—	—	—	—	0

1) Relates to those assets and liabilities held at the end of the reporting period.

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.

P42 Assets and liabilities at fair value, cont

Transfers between level 1 and 2
During the year, the parent company has transferred debt securities of EUR 871m (EUR 671m) from level 1 to level 2 and EUR 453m (EUR 15m) 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 2012, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	1.5	2.1	—	0.2	1.3	—	5.1
Loans to credit institutions	19.9	21.1	6.3	1.4	11.6	7.7	68.0
Loans to the public	7.1	20.6	1.4	0.6	5.1	1.4	36.2
Interest-bearing securities	0.7	10.0	0.4	0.3	0.2	—	11.6
Other assets	13.9	5.9	1.9	2.5	2.0	5.0	31.2
Total assets	**43.1**	**59.7**	**10.0**	**5.0**	**20.2**	**14.1**	**152.1**
Liabilities and equity							
Deposits by credit institutions	8.5	3.1	1.1	—	4.0	2.6	19.3
Deposits and borrowings from the public	6.6	40.1	0.9	0.3	1.3	1.1	50.3
Debt securities in issue	22.0	2.6	4.3	—	9.5	9.9	48.3
Provisions	—	0.1	—	—	—	—	0.1
Subordinated liabilities	3.5	0.4	—	—	2.9	0.3	7.1
Other liabilities and equity	8.6	14.0	0.2	1.6	2.1	0.5	27.0
Total liabilities and equity	**49.2**	**60.3**	**6.5**	**1.9**	**19.8**	**14.4**	**152.1**

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**

P44

Transferred assets that are still recognised on 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.

EURm	31 Dec 2012	31 Dec 2011
Repurchase agreements		
Treasury bills	104	1,237
Total	104	1,237

Liabilities associated with the assets

EURm	31 Dec 2012	31 Dec 2011
Repurchase agreements		
Deposits by credit institutions	104	1,258
Total	104	1,258

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 2012	31 Dec 2011
Reverse repurchase agreements		
Received collaterals which can be repledged or sold	309	233
– of which repledged or sold	—	—
Securities borrowing agreements		
Received collaterals which can be repledged or sold	4,052	2,180
– of which repledged or sold	4,052	2,180
Total	4,361	2,413

P45 Maturity analysis for assets and liabilities

Remaining maturity

31 Dec 2012, 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		180	—	—	—	—	—	180
Treasury bills	P14	—	217	0	4,134	741	—	5,092
Loans to credit institutions	P15	8,943	28,767	9,222	15,702	5,372	—	68,006
Loans to the public	P15	4,613	11,541	4,165	15,207	688	—	36,214
Interest-bearing securities	P16	0	456	1,600	9,183	355	—	11,594
Financial instruments pledged as collateral	P17	—	—	104	—	—	—	104
Derivatives	P19	—	169	255	3,302	2,126	—	5,852
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	—	—	–11	–457	–689	—	–1,157
Total assets with fixed maturities		13,736	41,150	15,335	47,071	8,593	—	125,885
Other assets		—	—	—	—	—	26,245	26,245
Total assets		13,736	41,150	15,335	47,071	8,593	26,245	152,130

P45 Maturity analysis for assets and liabilities, cont.

Deposits by credit institutions	P27	2,682	9,323	3,316	3,444	577	—	19,342
Deposits and borrowings from the public	P28	36,868	10,142	3,244	9	0	—	50,263
– of which Deposits		35,427	10,142	3,244	9	0	—	48,822
– of which Borrowings		1,441	0	0	0	0	—	1,441
Debt securities in issue	P29	—	13,968	6,647	20,455	7,215	—	48,285
– of which Debt securities in issue		—	13,864	6,647	20,455	7,215	—	48,181
– of which Other		—	104	—	—	—	—	104
Derivatives	P19	—	308	224	2,788	846	—	4,166
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	—	—	—	6	10	—	16
Subordinated liabilities	P24	—	—	5	191	6,935	—	7,131
Total liabilities with fixed maturities		39,550	33,741	13,436	26,893	15,583	—	129,203
Other liabilities		—	—	—	—	—	3,552	3,552
Equity		—	—	—	—	—	19,375	19,375
Total liabilities and equity		39,550	33,741	13,436	26,893	15,583	22,927	152,130

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

In addition to the on balance sheet and derivative instruments, Nordea has credit commitments amounting to EUR 26,270m (EUR 25,098m), which could be drawn on at any time. Nordea has also issued guarantees of EUR 86,288m (EUR 24,716m) which may lead to future cash outflows if certain events occur.

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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 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Assets						
Loans and receivables	66,608	57,981	44	52	—	—
Interest-bearing securities	231	1,258	—	—	—	—
Derivatives	2,062	1,297	26	—	—	—
Investments in associated undertakings	—	—	8	5	—	—
Investments in group undertakings	17,659	16,713	—	—	—	—
Other assets	442	431	—	—	—	—
Prepaid expenses and accrued income	725	716	—	—	—	—
Total assets	**87,727**	**78,396**	**78**	**57**	**—**	**—**

	Group undertakings		Associated undertakings		Other related parties	
EURm	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Liabilities						
Deposits	8,652	11,852	1	1	27	20
Debt securities in issue	156	54	—	—	—	—
Derivatives	3,138	2,265	—	8	—	—
Other liabilities	223	207	—	—	—	—
Accrued expenses and deferred income	378	25	—	—	—	—
Subordinated loans	—	309	—	—	—	—
Total liabilities	**12,547**	**14,712**	**1**	**9**	**27**	**20**
Off balance[1]	**90,565**	**29,599**	**1,910**	**2,068**	**—**	**—**

1) Including guarantees to Nordea Bank Finland Plc and Nordea Bank Polska S.A., see Note P38 as well as nominal values on derivatives in associated undertakings.

	Group undertakings		Associated undertakings		Other related parties	
EURm	2012	2011	2012	2011	2012	2011
Net interest income and expenses	601	623	1	1	—	—
Net fee and commission income	230	172	—	—	—	—
Net result from items at fair value	–351	–556	40	–4	0	0
Other operating income	473	103	—	—	—	—
Total operating expenses	–158	–46	—	—	—	—
Profit before loan losses	**795**	**296**	**41**	**–3**	**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 G46.

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 2012. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 47–205.

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 2012 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 2012 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 also audited 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 2012.

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 com-

pany 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.

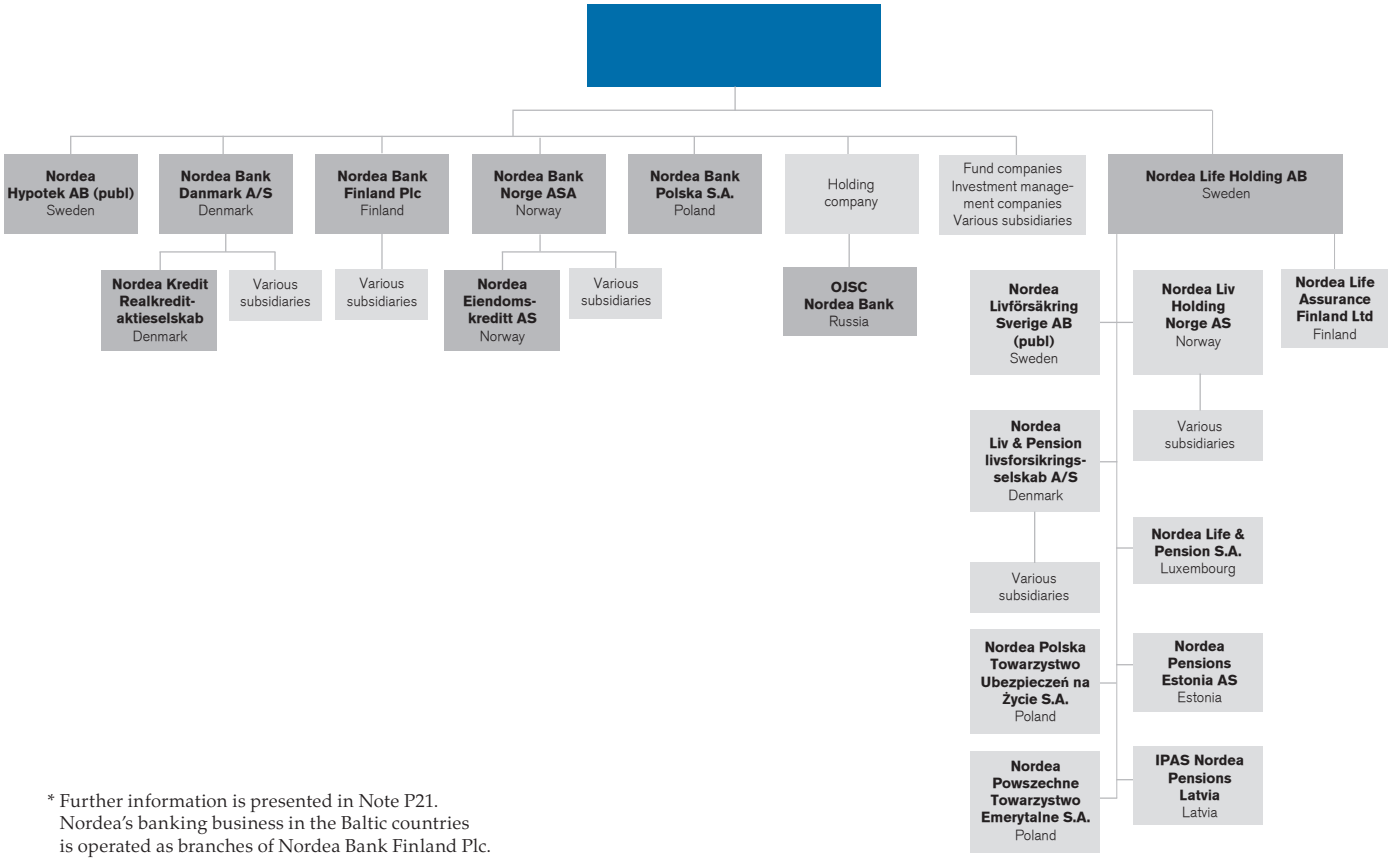
Stockholm, 7 February 2013

KPMG AB

Carl Lindgren
Authorised Public Accountant

Legal structure

Main legal structure*, as of 31 December 2012



* Further information is presented in Note P21. Nordea's banking business in the Baltic countries is operated as branches of Nordea Bank Finland Plc.

ANNEX 2 - 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

Conditional rights LTIP 2011	2011 Matching Share	2011 Performance Share I	2011 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	—	—	—

Conditional rights LTIP 2010	2011 Matching Share	2011 Performance Share I	2011 Performance Share II	2010 Matching Share	2010 Performance Share I	2010 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
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**

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

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	–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.

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 3 – UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF NORDEA BANK FOR THE THREE MONTHS ENDED 31 MARCH 2013, INCLUDING THE NOTES RELATING THERETO

Income statement

EURm	Note	Q1 2013	Q1 2012	Full year 2012
Operating income				
Interest income		*2,768*	*3,162*	*12,264*
Interest expense		*-1,368*	*-1,742*	*-6,512*
Net interest income		1,400	1,420	5,752
Fee and commission income		*857*	*787*	*3,306*
Fee and commission expense		*-225*	*-191*	*-802*
Net fee and commission income	3	632	596	2,504
Net result from items at fair value	4	444	469	1,784
Profit from companies accounted for under the equity method		35	23	93
Other operating income		47	23	103
Total operating income		**2,558**	**2,531**	**10,236**
Operating expenses				
General administrative expenses:				
Staff costs		-769	-771	-3,048
Other expenses	5	-475	-455	-1,860
Depreciation, amortisation and impairment charges of tangible and intangible assets		-55	-50	-278
Total operating expenses		**-1,299**	**-1,276**	**-5,186**
Profit before loan losses		**1,259**	**1,255**	**5,050**
Net loan losses	6	-199	-218	-933
Operating profit		**1,060**	**1,037**	**4,117**
Income tax expense		-264	-262	-991
Net profit for the period		**796**	**775**	**3,126**
Attributable to:				
Shareholders of Nordea Bank AB (publ)		794	773	3,119
Non-controlling interests		2	2	7
Total		**796**	**775**	**3,126**
Basic earnings per share, EUR		0.20	0.19	0.78
Diluted earnings per share, EUR		0.20	0.19	0.78

Statement of comprehensive income

EURm	Q1 2013	Q1 2012	Full year 2012
Net profit for the period	**796**	**775**	**3,126**
Items that may be reclassified subsequently to income statement			
Currency translation differences during the period	-9	189	409
Hedging of net investments in foreign operations:			
Valuation gains/losses during the period	32	-98	-254
Tax on valuation gains/losses during the period	-7	26	45
Available-for-sale investments:[1]			
Valuation gains/losses during the period	34	59	67
Tax on valuation gains/losses during the period	-9	-15	-17
Cash flow hedges:			
Valuation gains/losses during the period	-2	-47	-188
Tax on valuation gains/losses during the period	0	12	50
Items that may not be reclassified subsequently to the income statement			
Defined benefit plans:			
Remeasurement of defined benefit plans	5	-	362
Tax on remeasurement of defined benefit plans	-2	-	-87
Other comprehensive income, net of tax	**42**	**126**	**387**
Total comprehensive income	**838**	**901**	**3,513**
Attributable to:			
Shareholders of Nordea Bank AB (publ)	836	899	3,506
Non-controlling interests	2	2	7
Total	**838**	**901**	**3,513**

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

Balance sheet

EURm	Note	31 Mar 2013	31 Dec 2012	31 Mar 2012
Assets				
Cash and balances with central banks		31,565	36,060	3,346
Loans to central banks	7	7,834	8,005	25,390
Loans to credit institutions	7	11,575	10,569	15,788
Loans to the public	7	355,190	346,251	340,768
Interest-bearing securities		88,817	94,939	85,441
Financial instruments pledged as collateral		8,137	7,970	8,302
Shares		30,859	28,128	22,261
Derivatives	12	97,865	118,789	165,770
Fair value changes of the hedged items in portfolio hedge of interest rate risk		371	-711	-290
Investments in associated undertakings		667	585	584
Intangible assets		3,425	3,425	3,393
Property and equipment		483	474	469
Investment property		3,383	3,408	3,632
Deferred tax assets		248	266	260
Current tax assets		129	78	252
Retirement benefit assets		127	142	107
Other assets		19,300	16,372	15,656
Prepaid expenses and accrued income		2,662	2,559	2,883
Total assets		**662,637**	**677,309**	**694,012**
Of which assets customer bearing the risk		*21,864*	*20,361*	*17,886*
Liabilities				
Deposits by credit institutions		63,083	55,426	58,156
Deposits and borrowings from the public		204,272	200,678	193,488
Liabilities to policyholders		46,731	45,320	42,425
Debt securities in issue		186,069	184,340	170,671
Derivatives	12	93,145	114,203	162,709
Fair value changes of the hedged items in portfolio hedge of interest rate risk		3,152	1,940	1,163
Current tax liabilities		471	391	222
Other liabilities		24,760	33,472	26,283
Accrued expenses and prepaid income		4,498	3,903	4,141
Deferred tax liabilities		971	976	937
Provisions		367	389	424
Retirement benefit obligations		387	469	842
Subordinated liabilities		7,316	7,797	7,065
Total liabilities		**635,222**	**649,304**	**668,526**
Equity				
Non-controlling interests		4	5	85
Share capital		4,050	4,050	4,047
Share premium reserve		1,080	1,080	1,080
Other reserves		382	340	79
Retained earnings		21,899	22,530	20,195
Total equity		**27,415**	**28,005**	**25,486**
Total liabilities and equity		**662,637**	**677,309**	**694,012**
Assets pledged as security for own liabilities		180,006	164,902	156,162
Other assets pledged		4,593	4,367	5,187
Contingent liabilities		21,644	21,157	23,253
Credit commitments[1]		86,254	84,914	89,807
Other commitments		1,164	1,294	1,383

[1] Including unutilised portion of approved overdraft facilities of EUR 45,408m (31 Dec 2012: EUR 45,796m, 31 Mar 2012: EUR 46,722m).

Statement of changes in equity

	Attributable to shareholders of Nordea Bank AB (publ)									
			Other reserves:							
EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance at 1 Jan 2013	**4,050**	**1,080**	**24**	**-15**	**56**	**275**	**22,530**	**28,000**	**5**	**28,005**
Total comprehensive income	-	-	16	-2	25	3	794	836	2	838
Share-based payments	-	-	-	-	-	-	5	5	-	5
Dividend for 2012	-	-	-	-	-	-	-1,370	-1,370	-	-1,370
Purchases of own shares[2]	-	-	-	-	-	-	-60	-60	-	-60
Other changes	-	-	-	-	-	-	-	-	-3	-3
Closing balance at 31 Mar 2013	**4,050**	**1,080**	**40**	**-17**	**81**	**278**	**21,899**	**27,411**	**4**	**27,415**

	Attributable to shareholders of Nordea Bank AB (publ)									
			Other reserves:							
EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
Reported opening balance at 1 Jan 2012	**4,047**	**1,080**	**-176**	**123**	**6**	**-**	**20,954**	**26,034**	**86**	**26,120**
Restatement due to changed accounting policy[4]	-	-	-	-	-	-	-475	-475	-	-475
Restated opening balance at 1 Jan 2012	**4,047**	**1,080**	**-176**	**123**	**6**	**-**	**20,479**	**25,559**	**86**	**25,645**
Total comprehensive income	-	-	200	-138	50	275	3,119	3,506	7	3,513
Issued C-shares[3]	3	-	-	-	-	-	-	3	-	3
Repurchase of C-shares[3]	-	-	-	-	-	-	-3	-3	-	-3
Share-based payments	-	-	-	-	-	-	14	14	-	14
Dividend for 2011	-	-	-	-	-	-	-1,048	-1,048	-	-1,048
Purchases of own shares[2]	-	-	-	-	-	-	-31	-31	-	-31
Change in non-controlling interests	-	-	-	-	-	-	-	-	-84	-84
Other changes	-	-	-	-	-	-	-	-	-4	-4
Closing balance at 31 Dec 2012	**4,050**	**1,080**	**24**	**-15**	**56**	**275**	**22,530**	**28,000**	**5**	**28,005**

	Attributable to shareholders of Nordea Bank AB (publ)									
			Other reserves:							
EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
Reported opening balance at 1 Jan 2012	**4,047**	**1,080**	**-176**	**123**	**6**	**-**	**20,954**	**26,034**	**86**	**26,120**
Restatement due to changed accounting policy[4]	-	-	-	-	-	-	-475	-475	-	-475
Restated opening balance at 1 Jan 2012	**4,047**	**1,080**	**-176**	**123**	**6**	**-**	**20,479**	**25,559**	**86**	**25,645**
Total comprehensive income	-	-	117	-35	44	-	773	899	2	901
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**	**-59**	**88**	**50**	**-**	**20,195**	**25,401**	**85**	**25,486**

[1] Total shares registered were 4,050 million (31 Dec 2012: 4,050 million, 31 Mar 2012: 4,047 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 2013 were 33.8 million (31 Dec 2012: 26.9 million, 31 Mar 2012: 22.1 million).

[3] Refers to the Long Term Incentive Programme (LTIP). LTIP 2012 was hedged by issuing 2,679,168 C-shares, the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 20.2 million (31 Dec 2012: 20.3 million, 31 Mar 2012: 18.0 million).

[4] Related to the amended IAS 19. See Note 1 for more information.

Cash flow statement, condensed

EURm	Jan-Mar 2013	Jan-Mar 2012	Full year 2012
Operating activities			
Operating profit	1,060	1,037	4,117
Adjustments for items not included in cash flow	4,022	1,273	3,178
Income taxes paid	-236	-274	-662
Cash flow from operating activities before changes in operating assets and liabilities	4,846	2,036	6,633
Changes in operating assets and liabilities	-6,318	-3,586	13,121
Cash flow from operating activities	-1,472	-1,550	19,754
Investing activities			
Property and equipment	-30	-27	-114
Intangible assets	-34	-43	-175
Net investments in debt securities, held to maturity	-4	465	1,047
Other financial fixed assets	-13	-	16
Cash flow from investing activities	-81	395	774
Financing activities			
New share issue	-	-	3
Issued/amortised subordinated liabilities	-	750	906
Divestment/repurchase of own shares incl change in trading portfolio	-60	-10	-31
Dividend paid	-1,370	-1,048	-1,048
Cash flow from financing activities	-1,430	-308	-170
Cash flow for the period	**-2,983**	**-1,463**	**20,358**
Cash and cash equivalents at beginning of the period	**42,808**	**22,606**	**22,606**
Translation difference	1,280	-557	-156
Cash and cash equivalents at end of the period	**41,105**	**20,586**	**42,808**
Change	**-2,983**	**-1,463**	**20,358**

Cash and cash equivalents	31 Mar	31 Mar	31 Dec
The following items are included in cash and cash equivalents (EURm):	2013	2012	2012
Cash and balances with central banks	31,565	3,346	36,060
Loans to central banks	7,696	14,983	5,938
Loans to credit institutions, payable on demand	1,842	2,257	810

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, 2011:54 and 2013:2) 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 2012 Annual Report, except for the presentation of defined benefit plans as described below.

The new standard IFRS 13 "Fair Value Measurement" was implemented in the first quarter 2013 but has not had any significant impact on the measurement of assets or liabilities. The additional disclosures required by IFRS 13 on a quarterly basis are presented in Note 9 and Note 10.

IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" have been amended as regards offsetting of financial assets and financial liabilities. Nordea has implemented these changes in the first quarter 2013 (IAS 32 early adopted). There was no impact from the amendment to IAS 32, while the additional disclosures required by IFRS 7 are presented in Note 11.

IAS 19 "Employee Benefits"

The amended IAS 19 "Employee Benefits" was implemented 1 January 2013. A detailed description of these changes is included in the Annual Report 2012, note G1 "Accounting policies" section 3 "Changes in IFRSs not yet applied by Nordea". The comparative figures on the balance sheet have been restated accordingly and are disclosed in the table below. The impact on the comparative figures in the income statement was not significant and the income statement has therefore not been restated. The impact on the first quarter 2013 was not significant.

	31 Dec 2012		31 Mar 2012		1 Jan 2012	
EURm	New policy	Old policy	New policy	Old policy	New policy	Old policy
Net retirement benefit obligations	327	47	735	101	732	102
Net deferred tax liabilities	710	779	677	833	694	849
Other reserves[1]	340	76	79	82	-47	-47
Retained earnings	22,530	23,005	20,195	20,670	20,479	20,954

[1]Impact through "Other comprehensive income". The direct impact from defined benefit plans was EUR 275m at 31 December 2012, which is slightly offset by FX translation differences of EUR 11m arising during the year.

At transition 1 January 2013 the negative impact on equity was EUR 211m, after special wage tax and income tax (EUR 280m before income tax), and the core tier 1 capital was reduced by EUR 258m, including the impact from changes in deferred tax assets.

Impact on capital adequacy from new or amended IFRS standards

Two IFRS standards potentially affecting capital adequacy have been adopted by IASB but have not yet been implemented by Nordea.

IFRS 9 "Financial Instruments" (Phase I) is 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 on Nordea's balance sheet at transition. It is furthermore expected that changes will be made to the standard before the standard becomes effective.

Nordea's current assessment is that no additional entities that significantly affect Nordea's income statement, balance sheet or equity will have to be consolidated when IFRS 10 "Consolidated Financial Statements" is implemented, although some uncertainty still remains around some mutual funds. If the funds have to be consolidated it will not affect the income statement, but it will have an impact on Nordea's balance sheet and if those entities hold Nordea shares that will have to be eliminated in the Nordea Group there will be an impact on equity. It is not expected that the new standards will have a significant impact on the capital adequacy.

Exchange rates

EUR 1 = SEK	Jan-Mar 2013	Jan-Dec 2012	Jan-Mar 2012
Income statement (average)	8.4955	8.7052	8.8534
Balance sheet (at end of period)	8.3553	8.5820	8.8455
EUR 1 = DKK			
Income statement (average)	7.4589	7.4438	7.4350
Balance sheet (at end of period)	7.4553	7.4610	7.4399
EUR 1 = NOK			
Income statement (average)	7.4323	7.4758	7.5874
Balance sheet (at end of period)	7.5120	7.3483	7.6040
EUR 1 = PLN			
Income statement (average)	4.1551	4.1836	4.2326
Balance sheet (at end of period)	4.1804	4.0740	4.1522
EUR 1 = RUB			
Income statement (average)	40.1528	39.9253	39.5678
Balance sheet (at end of period)	39.7617	40.3295	39.2950

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**	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	**2013**	**2012**
Total operating income, EURm	1,501	1,493	627	749	94	116	290	292	2,512	2,650	46	-119	**2,558**	**2,531**
- of which internal transactions[2], EURm	-446	-596	-82	-111	503	714	25	-7	0	0	-	-	**-**	**-**
Operating profit, EURm	552	525	332	450	49	80	136	108	1,069	1,163	-9	-126	**1,060**	**1,037**
Loans to the public[3], EURbn	229	228	61	66	-	-	9	8	299	302	56	39	**355**	**341**
Deposits and borrowings from the public[3], EURbn	113	111	44	47	-	-	11	11	168	169	36	24	**204**	**193**

[1] Including the main business area Wealth Management.

[2] IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest income and expense related to the funding of the operating segments by the internal bank in Group Corporate Centre.

[3] 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

	Retail Banking Nordic[1] Jan-Mar		Retail Banking Poland Jan-Mar		Retail Banking Baltic countries[2] Jan-Mar		Retail Banking Other[3] Jan-Mar		**Retail Banking Jan-Mar**	
	2013	2012	2013	2012	2013	2012	2013	2012	**2013**	**2012**
Total operating income, EURm	1,438	1,437	52	64	40	57	-29	-65	**1,501**	**1,493**
- of which internal transactions, EURm	-384	-529	-8	-10	-11	-12	-43	-45	**-446**	**-596**
Operating profit, EURm	562	542	21	31	16	34	-47	-82	**552**	**525**
Loans to the public, EURbn	214	214	7	7	8	7	0	0	**229**	**228**
Deposits and borrowings from the public, EURbn	107	105	3	3	3	3	0	0	**113**	**111**

	Corporate & Institutional Banking Jan-Mar		Shipping, Offshore & Oil Services Jan-Mar		Nordea Bank Russia Jan-Mar		Capital Markets unallocated Jan-Mar		Wholesale Banking Other[4] Jan-Mar		**Wholesale Banking Jan-Mar**	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	**2013**	**2012**
Total operating income, EURm	388	445	92	99	66	52	97	188	-16	-35	**627**	**749**
- of which internal transactions, EURm	-56	-84	-22	-27	-11	-13	29	22	-22	-9	**-82**	**-111**
Operating profit, EURm	228	319	33	21	47	27	47	122	-23	-39	**332**	**450**
Loans to the public, EURbn	42	46	13	14	6	6	-	-	-	-	**61**	**66**
Deposits and borrowings from the public, EURbn	39	40	4	5	1	2	-	-	-	-	**44**	**47**

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

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

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

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

Reconciliation between total operating segments and financial statements

	Operating profit, EURm Jan-Mar		Loans to the public, EURbn 31 Mar		Deposits and borrowings from the public, EURbn 31 Mar	
	2013	2012	2013	2012	2013	2012
Total Operating segments	1,069	1,163	299	302	168	169
Group functions[1]	-42	-41	-	-	-	-
Unallocated items	34	-73	54	43	35	26
Differences in accounting policies[2]	-1	-12	2	-4	1	-2
Total	**1,060**	**1,037**	**355**	**341**	**204**	**193**

[1] Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources and Group Executive Management.

[2] Impact from plan exchange 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 section "Business area" in this report are that the information to CODM is prepared using plan exchange rates and to that different allocation principles between operating segments have been applied.

Financial results are presented for the 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 2013	Q4 2012	Q1 2012	Jan-Dec 2012
Asset management commissions	232	231	200	832
Life insurance	90	95	68	301
Brokerage, securities issues and corporate finance	65	75	77	289
Custody and issuer services	21	31	21	117
Deposits	12	15	12	54
Total savings and investments	420	447	378	1,593
Payments	101	107	103	416
Cards	119	130	109	487
Total payment and cards	220	237	212	903
Lending	124	115	108	463
Guarantees and documentary payments	55	59	57	225
Total lending related commissions	179	174	165	688
Other commission income	38	32	32	122
Fee and commission income	**857**	**890**	**787**	**3,306**
Savings and investments	-76	-63	-66	-276
Payments	-22	-25	-22	-92
Cards	-58	-63	-56	-238
State guarantee fees	-33	-19	-20	-89
Other commission expenses	-36	-28	-27	-107
Fee and commission expenses	**-225**	**-198**	**-191**	**-802**
Net fee and commission income	**632**	**692**	**596**	**2,504**

Note 4 Net result from items at fair value

EURm	Q1 2013	Q4 2012	Q1 2012	Jan-Dec 2012
Shares/participations and other share-related instruments	952	314	1,243	1,657
Interest-bearing securities and other interest-related instruments	38	675	79	2,638
Other financial instruments	133	90	50	484
Foreign exchange gains/losses	294	54	277	253
Investment properties	23	20	30	135
Change in technical provisions[1], Life insurance	-694	-626	-985	-2,935
Change in collective bonus potential, Life insurance	-321	-125	-238	-544
Insurance risk income, Life insurance	53	49	45	188
Insurance risk expense, Life insurance	-34	-7	-32	-92
Total	**444**	**444**	**469**	**1,784**

Of which Life insurance

EURm	Q1 2013	Q4 2012	Q1 2012	Jan-Dec 2012
Shares/participations and other share-related instruments	940	263	1,230	1,245
Interest-bearing securities and other interest-related instruments	124	479	-48	2,243
Other financial instruments	1	0	0	0
Foreign exchange gains/losses	-42	52	56	41
Investment properties	24	22	30	136
Change in technical provisions[1], Life insurance	-694	-626	-985	-2,935
Change in collective bonus potential, Life insurance	-321	-125	-238	-544
Insurance risk income, Life insurance	53	49	45	188
Insurance risk expense, Life insurance	-34	-7	-32	-92
Total	**51**	**107**	**58**	**282**

[1] Premium income amounts to EUR 697m for Q1 2013 (Q4 2012: EUR 754m, Q1 2012: EUR 736m, Jan-Dec 2012: EUR 2,601m).

Note 5 Other expenses

EURm	Q1 2013	Q4 2012	Q1 2012	Jan-Dec 2012
Information technology	-147	-174	-158	-639
Marketing and representation	-29	-37	-23	-121
Postage, transportation, telephone and office expenses	-55	-55	-59	-224
Rents, premises and real estate expenses	-101	-98	-104	-421
Other	-143	-109	-111	-455
Total	**-475**	**-473**	**-455**	**-1,860**

Note 6 Net loan losses

EURm	Q1 2013	Q4 2012	Q1 2012	Jan-Dec 2012
Loan losses divided by class				
Loans to credit institutions	0	0	0	-1
Loans to the public	-214	-267	-204	-939
- of which provisions	-314	-357	-298	-1,438
- of which write-offs	-143	-236	-107	-643
- of which allowances used for covering write-offs	112	185	72	453
- of which reversals	111	114	112	611
- of which recoveries	20	27	17	78
Off-balance sheet items	15	23	-14	7
Total	**-199**	**-244**	**-218**	**-933**

Key ratios

	Q1 2013	Q4 2012	Q1 2012	Jan-Dec 2012
Loan loss ratio, basis points	23	29	26	28
- of which individual	19	31	26	31
- of which collective	4	-2	0	-3

Note 7 Loans and impairment

	Total		
	31 Mar	31 Dec	31 Mar
EURm	2013	2012	2012
Loans, not impaired	370,714	360,768	378,874
Impaired loans	6,827	6,905	5,668
- Performing	3,906	4,023	3,473
- Non-performing	2,921	2,882	2,195
Loans before allowances	**377,541**	**367,673**	**384,542**
Allowances for individually assessed impaired loans	-2,494	-2,400	-2,034
- Performing	-1,375	-1,332	-1,191
- Non-performing	-1,119	-1,068	-843
Allowances for collectively assessed impaired loans	-448	-448	-562
Allowances	**-2,942**	**-2,848**	**-2,596**
Loans, carrying amount	**374,599**	**364,825**	**381,946**

	Central banks and credit institutions			The public		
	31 Mar	31 Dec	31 Mar	31 Mar	31 Dec	31 Mar
EURm	2013	2012	2012	2013	2012	2012
Loans, not impaired	19,413	18,578	41,173	351,301	342,190	337,701
Impaired loans	24	24	34	6,803	6,881	5,634
- Performing	-	-	9	3,906	4,023	3,464
- Non-performing	24	24	25	2,897	2,858	2,170
Loans before allowances	**19,437**	**18,602**	**41,207**	**358,104**	**349,071**	**343,335**
Allowances for individually assessed impaired loans	-24	-24	-26	-2,470	-2,376	-2,008
- Performing	-	-	-1	-1,375	-1,332	-1,190
- Non-performing	-24	-24	-25	-1,095	-1,044	-818
Allowances for collectively assessed impaired loans	-4	-4	-3	-444	-444	-559
Allowances	**-28**	**-28**	**-29**	**-2,914**	**-2,820**	**-2,567**
Loans, carrying amount	**19,409**	**18,574**	**41,178**	**355,190**	**346,251**	**340,768**

Allowances and provisions

	31 Mar	31 Dec	31 Mar
EURm	2013	2012	2012
Allowances for items in the balance sheet	-2,942	-2,848	-2,596
Provisions for off balance sheet items	-72	-84	-107
Total allowances and provisions	**-3,014**	**-2,932**	**-2,703**

Key ratios

	31 Mar	31 Dec	31 Mar
	2013	2012	2012
Impairment rate, gross, basis points	181	188	147
Impairment rate, net, basis points	115	123	95
Total allowance rate, basis points	78	77	68
Allowances in relation to impaired loans, %	37	35	36
Total allowances in relation to impaired loans, %	43	41	46
Non-performing, not impaired, EURm	471	614	402

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	31,565	-	-	-	-	-	31,565
Loans to central banks	7,697	-	137	-	-	-	7,834
Loans to credit institutions	4,268	-	6,050	1,257	-	-	11,575
Loans to the public	267,489	-	34,427	53,274	-	-	355,190
Interest-bearing securities	728	6,555	37,604	20,687	-	23,243	88,817
Financial instruments pledged as collateral	-	-	8,137	-	-	-	8,137
Shares	-	-	9,735	21,117	-	7	30,859
Derivatives	-	-	94,924	-	2,941	-	97,865
Fair value changes of the hedged items in portfolio hedge of interest rate risk	371	-	-	-	-	-	371
Other assets	11,278	-	-	6,964	-	-	18,242
Prepaid expenses and accrued income	2,191	-	24	-	-	-	2,215
Total 31 Mar 2013	**325,587**	**6,555**	**191,038**	**103,299**	**2,941**	**23,250**	**652,670**
Total 31 Dec 2012	322,861	6,497	205,788	101,875	3,083	27,374	667,478
Total 31 Mar 2012	312,496	7,159	249,258	96,096	2,360	17,322	684,691

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	21,317	2,403	-	39,363	63,083
Deposits and borrowings from the public	23,078	7,894	-	173,300	204,272
Liabilities to policyholders, investment contracts	-	13,048	-	-	13,048
Debt securities in issue	7,630	34,214	-	144,225	186,069
Derivatives	92,031	-	1,114	-	93,145
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	3,152	3,152
Other liabilities	8,524	5,440	-	8,319	22,283
Accrued expenses and prepaid income	33	304	-	2,719	3,056
Subordinated liabilities	-	-	-	7,316	7,316
Total 31 Mar 2013	**152,613**	**63,303**	**1,114**	**378,394**	**595,424**
Total 31 Dec 2012	161,149	59,578	1,001	388,365	610,093
Total 31 Mar 2012	212,716	56,595	653	363,410	633,374

Note 9 Fair value of financial assets and liabilities

	31 Mar 2013	
EURm	Carrying amount	Fair value
Financial assets		
Cash and balances with central banks	31,565	31,565
Loans to central banks	7,834	7,834
Loans to credit institutions	11,575	11,575
Loans to the public	355,190	356,084
Interest-bearing securities	88,817	88,893
Financial instruments pledged as collateral	8,137	8,137
Shares	30,859	30,859
Derivatives	97,865	97,865
Fair value changes of the hedged items in portfolio hedge of interest rate risk	371	371
Other assets	18,242	18,242
Prepaid expenses and accrued income	2,215	2,215
Total	**652,670**	**653,640**
Financial liabilities		
Deposits by credit institutions	63,083	63,080
Deposits and borrowings from the public	204,272	204,245
Liabilities to policyholders	13,048	13,048
Debt securities in issue	186,069	185,241
Derivatives	93,145	93,145
Fair value changes of the hedged items in portfolio hedge of interest rate risk	3,152	3,152
Other liabilities	22,283	22,283
Accrued expenses and prepaid income	3,056	3,056
Subordinated liabilities	7,316	7,330
Total	**595,424**	**594,580**

The determination of fair value is described in the Annual report 2012, Note G42 "Assets and liabilities at fair value".

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

Categorisation into the fair value hierarchy

31 Mar 2013, EURm	Quoted prices in active markets for the same instrument (Level 1)	*Of which Life*	Valuation technique using observable data (Level 2)	*Of which Life*	Valuation technique using non-observable data (Level 3)	*Of which Life*	Total
Financial assets[1]							
Loans to central banks	-	-	137	-	-	-	137
Loans to credit institutions	-	-	7,307	-	-	-	7,307
Loans to the public	-	-	87,701	-	-	-	87,701
Interest-bearing securities[2]	63,767	*14,787*	24,811	*5,182*	1,087	*718*	89,665
Shares[3]	27,515	*18,749*	-	-	3,350	*2,301*	30,865
Derivatives	120	*55*	95,768	*1*	1,977	-	97,865
Other assets	-	-	6,964	-	-	-	6,964
Prepaid expenses and accrued income	-	-	24	-	-	-	24
Financial liabilities[1]							
Deposits by credit institutions	-	-	23,720	-	-	-	23,720
Deposits and borrowings from the public	-	-	30,972	-	-	-	30,972
Liabilities to policyholders	-	-	13,048	*13,048*	-	-	13,048
Debt securities in issue	34,214	-	7,630	-	-	-	41,844
Derivatives	76	*18*	91,330	*135*	1,739	-	93,145
Other liabilities	5,900	-	8,063	-	1	-	13,964
Accrued expenses and prepaid income	-	-	337	-	-	-	337

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

[2] Of which EUR 8,131m relates to the balance sheet item Financial instruments pledged as collateral.

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

Measurement of offsetting positions

Financial assets and liabilites with offsetting positions in market risk or credit risk are measured on the basis of the price that would be received to sell the net asset exposed for that particular risk or paid to transfer the net liability exposed for that particular risk. For more information about valuation techniques and inputs used in the fair value measurement, see the Annual report 2012, Note G42 "Asset and liabilities at fair value".

Transfers between Level 1 and 2

During the period, Nordea transferred interest beraring securities (including financial instruments pledged as collateral) of EUR 2,332m from Level 1 to Level 2 and EUR 7,695m from Level 2 to Level 1 of the fair value hierarchy. The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the period and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from Level 2 to Level 1 was that the instruments have again been actively traded during the period and reliable qouted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 10, continued

Movements in Level 3

31 Mar 2013, EURm	1 Jan 2013	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised	Purchases	Sales	Settlements	Translation differences	31 Mar 2013
Intererest-bearing securities	1,118	19	2	76	-122	-6	-	1,087
- of which Life	*719*	*18*	*5*	*54*	*-73*	*-5*	-	*718*
Shares	3,374	61	67	100	-255	-19	22	3,350
- of which Life	*2,210*	*58*	*54*	*58*	*-61*	*-19*	*1*	*2,301*
Derivatives (net)	332	104	-94	-	-	-104	-	238

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. There have been no transfers in or out of Level 3. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in Level 3

Valuation principles in Nordea are determined in and approved by the Group Valuation Committee (GVC). GVC issues guiding policies to the business units on how to establish a robust valuation process and minimise the valuation uncertainty. The GVC also serves as escalation point.

The valuation process in Nordea consists of several steps. The first step is the initial end of day (EOD) marking of mid-prices. The mid-prices are either fixed by front office or received from external sources. The second step is the control part, which is performed by independent control units. The cornerstone in the control is the independent price verification (IPV). The IPV test comprises verification of the correctness of prices and other parameters used in the net present value (NPV) calculation, the adequacy of the valuation models, including an assessment of whether to use quoted prices or valuation models, and the reliability of the assumptions and parameters used in the fair value adjustments (FVA) covering mainly liquidity (bid/offer spread) and credit adjustments.

The verification of the correctness of prices and other parameters is carried out daily. Third-party information, such as broker quotes and pricing services, is used as benchmark data in the verification. The quality of the benchmark data is assessed on a regular basis. This quality assessment is used in the measurement of the valuation uncertainty.

The FVAs and the deferrals of day 1 P/L on level 3 trades are calculated and reported on a monthly basis. The actual assessment of instruments in the fair value hierarchy is performed on a continuous basis.

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

31 Mar 2013, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value
Derivatives				
Interest rate derivatives	267	Option model	Correlations	-5/5
			Volatilities	
Equity derivatives	-7	Option model	Correlations	-15/8
			Volatilities	
			Dividend	
Foreign exchange derivatives	31	Option model	Correlations	+/-0
			Volatilities	
Credit derivatives	-56	Credit derivat model	Correlations	-6/8
			Recovery rates	
Other	3	Option model	Correlations	+/-0
			Volatilities	
Total	**238**			**-26/21**

The valuation of derivatives relies on a number of assumptions and modelling choices. For instruments categorised as level 3 these assumptions lead to uncertainty about the valuation. To account for this a range of different modelling approaches are applied to determine an uncertainty interval around the reported fair value. The different approaches applied target various aspects of derivatives pricing. Two common components of derivative valuation models are volatility of underlying risk factors and correlation between the relevant risk factors. Each of these is addressed by applying different assumptions to input and/or the choice of modelling approach. Besides these common factors a number of asset class specific factors are addressed. These include equity dividend expectations, recovery assumptions for credit derivatives and inflation expectations. The above table shows for each class of derivatives the reasonable ranges around fair value for level 3 products. The fair values are presented as the net of assets and liabilities.

Note 10, continued

31 Mar 2013, EURm	Fair value	*Of which Life*[2]	Valuation techniques	Unobservable input	Range of fair value
Shares					
Private equity fund investments	2,545	*2,023*	Net asset value[1]	-	-
Other fund investments	643	*225*	Net asset value[1]	-	-
Other	162	*53*	-	-	-
Total	**3,350**	***2,301***			
Interest-bearing securities					
Hedge funds	283	*283*	Net asset value[1]	-	-
Structured Credit Funds	430	*430*	Net asset value[1]/ market consensus	-	-
Other bond investments[3]	329	-	Discounted cash flow	Credit spread	-17/17
Other	45	*5*	-	-	-
Total	**1,087**	***718***			**-17/17**

[1] The fair values are based on prices and net assets values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. The dominant measurement methology, used by the suppliers/custodians, is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA (European Venture Capital Association). Less than 15% of the private equity fund investment are internally adjusted/valued based the IPEV guidelines. These carrying amounts are in a range of -100% to +13% compared to the values received from suppliers/custodians.

[2] Investment in financial instruments is a major part of the life insurance business, aquired to fulfill the obligations behind the insurance- and investment contracts. The gains or losses on these instruments are almost exclusively allocated to policyholders and do consistantly not affect Nordea's equity.

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

Sensitivity analysis of Level 3 financial instruments

		Effect of reasonably possible alternative assumptions	
31 Mar 2013, EURm	Carrying amount	Favourable	Unfavourable
Assets			
Interest-bearing securities	1,087	62	-62
- of which Life	*718*	*42*	*-42*
Shares	3,350	335	-335
- of which Life	*2,301*	*251*	*-251*
Derivatives (net)	238	21	-26

The method used to calculate the sensitivities is described in the Annual report 2012, Note G42 "Assets and liabilities at fair value".

Deferred Day 1 profit

31 Mar 2013, EURm	Derivatives (net)
Opening balance at 1 Jan 2013	24
Deferred profit on new transactions	19
Recognised in the income statement during the year	-3
Closing balance at 31 Mar 2013	**40**

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. In such cases valuation models are applied to estimate the exit price and if significant unobservable parameters are used such instruments are categorised as level 3 instruments and any day-1 profit is deferred. If exit prices are available in active markets for the same instrument such prices are used. For more information see the annual report 2012, Note G1 "Accounting policies".

Note 11 Financial instruments set off on balance or subject to netting agreements

31 Mar 2013, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	166,934	-70,851	96,083	-79,049	-	-7,523	9,511
Reverse repurchase agreements	40,212	-	40,212	-19,994	-19,315	-	903
Securities borrowing agreements	4,400	-	4,400	-	-4,400	-	0
Other	1	-1	0	-	-	-	0
Total	**211,547**	**-70,852**	**140,695**	**-99,043**	**-23,715**	**-7,523**	**10,414**

31 Mar 2013, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	161,791	-70,851	90,940	-79,049	-	-6,440	5,451
Repurchase agreements	46,266	-	46,266	-19,994	-25,675	-	597
Securities lending agreements	59	-	59	-	-59	-	0
Other	47	-1	46	-	-	-	46
Total	**208,163**	**-70,852**	**137,311**	**-99,043**	**-25,734**	**-6,440**	**6,094**

[1] All amounts are measured at fair value.

[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

31 Mar 2012, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	163,243	-	163,243	-149,929	-	-5,805	7,509
Reverse repurchase agreements	30,908	-	30,908	-11,411	-19,153	-	344
Securities borrowing agreements	207	-	207	-	-207	-	0
Other	4	-4	0	-	-	-	0
Total	**194,362**	**-4**	**194,358**	**-161,340**	**-19,360**	**-5,805**	**7,853**

31 Mar 2012, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	159,196	-	159,196	-149,929	-	-4,856	4,411
Repurchase agreements	34,944	-	34,944	-11,411	-23,362	-	171
Securities lending agreements	82	-	82	-	-	-	82
Other	4	-4	0	-	-	-	0
Total	**194,226**	**-4**	**194,222**	**-161,340**	**-23,362**	**-4,856**	**4,664**

[1] All amounts are measured at fair value.

[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Enforceable master netting arrangements and similar agreements

The fact that financial instruments are being accounted for on a gross basis on the balance sheet, would not imply that the financial instruments are not subject to master netting agreements or similar arrangements. Generally financial instruments (derivatives, repos and securities lending transactions), would be subject to master netting agreements, and as a consequence Nordea would be allowed to benefit from netting both in the ordinary course of business and in the case of default towards its counter parties, in any calculations involving counterparty credit risk. The reason why the netted exposures are not reflected under assets and liabilities on the balance sheet, would in most instances depend on the limited application of net settlement of financial transactions.

Note 12 Derivatives

Fair value	31 Mar 2013		31 Dec 2012		31 Mar 2012	
EURm	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives	79,401	73,854	102,558	97,014	149,458	146,069
Equity derivatives	688	1,965	623	568	686	849
Foreign exchange derivatives	13,766	15,054	11,300	14,450	10,871	12,831
Credit derivatives	662	707	637	655	1,003	1,000
Commodity derivatives	378	344	528	487	1,356	1,294
Other derivatives	29	107	60	28	36	13
Total	**94,924**	**92,031**	**115,706**	**113,202**	**163,410**	**162,056**
Derivatives used for hedging						
Interest rate derivatives	2,506	559	2,281	594	1,840	484
Foreign exchange derivatives	435	555	802	407	520	169
Total	**2,941**	**1,114**	**3,083**	**1,001**	**2,360**	**653**
Total fair value						
Interest rate derivatives	81,907	74,413	104,839	97,608	151,298	146,553
Equity derivatives	688	1,965	623	568	686	849
Foreign exchange derivatives	14,201	15,609	12,102	14,857	11,391	13,000
Credit derivatives	662	707	637	655	1,003	1,000
Commodity derivatives	378	344	528	487	1,356	1,294
Other derivatives	29	107	60	28	36	13
Total	**97,865**	**93,145**	**118,789**	**114,203**	**165,770**	**162,709**

Nominal amount	31 Mar	31 Dec	31 Mar
EURm	2013	2012	2012
Derivatives held for trading			
Interest rate derivatives	5,410,487	5,622,598	5,991,798
Equity derivatives	18,385	17,811	21,790
Foreign exchange derivatives	922,683	910,396	959,786
Credit derivatives	51,072	47,052	67,742
Commodity derivatives	6,129	7,817	14,295
Other derivatives	2,279	2,583	2,346
Total	**6,411,035**	**6,608,257**	**7,057,757**
Derivatives used for hedging			
Interest rate derivatives	101,764	59,858	43,897
Foreign exchange derivatives	10,063	8,871	2,835
Total	**111,827**	**68,729**	**46,732**
Total nominal amount			
Interest rate derivatives	5,512,251	5,682,456	6,035,695
Equity derivatives	18,385	17,811	21,790
Foreign exchange derivatives	932,746	919,267	962,621
Credit derivatives	51,072	47,052	67,742
Commodity derivatives	6,129	7,817	14,295
Other derivatives	2,279	2,583	2,346
Total	**6,522,862**	**6,676,986**	**7,104,489**

Note 13 Capital adequacy

The capital base figures for 2012 have not been restated due to the implementation of IAS 19 Employee Benefits.

Capital Base

EURm	31 Mar 2013	31 Dec 2012	31 Mar 2012
Core Tier 1 capital	22,208	21,961	21,080
Tier 1 capital	23,619	23,953	23,039
Total capital base	27,837	27,274	25,900

Capital requirement

EURm	31 Mar 2013 Capital requirement	31 Mar 2013 RWA	31 Dec 2012 Capital requirement	31 Dec 2012 RWA	31 Mar 2012 Capital requirement	31 Mar 2012 RWA
Credit risk	**11,587**	**144,847**	**11,627**	**145,340**	**12,622**	**157,776**
IRB	9,725	121,573	9,764	122,050	10,412	130,156
- of which corporate	7,376	92,211	7,244	90,561	7,384	92,299
- of which institutions	554	6,922	671	8,384	981	12,266
- of which retail	1,679	20,992	1,737	21,710	1,943	24,285
- of which other	116	1,448	112	1,395	104	1,306
Standardised	1,862	23,274	1,863	23,290	2,210	27,620
- of which sovereign	36	448	34	426	41	514
- of which retail	853	10,664	860	10,752	789	9,857
- of which other	973	12,162	969	12,112	1,380	17,249
Market risk	**535**	**6,684**	**506**	**6,323**	**662**	**8,276**
- of which trading book, Internal Approach	311	3,890	312	3,897	420	5,250
- of which trading book, Standardised Approach	143	1,788	138	1,727	175	2,189
- of which banking book, Standardised Approach	81	1,006	56	699	67	837
Operational risk	**1,344**	**16,796**	**1,298**	**16,229**	**1,298**	**16,229**
Standardised	1,344	16,796	1,298	16,229	1,298	16,229
Sub total	**13,466**	**168,327**	**13,431**	**167,892**	**14,582**	**182,281**
Adjustment for transition rules						
Additional capital requirement according to transition rules	3,938	49,225	3,731	46,631	3,312	41,390
Total	**17,404**	**217,552**	**17,162**	**214,523**	**17,894**	**223,671**

Capital ratio

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Core Tier I ratio, %, incl profit	10.2	10.2	9.4
Tier I ratio, %, incl profit	10.9	11.2	10.3
Total capital ratio, %, incl profit	12.8	12.7	11.6

Analysis of capital requirements

Exposure class, 31 Mar 2013	Average risk weight (%)	Capital requirement (EURm)
Corporate	52%	7,376
Institutions	15%	554
Retail IRB	13%	1,679
Sovereign	1%	36
Other	72%	1,942
Total credit risk		**11,587**

Note 14 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 any material impact on Nordea's financial position. However, the macroeconomic development remains uncertain.

None of the above exposures and risks are expected to have any significant adverse effect on the Group or its financial position in the medium term.

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

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, 2011:54 and 2013:2). 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 disclosures in this interim report follow the interim reporting requirements in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54 and 2013:2). More information can be found in the Group's interim report.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report. The new standard IFRS 13 "Fair Value Measurement" and the amendments to IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" as regards offsetting of financial assets and liabilities have been implemented in the first quarter 2013, but have not had any significant impact on the financial statements. More information on the new and amended standards can be found in Note 1 for the Group.

Income statement

EURm	Q1 2013	Q1 2012	Jan-Dec 2012
Operating income			
Interest income	*566*	*715*	*2,656*
Interest expense	*-391*	*-520*	*-1,932*
Net interest income	175	195	724
Fee and commission income	*355*	*194*	*853*
Fee and commission expense	*-53*	*-57*	*-230*
Net fee and commission income	302	137	623
Net result from items at fair value	29	57	189
Dividends	300	283	3,554
Other operating income	157	30	501
Total operating income	**963**	**702**	**5,591**
Operating expenses			
General administrative expenses:			
Staff costs	-250	-210	-938
Other expenses	-224	-136	-842
Depreciation, amortisation and impairment charges of tangible and intangible assets	-24	-21	-105
Total operating expenses	**-498**	**-367**	**-1,885**
Profit before loan losses	**465**	**335**	**3,706**
Net loan losses	-25	-9	-19
Impairment of securities held as financial non-current assets	-	0	-15
Operating profit	**440**	**326**	**3,672**
Appropriations	-	-	-103
Income tax expense	-34	-15	-95
Net profit for the period	**406**	**311**	**3,474**

Nordea Bank AB (publ)

Balance sheet

EURm	31 Mar 2013	31 Dec 2012	31 Mar 2012
Assets			
Cash and balances with central banks	108	180	156
Treasury bills	4,130	5,092	3,987
Loans to credit institutions	70,393	68,006	58,689
Loans to the public	37,811	36,214	35,934
Interest-bearing securities	11,973	11,594	12,285
Financial instruments pledged as collateral	914	104	1,286
Shares	4,926	4,742	1,265
Derivatives	5,577	5,852	4,290
Fair value changes of the hedged items in portfolio hedge of interest rate risk	5	-1,157	-620
Investments in group undertakings	17,662	17,659	16,712
Investments in associated undertakings	8	8	5
Intangible assets	681	670	660
Property and equipment	126	121	85
Deferred tax assets	22	19	18
Current tax assets	49	41	40
Other assets	1,131	1,713	985
Prepaid expenses and accrued income	1,326	1,272	1,290
Total assets	**156,842**	**152,130**	**137,067**
Liabilities			
Deposits by credit institutions	23,987	19,342	14,352
Deposits and borrowings from the public	50,203	50,263	47,397
Debt securities in issue	46,735	48,285	45,013
Derivatives	5,455	4,166	2,979
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,485	16	139
Current tax liabilities	3	3	0
Other liabilities	2,008	1,635	2,911
Accrued expenses and prepaid income	1,390	1,468	1,047
Deferred tax liabilities	11	8	3
Provisions	159	148	44
Retirement benefit obligations	185	182	156
Subordinated liabilities	6,721	7,131	6,819
Total liabilities	**138,342**	**132,647**	**120,860**
Untaxed reserves	**111**	**108**	**5**
Equity			
Share capital	4,050	4,050	4,047
Share premium reserve	1,080	1,080	1,080
Other reserves	11	12	9
Retained earnings	13,248	14,233	11,066
Total equity	**18,389**	**19,375**	**16,202**
Total liabilities and equity	**156,842**	**152,130**	**137,067**
Assets pledged as security for own liabilities	4,081	4,230	3,558
Other assets pledged	6,427	6,225	6,293
Contingent liabilities	87,049	86,292	24,698
Credit commitments[1]	26,561	26,270	25,076

[1] Including unutilised portion of approved overdraft facilities of EUR 12,210m (31 Dec 2012: EUR 12,952m, 31 Mar 2012: EUR 11,946m).

Note 1 Capital adequacy

Capital Base

EURm	31 Mar 2013	31 Dec 2012	31 Mar 2012
Core Tier 1 capital[1]	17,215	17,252	15,180
Tier 1 capital[1]	19,243	19,244	17,140
Total capital base[1]	23,955	23,898	21,047

Capital requirement

EURm	31 Mar 2013 Capital requirement	31 Mar 2013 RWA	31 Dec 2012 Capital requirement	31 Dec 2012 RWA	31 Mar 2012 Capital requirement	31 Mar 2012 RWA
Credit risk[2]	**7,427**	**92,838**	**7,494**	**93,670**	**4,465**	**55,808**
IRB	4,630	57,878	4,752	59,394	2,145	26,807
- of which corporate	4,256	53,203	4,404	55,051	1,754	21,925
- of which institutions	146	1,829	140	1,751	188	2,350
- of which retail	198	2,473	188	2,345	190	2,375
- of which other	30	373	20	247	13	157
Standardised	2,797	34,960	2,742	34,276	2,320	29,001
- of which retail	105	1,314	106	1,327	-	-
- of which sovereign	2	27	2	21	0	0
- of which other	2,690	33,619	2,634	32,928	2,320	29,001
Market risk	**98**	**1,227**	**123**	**1,539**	**93**	**1,157**
- of which trading book, Internal Approach	28	347	39	484	15	186
- of which trading book, Standardised Approach	8	97	20	246	9	113
- of which banking book, Standardised Approach	62	783	64	809	69	858
Operational risk	**250**	**3,121**	**219**	**2,739**	**219**	**2,739**
Standardised	250	3,121	219	2,739	219	2,739
Sub total	**7,775**	**97,186**	**7,836**	**97,948**	**4,777**	**59,704**
Adjustment for transition rules						
Additional capital requirement according to transition rules	-	-	-	-	-	-
Total	**7,775**	**97,186**	**7,836**	**97,948**	**4,777**	**59,704**

Capital ratio

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Core Tier I ratio, %[1]	17.7	17.6	25.4
Tier I ratio, %[1]	19.8	19.6	28.7
Total capital ratio, %[1]	24.6	24.4	35.3

Analysis of capital requirements

Exposure class, 31 Mar 2013	Average risk weight (%)	Capital requirement (EURm)
Corporate	59%	4,256
Institutions	12%	146
Retail IRB	35%	198
Sovereign	0%	2
Other	35%	2,825
Total credit risk		**7,427**

[1] The Capital Base figures and the Capital ratios for the 31 March 2013 and the 31 March 2012 are excluding unaudited result for the first three months each year (according to Swedish FSA rules).

[2] The increase in credit risk during the last quarter 2012 is related to the guarantee between Nordea Bank AB (publ) and Nordea Bank Finland Plc where Nordea Bank AB (publ) guarantees the majority of the exposures in the exposure class IRB corporate in Nordea Bank Finland Plc. The RWA effect of the guarantee in Nordea Bank AB (publ) by 31 Dec 2012 was approx. EUR 34bn.

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KOKKUVÕTE

Kokkuvõte on koostatud avaldamisnõuete, mida nimetatakse "elementideks", alusel. Elemendid on nummerdatud jaotistesse A-E (A.1-E.7). Käesolev kokkuvõte sisaldab kõiki elemente, mis peavad olema välja toodud sellist liiki väärtpaberite ja Emitendi kohta käivas kokkuvõttes, mida käesolev prospekt käsitleb. Kuna mõningaid elemente ei pea käsitlema, võivad elementide järjekorranumbrites esineda lüngad.

Isegi kui teatud element peab olema kokkuvõttes käsitletud, kuna käesolev prospekt käib teatud väärtpaberite liigi ja Emitendi kohta, on võimalik, et selle elemendi kohta ei saa edastada asjakohast informatsiooni. Sel juhul sisaldab kokkuvõte elemendi lühikirjeldust koos märkusega „ei kohaldu".

Kaldkirjas tekst mõnedes elementides märgib järjekohti, kus on vajalik täiendada probleemikeskset kokkuvõtet Võlakirjade vastava Alaseeria (Tranche) kohta, mille kohta vastav probleemikeskne kokkuvõte koostatakse.

*Allpool „Võlakirjade tingimustes" („**Tingimustes**") või mujal Prospektis defineeritud sõnadel ja väljenditel on sama tähendus kui käesolevas kokkuvõttes.*

Jaotis A – Sissejuhatus ja hoiatused		
A.1	**Sissejuhatus:**	Käesolevat kokkuvõtet peaks lugema kui põhiprospekti ja kohalduvate lõplike tingimuste sissejuhatust. Mistahes otsus investeerida Võlakirjadesse peaks olema tehtud investori poolt põhiprospekti kui terviku kaalutlemise tulemusena. Kui kohtusse esitatakse seoses põhiprospektis sisalduva informatsiooniga nõue, võib olla, et investorist hageja peab liikmesriikide siseriikliku õiguse alusel kandma põhiprospekti tõlkimise kulud enne õigusliku menetluse algatamist. Tsiviilvastutus laieneb ainult nendele isikutele, kes on kokkuvõtva tabeli, kaasa arvatud selle mistahes tõlke, koostanud, kuid ainult juhul kui kokkuvõte on põhiprospekti teiste osadega koos lugedes eksitav, ebatäpne või ebajärjekindel või juhul, kui see ei anna koos põhiprospekti teiste osadega lugedes võtmeinformatsiooni (Prospektidirektiivi artikkel 2.(1) (s) mõttes), abistamaks investoreid otsuse juures, kas investeerida nendesse Võlakirjadesse või mitte.
A.2	**Nõusolek:**	Võlakirjade teatud Alaseeriaid nimiväärtusega vähem kui 100 000 EUR (või samaväärne mistahes muus valuutas) võidakse pakkuda juhul, kui ei esine Prospektidirektiivis toodud erandit kohustustest prospekt avaldada. Mistahes selline pakkumine on nimetatud kui "**Avalik pakkumine**". *Ei kohaldu: Võlakirju emiteeritakse vähemalt 100 000 EUR-ise nimiväärtusega (või samaväärse väärtusega mistahes teises valuutas)./Väljaandja nõustub käesoleva Põhiprospekti kasutamisega seoses Võlakirjade Avaliku pakkumisega mistahes finantsvahendaja poolt, kellel on lubatud selliseid pakkumisi teha Finantsinstrumentide turgude direktiivi (direktiiv 2004/39/EC) (Markets in Financial Instruments Directive) kohaselt alljärgneval alusel: (a) vastav Avalik pakkumine peab toimuma perioodil [ ] kuni [ ], välja arvatud [ ] ("**Pakkumise periood**") [ ] ja [ ] ("**Avaliku pakkumise jurisdiktsioon(id)**") ja (b) vastav õigustatud pakkuja peab olema nõustunud õigustatud pakkuja tingimustega [ja vastama alljärgnevatele tingimustele: [ ]]./Emitent nõustub käesoleva Põhiprospekti kasutamisega seoses Võlakirjade Avaliku pakkumisega [ ] poolt alljärgneval alusel: (a) vastav Avalik pakkumine peab toimuma perioodil [ ] kuni [ ], välja arvatud [ ] ("**Pakkumise periood**") [ ] ja [ ] ("**Avaliku pakkumise jurisdiktsioon(id)**") ja (b) vastav õigustatud pakkuja peab olema nõustunud õigustatud pakkuja tingimustega [ja vastama alljärgnevatele tingimustele: [ ]].* **Õigustatud pakkuja annab investorile vastavate Võlakirjade Avaliku pakkumise tingimuste kohta informatsiooni sel ajal, kui õigustatud pakkuja teeb investorile vastava Avaliku pakkumise.**

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Jaotis B – Emitent		
B.1	**Emitendi juriidiline nimi:** **Emitendi kaubanduslik nimi:**	Nordea Bank AB (publ) ("**Nordea Bank**" või "**Emitent**"). Nordea.
B.2	**Emitendi asukoht ja õiguslik vorm, seadusandlus, mille alusel Emitent tegutseb ja asutamisriik:**	Emitent on avalik (*avalik, publ*) piiratud vastutusega äriühing, mis on asutatud Rootsi õiguse alusel ning millele kohaldub Rootsi Äriseadustik (*Swedish Companies Act*) (2005:551) ja millel on tegevusluba pangandustegevuste läbiviimiseks Pangandus- ja finantsalase äritegevuse seaduse alusel (*Banking and Finance Business Act*) (2004:297). Emitent on registreeritud Rootsi Ettevõtete registris (*Swedish Companies Registration Office*) nime all Nordea Bank AB registrinumbriga 516406-0120 ning tema registreeritud tegevuskoht asub Stockholmis, Rootsis.
B.4b	**Trendid:**	Ei kohaldu. Ei ole selgeid trende, mis mõjutaksid Emitenti või turge, millel tema ja Nordea Grupp tegutsevad.
B.5	**Grupp:**	Emitent on Nordea Grupi emaettevõte. Nordea Grupp on kogusissetuleku alusel arvestades suurim finantsteenuste grupp Põhjamaade turul (Taani, Soome, Norra ja Rootsi), (Nordea Marketsi poolt läbi viidud Põhjamaade pankade aastaaruannete võrdluse põhjal (Nordea Bank Finland Plc)), millel on lisategevused Poolas, Venemaal, Balti riikides ja Luksemburgis ning filiaalid mitmetes muudes rahvusvahelistes asukohtades. Nordea Banki kolm põhilist tütarettevõtet on Nordea Bank Danmark A/S Taanis, Nordea Bank Finland Plc Soomes ja Nordea Bank Norge ASA Norras. Eminent usub, et Nordea Grupil on suurim kliendibaas mistahes teise Põhjamaade turgudel tegutseva finantsteenuste grupiga võrreldes (Nordea Marketsi poolt läbi viidud Põhjamaade pankade aastaaruannete võrdluse põhjal (Nordea Bank Finland Plc)) 11 miljoni kliendiga kõigil turgudel, millel ta tegutseb, kaasa arvatud umbes 9,0 miljonit eraklienti (*household customers*) oma kliendiprogrammis ja umbes 0,6 miljonit aktiivset äriklienti, kõigi puhul seisuga 31. detsember 2012. a. Sama kuupäeva seisuga oli Nordea Grupil koguvarasid 677 miljardit eurot ja esimese taseme kapitali 24,0 miljardit eurot ning ta oli suurim Põhjamaade päritolu varahaldaja (*asset-manager*) hallates vara suuruses 218 miljardit eurot.
B.9	**Ennustatav/ eeldatav kasum:**	Ei kohaldu: Emitent ei tee käesolevas põhiprospektis kasumi suhtes ennustusi ega eeldusi.
B.10	**Auditi raportitest tulenevad tingimused:**	Ei kohaldu. Auditi raportitest ei tulene Emitendile tingimusi.
B.12	**Valitud finantsalane võtmeinformatsioon:**	Tabelid allpool näitavad teatud valitud kokkuvõtvat finantsinformatsiooni, mis on ilma oluliste muudatusteta võetud Nordea Grupi auditeeritud konsolideeritud finantsaruannetest aastaks, mis lõppeb 31. detsember 2012, mis on toodud põhiprospekti Lisas 1 koos juurdekuuluva audiitori raporti ja märkmetega ning millega koostoimes tuleb allpooltoodud informatsiooni lugeda.

	2012	**2011**
	(miljonit eurot)	
Kasumiaruanne		
Kogu tegevustulu	10,236	9,501
Netolaenukahjum	-933	-735
Netokasum aastaks	3,126	2,634
Bilanss		

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		Koguvarad ..... 677,420 716,204 Kogukohustused ..... 649,204 690,084 Kogukapital ..... 28,216 26,120 Kogu kohustused ja kapital ..... 677,420 716,204 **Rahavoogude aruanne** Rahavood tegevustest enne muutusi käibevarades ja -kohustustes ..... 6,633 3,103 Rahavood tegevustest ..... 19,754 3,730 Rahavood investeerimistegevustest ..... 774 7,565 Rahavood finantseerimistegevustest ..... -170 -2,509 Rahavood aastaks ..... 20,358 8,786 Muutused ..... 20,358 22,606 Emitendi tavapärases äritegevuses või väljavaadetes või tingimustes ei ole toimunud olulisi negatiivseid muudatusi alates 31. detsembrist 2012, mis on viimaste avaldatud auditeeritud finantsaruannete kuupäev. Emitendi finants- või kauplemispositsioonis ei ole toimunud olulisi negatiivseid muudatusi alates [31. detsembrist 2012/31. märtsist 2013], mis on viimaste avaldatud [mitte]auditeeritud finantsaruannete kuupäev.
B.13	**Hiljutised sündmused:**	Ei kohaldu: Seoses Emitendiga ei ole toimunud hiljutisi sündmusi, mis oleksid olulised Emitendi maksejõulisuse hindamisel alates viimaste avaldatud auditeeritud finantsaruannete kuupäevast.
B.14	**Sõltuvus teistest Grupi üksustest:**	Ei kohaldu: Emitent ei ole sõltuv teistest üksustest Nordea Grupis.
B.15	**Emitendi põhitegevused:**	Nordea Grupi organisatoorne struktuur on üles ehitatud kolmele põhilisele tegevusalale: jaepangandus, hulgipangandus ja varahaldus (*Wealth Management*). Lisaks nendele kolmele tegevusalale on Nordea Grupi organisatsioonis järgnevad äriüksused: grupioperatsioonid ja muud tegevussuunad, koos grupi korporatiivse keskuse ja grupi riskihaldusega, mis on teised kesksed osad Nordea Grupi organisatsioonis. Universaalse pangana pakub Nordea Grupp laialdast valikut pangandus- ja finantstooteid ja -teenuseid era- ja äriklientidele, kaasa arvatud finantsinstitutsioonidele. Nordea Grupi tooted ja teenused koosnevad laiast valikust eraklientide pangandusteenustest, kaasa arvatud hüpoteegid ja tarbijalaenud, krediit- ja deebetkaardid ja lai valik säästmis-, elukindlustuse ja pensionitooted. Lisaks pakub Nordea Grupp laia valikut äripangandusteenuseid, kaasa arvatud ärilaenud, sularahahaldus, maksete ja kontode teenused, riskihaldustooted ja nõustamisteenused, võlgade ja kapitaliga seotud tooted likviidsuse ja kapitali hankimise eesmärgil ning lisaks ka korporatiivfinantsteenused, institutsionaalsed varahaldusteenused (*asset management services*) ja korporatiivbaasil elu- ja pensionipaketid. Nordea Grupp pakub ka üldisi kindlustustooteid. Umbes 1000 filiaali kontori asukohaga (kaasa arvatud 210 filiaali kontori asukohta Poolas, Venemaal ja Balti riikides), kõnekeskustega kõigil Põhjamaade turgudel ja väga konkurentsivõimelise e-pangaga on Nordea Grupil samuti kõige suurem turustusvõrgustik Põhjamaade klientidele. Nordea Grupp tegutseb 19 riigis üle maailma. Emitent tegutseb panganduses Rootsis Nordea Grupi äriorganisatsiooni raames. Emitent arendab ja turustab finantstooteid ja -teenuseid eraklientidele, äriklientidele ja avalikule sektorile.
B.16	**Kontrolli omavad isikud:**	Ei kohaldu. Emitendile teadaolevalt ei ole Nordea Grupp otseselt või kaudselt mistahes üksikisiku või koos tegutsevate isikute omanduses või kontrolli all.
B.17	**Emitendile või tema Võlakirjadele omistatud reitingud:**	Põhiprospekti väljaandmise kuupäeva seisuga on Emitendi pikaajalise (seenior) võla reitingud alljärgnevad:

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		Reitinguagentuur: / **Reiting:** Moody's Investors Service Limited — Aa3 Standard & Poor's Credit Market Services Europe Limited — AA- Fitch Ratings Limited — AA- *Võlakirjadele, mis välja antakse, ei ole omistatud mingeid Emitendi poolt taotletud reitinguid./Võlakirjadele, mis välja antakse, omistatakse eeldatavalt reiting:* *Standard & Poor's Credit Market Services Europe Limited: [ ].* *Moody's Investors Service Limited: [ ].* *Fitch Ratings Limited: [ ].*

Jaotis C – Võlakirjad		
C.1	**Väärtpaberite liik ja klass:**	***Võlakirjade vorm:*** Võlakirju võidakse välja anda esitajavõlakirjade vormis, nimeliste võlakirjade vormis või (VP, VPS, Rootsi ja Šveitsi frangi võlakirjade puhul) sertifitseerimata ja elektroonilise sissekande kujul . Iga Võlakirjade Alaseeria, mis on esitajavormis (välja arvatud Šveitsi frankide Võlakirjad) on algselt Ajutise ühtse võlakirja (*Temporary Global Note*) vormis. Iga Ajutine ühtne võlakiri on vahetatav Alalise ühtse võlakirja vastu, või kui nii on lõplike võlakirjade kohalduvates lõplikes tingimustes toodud. Kui vastavates lõplikes tingimustes on TEFRA D eeskirjad toodud kui kohalduvad, on vajalik näidata eeltingimusena tõend mitte-USA lõppkasusaaja kohta selleks, et vahetada Ajutise ühtse võlakirja intressi või saada mistahes intressimakset Ajutise ühtse võlakirja eest. Iga Alaline ühtne võlakiri (*Permanent Global Note*) on vahetatav lõpliku võlakirja vastu kooskõlas selle tingimustega. Kui lõplikud võlakirjad on intressi kandvad, on nendega kaasas kupongid ja kui kohane, siis ka talongid (*Talon*) järgnevate kupongide saamiseks. Ühtsed võlakirjad võivad olla Klassikalised ühtsed võlakirjad (*Classic Global Note*) või Uued ühtsed võlakirjad (*New Global Note*), nagu välja toodud kohalduvates lõplikes tingimustes. Iga registreeritud Võlakirjade Alaseeria on kas individuaalsete Võlakirjade sertifikaatide või ühtsete registreeritud Võlakirjade vormis nagu märgitud lõplikes tingimustes. Iga ühtne registreeritud Võlakiri on vahetatav individuaalse Võlakirja sertifikaadi vastu kooskõlas selle tingimustega. Esitajavõlakirjad ei ole vahetatavad nimeliste võlakirjade vastu ja nimelised võlakirjad ei ole vahetatavad esitajavõlakirjade vastu. *Võlakirjad on [esitajavõlakirjad, mis on/ei ole välja antud Uute ühtsete võlakirjade vormis/VP võlakirjadena/VPS võlakirjadena/Rootsi võlakirjadena sertifitseerimata ja elektroonilise sissekande kujul]*. ***Emissioon Seeriatena:*** Võlakirju antakse välja Seeriatena („**Seeria**“) ja iga Seeria võlakirjad alluvad samasugustele tingimustele (välja arvatud emissioonihind, emissiooni kuupäev ja intressi alguse kuupäev, mis võivad olla identsed), valuuta, nimiväärtuse, intressi, tähtaja või muu suhtes, välja arvatud, et Seeria võib hõlmata Võlakirju, mis on esitaja vormis ja nimelises vormis. Järgnevaid Võlakirju võib välja anda osana olemasolevast Seeriast (igaüks „**Alaseeria**“) (*Tranche*), millele kohalduvad samasugused tingimused, välja arvatud väljalaskekuupäev ja esimese intressimakse summa võivad olla

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		erinevate Alaseeriate puhul erinevad. *Võlakirjade seerianumber on [ ]. [Alaseeria number on [ ].]* ***Väärtpaberi identifitseerimisnumber/rid*** (Security Identification Number): Võlakirjad on võetud kliirimisele Eurocleari ja Clearstreami poolt Luxemburgis või VP võlakirjade puhul VP poolt või VPS võlakirjade puhul VPS-i poolt või Rootsi võlakirjade puhul Euroclear Sweden'i poolt või Šveitsi frankide võlakirjade puhul SIS-i poolt. Igale Võlakirjade Alaseeriale antakse rahvusvaheline väärtpaberite identifitseerimisnumber (ISIN), üldine kood (*Common Code*) ja/või muu väärtpaberite identifitseerimistunnus, mis kajastatakse ka juurdekuuluvates lõplikes tingimustes. Võlakirjadele, mis on antud välja Seeriates, kuhu kuulub rohkem kui üks Alaseeria, võidakse anda ajutine ISIN ja üldine kood või muu väärtpaberite identifitseerimistunnus nende väljaandmisel. *Võlakirjad kliiritakse läbi [ ]. Võlakirjadele on antud järgnevad identifitseerimistunnused: [ ].* ***Tingimused*** „*Võlakirjade Tingimused*" ("*Terms and Conditions of the Notes*") Põhiprospektis, mida on täiendatud lõplikes tingimustes või (ainult välistavate Võlakirjade puhul (*Exempt Notes*)) nagu täiendatud, muudetud ja/või asendatud vastava hinnastamise lisas (*Pricing Supplement*).
C.2	**Väärtpaberite emissiooni valuuta:**	***Valuutad:*** USA dollar, euro, nael, jeen, Šveitsi frank, Hiina jüään ja/või muu selline valuuta või valuutad nagu on kokku lepitud vastava(te) Maakleri(te)ga, mis peavad vastama kõigile kohalduvatele õiguslikele ja/või regulatiivsetele ja/või keskpanga nõuetele. *Võlakirjade valuuta on [ ].* ***Nimiväärtus:*** Võlakirju emiteeritakse selliste nimiväärtustega, nagu on vastavates lõplikes tingimustes välja toodud, arvestades (i) miinimumnimiväärtusega 1000 eurot (või samaväärne summa mistahes muus valuutas); ja (ii) vastavuses mistahes kohalduvate õiguslike ja/või regulatiivsete ja/või keskpanga nõuetega. *Võlakirjad emiteeritakse nimiväärtus(t)ega [ ].*
C.5	**Piirangud väärtpaberite vabale käsutamisele (transferability):**	Iga Võlakirjade Maakler (*Dealer*) ja ostja peavad järgima kõiki kohalduvaid õigusnorme ja regulatsioone mistahes jurisdiktsioonis, milles ta võib Võlakirju pakkuda, müüa või kohale toimetada põhiprospekti või mistahes Võlakirjadega seotud pakkumusmaterjale levitada. Sealjuures ei ole Nordea Bank Võlakirju Väärtpaberituru seaduse alusel ega mistahes muu väärtpaberitele kohalduva regulatsiooni alusel registreerinud ega ei kavatse seda teha. Sinna alla kuuluvalt (ja Globaalsete võlakirjade lõpliku kasusaaja puhul kooskõlas kliiringsüsteemi(de)ga, kus Võlakirju hoitakse, kohalduvate protseduurinõuetega), on Võlakirjad vabalt kaubeldavad.
C.8	**Väärtpaberitega seotud õigused, kaasa arvatud järjekord ja vastavate õiguste piirangud:**	***Võlakirjade staatus:*** Võlakirju võidakse välja anda allutatud või mitteallutatud alusel. Viited „allutatud võlakirjadele" käesolevas dokumendis on viited Tähtajalistele allutatud võlakirjadele (*Dated Subordinated Notes*), Tähtajatutele allutatud võlakirjadele (*Undated Subordinated Notes*) või Kapitaliosalustega väärtpaberitele (*Capital Contribution Securities*), kui just ei ole selgesõnaliselt teisiti mainitud või kui kontekst ei nõua teist lähenemist. *Võlakirjad on [mitteallutatud võlakirjad/ allutatud võlakirjad ja need on [Tähtajalised allutatud võlakirjad (Dated Subordinated Notes)/Tähtajatud allutatud võlakirjad (Undated Subordinated Notes)/Kapitaliosalusega väärtpaberid (Capital Contribution Securities)]].*

		Maksustamine: Kõik Võlakirjadega seotud maksed tehakse ilma Rootsis makstavaid makse kinni pidamata või maksete summat vähendamata kui seaduse alusel ei ole teisiti nõutud. Kui Rootsi õiguse alusel on sellised kinnipidamised kohustuslikud, maksab Emitent teatud asjaoludel teatud lisamakseid nagu on kirjeldatud Tingimuses 8 (*Condition 7*) (Maksud) (*Taxation*) ning vastavalt sellest tulenevatele ootustele. ***Kohalduv õigus:*** Võlakirjadele kohaldub inglise õigus ja kõik lepinguvälised kohustused, mis tulenevad Võlakirjadest või nendega seoses, välja arvatud et (i) allutatud võlakirjadele kohalduvatele allutamisnõuetele kohaldub Rootsi õigus; (ii) VP võlakirjade registreerimisele VP-s kohaldub Taani õigus; (iii) VPS võlakirjade registreerimisele VPS-is kohaldub Norra õigus; ja Rootsi võlakirjade registreerimisel Euroclear Swedeni poolt hallatavasse registreerimissüsteemi ja registrisse („**Euroclear Sweden register**“) (*Euroclear Sweden Register*) kohaldub Rootsi õigus. Võlakirjade omanikel on õigus ja kohustused, mis tulenevad vastavate jurisdiktsioonide vastavatest regulatsioonidest ja seadusandlusest. ***Pandikeelud:*** Puuduvad. ***Ristrikkumine (Cross Default):*** Puudub. ***Asendamine ja muutmine (Substitution and Variation):*** Emitent võib Tähtajatute allutatud võlakirjade või Kapitaliosalustega väärtpaberite tingimusi asendada või muuta vastavalt Tingimuses 16 (Asendamine ja muutmine) (*Substitution and Variation*) toodule, kui nii on märgitud vastavates lõplikes tingimustes. Allutatud võlakirjade puhul ei või teha Võlakirjade asendamisi ega muutuseid ilma Rootsi Finantsinspektsiooni (*Finansinspektionen*) („**SFSA**“) eelneva nõusolekuta. *Tingimus 16* (Asendamine ja muutmine) (*Substitution and Variation*) *kohaldub/ei kohaldu Võlakirjadele.* ***Üldises vormis Võlakirjade jõustamine:*** Üldises vormis või sertifitseerimata ja elektroonilise sissekande kujul Võlakirjade investorite õiguseid toetab Kohustuste võtmise akt (*Deed of Covenant*) kuupäevaga 26. aprill 2013 (aeg-ajalt muudetud ja/või uuesti kinnitatud ja/või asendatud). ***Võlakirjadega seotud õiguste piirangud:*** See osa elemendist ei kohaldu, kuna Võlakirjadega seotud õigustega ei kaasne vastavaid piiranguid.
C.9	**Väärtpaberitega seotud õigused (jätkub), kaasa arvatud andmed intressi, tähtaegade, tootluse ja Omanike esinduse kohta:**	Võlakirjade juurde kuuluvate õiguste, järjekoha ja piirangute kirjelduse kohta vaata elementi C.8. ***Intress:*** Võlakirjad võivad olla intressi kandvad või intressi mittekandvad. Intress Tähtajatute allutatud võlakirjade osas võidakse edasi lükata nagu on sätestatud taolistele Võlakirjadele kohalduvates Tingimustes. Intress Kapitaliosaluse väärtpaberite osas ei või ületada Emitendi saadaolevaid jaotusvahendeid ja see võidakse edasi lükata nagu on sätestatud Tingimustes. Vt Tingimus 4 (Intress) (*Interest*). Võlakirju võidakse emiteerida fikseeritud määraga, ujuva määraga (LIBORi- või EURIBORi-põhiselt muude Võlakirjade puhul kui erandlikud võlakirjad (*Excempt Notes*)), nullvõlakirjana või osaliselt tasutuna. Seoses intressikandvate Võlakirjade iga Alaseeriaga on kuupäev, millest alates intress muutub sissenõutavaks ning tähtaeg intressi jaoks kindlaks määratud vastavates lõplikes tingimustes. *Võlakirjad ei ole intressikandvad./Võlakirjad on intressikandvad:* *Intressi nominaalmäär: [ ].* *Intressi alguskuupäev: [ ].*

		Intressi makse kuupäev(ad): [ ]. *[Viitemäär (Reference Rate): [ ].]* *[Marginaal: +/– [ ].]* *[Maksimaalne intressimäär: [ ].]* *[Minimaalne intressimäär: [ ].]* *[Päevane murdosa (Day Count Fraction): [ ].]* *[Tähtajatute allutatud võlakirjade intressi edasilükkamine: [ ].]* ***Tähtajad:*** Mistahes sissenõutavaks muutumise tähtajad, mis alluvad 30-päevasele minimaalsele sissenõutavaks muutumisele, peavad spetsiifiliste valuutadega seoses vastama kõigile kohalduvatele õiguslikele ja/või regulatiivsetele ja/või keskpanga nõuetele. Tähtajatute allutatud võlakirjade ja Kapitaliosalustega väärtpaberitel ei ole ajastatud sissenõutavaks muutumise tähtpäeva. *[Kui Võlakirju eelnevalt ei lunastata, välja ei osteta või katkestata, lunastatakse Võlakirjad [ ]./Võlakirjad on [Tähtajatud allutatud võlakirjad/Kapitaliosalustega väärtpaberid] ja neil ei ole kindlaksmääratud sissenõutavaks muutumise kuupäeva.]* ***Lunastamine:*** Võlakirju võib lunastada nimiväärtuses või sellises lunastusväärtuses nagu on sätestatud asjaomastes lõplikes tingimustes. Võlakirjade ennetähtaegne lunastamine on lubatud maksunduslikel eesmärkidel. Ainult allutatud võlakirjade puhul on lunastamine lubatud kapitalisündmuse tõttu ja ainult Tähtajatute allutatud võlakirjade või Kapitaliosaluse väärtpaberite puhul raamatupidamisliku sündmuse või maksundusliku sündmuse tõttu. Inglise naeltes denomineeritud Võlakirju ei või lunastada enne üht aastat ja üht päeva emiteerimiskuupäevast. Tähtajaliste allutatud võlakirjade ja Tähtajatute allutatud võlakirjade või Kapitaliosaluse väärtpaberite ennetähtaegne lunastamine ei saa toimuda ilma SFSA eelneva kirjaliku nõusolekuta. *Kui Võlakirju eelnevalt ei lunastata, välja ei osteta või ei katkestata, lunastatakse Võlakirjad [nimiväärtusega/lõpliku lunastusväärtusega [ ] vastavalt arvutuslikule summale]. [Võlakirjad on Tähtajalised/Tähtajatud allutatud võlakirjad [mis on Kapitaliosalusega väärtpaberid] ja ennetähtaegne lunastamine on lubatud kapitalisündmuse tõttu [, raamatupidamisliku sündmuse või maksundusliku sündmuse tõttu] [ainult SFSA eelneval kirjalikul nõusolekul].]* ***Valikuline lunastamine:*** Võlakirju võib lunastada enne nende sissenõutavaks muutumise tähtaega Emitendi ja/või (ainult Allutamata Võlakirjade puhul) omaniku valikul (tervikuna või osaliselt) selles osas (kui üldse), mis on toodud vastavates lõplikes tingimustes. *Võlakirjad pakuvad/ei paku ennetähtaegse lunastamise võimalust Emitendi [ja/või] omaniku valikul. [Võlakirju võib lunastada Emitendi valikul [tervikuna/osaliselt] [kuupäev] [aeg], koos vastavaks kuupäevaks kogunenud intressiga (kui seda on), kui Emitent annab sellest mitte vähem kui 30 ja mitte rohke kui 60 päeva omanikule ette teada.]/[Emitent võimaldab mistahes Võlakirja omanikul vastava Võlakirja lunastamist [kuupäev] [aeg], koos vastavaks kuupäevaks kogunenud intressiga (kui seda on), kui omanik annab sellest Emitendile mitte vähem kui 45 päeva ette teada.]*

		Maksunduslikel põhjustel lunastamine: Välja arvatud viisil, mis on ülal „*Valikulise lunastamise*“ juures kirjeldatud, on varajane lunastamine lubatud ainult juhul, kui Rootsi või mistahes Rootsi poliitilise alljaotuse või sealse mistahes riigiasutuse või agentuuri, millel on maksunduslik pädevus või pädevus tõlgendada või hallata mistahes maksunduslikke seaduseid või regulatsioone, poolt välja antud seaduse muutus, mis jõustub Võlakirjade väljaandmise kuupäeval või peale seda või mistahes varasemal lõplikes tingimustes kindlaks määratud kuupäeval, toob kaasa olukorra, kus käesolevate Võlakirjadega seoses tehtava järgmise makse suhtes peab Emitent maksma lisasummasid nagu toodud Tingimuses 7. Sellisel juhul võib Emitent lunastada vastava Seeria Võlakirju vastavalt oma äranägemisele ja arvestades allutatud Võlakirjadega, SFSA eelneval nõusolekul ning teatades omanikele ette mitte vähem kui kolmkümmend ja mitte rohkem kui kuuskümmend päeva (mis juhul, kui Võlakirjad toodavad ujuva määraga intressi, lõppeb päeval mil intressimakse muutub sissenõutavaks) kooskõlas Tingimusega 13 (teade on tagasivõtmatu), tervikuna (kuid mitte osaliselt, kui see ei ole vastavates lõplikes tingimustes teistmoodi märgitud), põhisumma eest (või mistahes muu lunastamissumma eest nagu on märgitud vastavates lõplikes tingimustes või lunastamissumma eest, millele on viidatud Tingimuses 5 (h), koos Võlakirjadele kogunenud intressiga (kui seda on). ***Emiteerimishind:*** Võlakirju võib emiteerida mistahes hinnaga. Iga Programmi raames välja antava Võlakirjade Alaseeria emiteerimishind määratakse Emitendi poolt emissiooni ajal kooskõlas valitsevate turutingimustega. *Võlakirjade emiteerimishind on [ ].* ***Tulu:*** Fikseeritud intressi tootvate Võlakirjade iga Tranche’i tulu arvutatakse iga-aastaselt või poolaasta baasil, kasutades vastavat emiteerimishinda vastaval emiteerimiskuupäeval. *Emiteerimishinnal [ ] põhinevalt on emiteerimiskuupäeval Võlakirjade eeldatav tulu [ ] protsenti aastas.* ***Võlakirjade omanike esindajad:*** Ei kohaldu. See osa elemendist on seotud Võlakirjade omanike esindaja(te)ga. Ei ole usaldusisikut (*trustee*).
C.10	**Tuletiskomponendid intressimaksetes:**	Ei kohaldu. Selle elemendi kohaselt tuleb anda selgitus, kuidas tuletiskomponentidega seotud intressikandvatesse Võlakirjadesse tehtud investeeringu väärtus sõltub Võlakirja aluseks olevatest instrumendist/tidest. Selliseid Võlakirju ei väljastata Programmi alusel.
C.11 **C.21**	**Noteerimine ja kauplemine:**	Iga Seeria võib olla noteeritud Iiri väärtpaberibörsil ametlikus nimekirjas (*Official List of the Irish Stock Exchange*) ja aktsepteeritud kauplemiseks peamisel väärtpaberiturul (*Main Securities Market*) ja/või aktsepteeritud noteerimiseks mujal nagu kokku lepitud Emitendi ja vastava Maakleri (*Dealer*) vahel ja nagu kokku lepitud vastavates lõplikes tingimustes. Samuti võib emiteerida noteerimata Võlakirju. *Võlakirjad on noteerimata Võlakirjad./Esitatakse avaldus Võlakirjade noteerimiseks [ ] ja kauplemiseks [ ], mis jõustub [ ].*

Jaotis D - Riskid		
D.2	**Emitendispetsiifilised riskid:**	Võlakirjade ostmisel võtavad investorid riski, et Emitent võib muutuda maksejõuetuks või muul viisil olla võimetu tegema kõiki Võlakirjadega seotud makseid. On palju faktoreid, mis individuaalselt või koosmõjus võivad viia selleni, et Emitent ei ole võimeline tegema kõiki Võlakirjadega seotud

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		makseid. Ei ole võimalik kõiki selliseid faktoreid tuvastada või määrata, mis faktorid kõige tõenäolisemalt ilmnevad, kuna Emitent ei pruugi kõigist seonduvatest faktoritest teadlik olla ning osad faktorid, mille kohta ta arvab, et need ei ole olulised, võivad muutuda oluliseks Emitendi kontrolli alt väljas olevate sündmuste esinemise tõttu. Emitent on tuvastanud põhipropektis rea faktoreid, mis võivad oluliselt mõjutada tema äritegevust ja võimet teha Võlakirjadega seonduvaid makseid. Need faktorid hõlmavad: ***Praeguste makroökonoomiliste tingimustega seotud faktorid*** Riskidel, mis on seotud Euroopa majanduskriisiga, on seni olnud ning neil võib ka jätkuvalt olla, negatiivne mõju globaalsele majandustegevusele ning finantsturgudele. Kui need tingimused jätkuvad, või kui nendel või teistel turgudel peaks esinema jätkuvat turbulentsi, võib sellel olla oluline negatiivne mõju Nordea Grupi võimele ligi pääseda kapitalile ning likviidsusele finantstingimustel, mis on aktsepteeritavad Nordea Grupile. Lisaks, on Nordea Grupi tootlus oluliselt mõjutatud üldistest makromajanduslikest tingimustest riikides, kus ta on tegev, eriti Põhjamaade turgudel (Taani, Soome, Norra ja Rootsi). Negatiivsed majandusarengud ja -tingimused turgudel, kus ta on tegev, võivad negatiivselt mõjutada tema äritegevust, majanduslikku olukorda ja tegevuse tulemusi ning Nordea Grupi poolt vastu võetud meetmed ei pruugi olla rahuldavad, et vähendada mistahes krediidi-, turu- ja likviidsusriske. ***Nordea Grupi krediidiportfelliga seotud riskid*** Negatiivsed muutused Nordea Grupi laenuvõtjate ja vastaspoolte krediidikvaliteedis või tagatiste väärtuste vähenemine mõjutab tõenäoliselt Nordea varade taastusvõimet ja väärtust ja nõuab halvatud laenude individuaalosade (*provision*) ja potentsiaalselt kollektiivosade suurendamist. Oluline suurenemine Nordea Grupi laenukaotuste hüvitistes ja laenukaotused, mis ei ole hüvitistega kaetud, mõjutaksid oluliselt tema äritegevust, majanduslikku olukorda ja tegevuse tulemusi negatiivses suunas. Nordea Grupp on avatud vastaspoole krediidiriski, arveldusriski ja tehingute ülekanderiski suhtes, mida tehakse finantsteenuste pakkujate valdkonnas ja tehingute suhtes finantsinstrumentidega. Kui vastaspool peaks oma kohustusi mitte täitma, võib sellel olla oluline negatiivne tagajärg tema äritegevusele, majanduslikule olukorrale ja tegevuse tulemustele. ***Riskid, mis tulenevad avatusest turule*** Nordea Grupi poolt omatavate finantsinstrumentide väärtus on tundlik erinevate turumuutujate kõikumiste ja korrektuuride suhtes, kaasa arvatud intressimäärad, krediidivahemikud, kapitalihinnad ja valuuutavahetusmäärad. Allahindamisel või väärtuse langusest tekkinud kahjumi realiseerimisel võib olla oluline oluline negatiivne tagajärg Nordea Grupi äritegevusele, majanduslikule olukorrale ja tegevuse tulemustele, samas kui finantsturgude tootlus ja volatiilsed turutingimused võivad kaasa tuua Nordea Grupi kauplemisest ja investeeringutest saadud tulude olulise kahanemise või lõppemise kauplemiskahjudega. ***Nordea Grupp on avatud strukturaalsetele tururiskidele*** Nordea Grupp on avatud strukturaalsetele intressisissetulekutest tulenevatele riskidele, kui tekib ebasobivus tema varade, kohustuste ja derivatiivide intressimäära uuesti hindamise perioodi, koguste või viitemäärade osas. Ta on ka avatud valuutade vahetusega seotud riskile peamiselt Rootsi ja Norra pangandusäride tõttu, kuna ta koostab oma konsolideeritud aastaaruannet oma funktsionaalses valuutas, euros. Mistahes sobimatus antud perioodil, mis ilmneb intressimäärade muutumise korral või valuutariskidele avatuse

		riskimaandamise (*hedge*) ebaõnnestumise korral, võib omada olulist negatiivset tagajärge Nordea Grupi majanduslikule olukorrale ja tegevuse tulemustele. ***Likviidsuse ja kapitalinõuetega seotud riskid*** Oluline osa Nordea Grupi likviidsus- ja rahastamisnõuetest on tagatud klientide hoiuste abil, lisaks ka pideva ligipääsu abil hulgilaenuturule, muuhulgas pikaajaliste võlaturuinstrumentide nagu kaetud Võlakirjade väljaandmise abil. Turbulents globaalsel finantsturul ja majanduses võib Nordea Grupi likviidsust ja teatud vastaspoolte ning klientide tahet teha Nordea Grupiga koostööd mõjutada oluliselt negatiivses suunas. Nordea Grupi äritootlikkust võib mõjutada see, kui tema kapitaliadekvaatsuse nõudeid, mida ta peab Euroopa Kapitalinõuete Direktiivi (*European Capital Requirements Directive*, hõlmab direktiive 2006/48/EC ja 2006/49/EC) alusel järgima, vähendatakse või neid peetakse ebapiisavateks. Nordea Grupi rahastamiskulud ning ligipääs võlakapitaliturgudele (*debt capital markets*) sõltuvad oluliselt tema krediidireitingutest. Krediidireitingute vähendamine võib negatiivselt mõjutada Nordea grupi ligipääsu likviidsusele ja tema konkurentsipositsiooni ning seepärast võib see olulisel määral omada negatiivset mõju tema äritegevusele, majanduslikule olukorrale ja tegevuse tulemustele. ***Muud Nordea Grupi äritegevusega seotud riskid*** Nordea Grupi äritegevus on sõltuv võimest läbi viia suurt hulka keerulisi tehinguid erinevatel turgudel erinevas valuutas nii, et tegevused viiakse läbi mitmete üksuste poolt. Kuigi Nordea Grupp on implementeerinud riski kontrollimise mehhanismid ning võtnud kasutusele muud meetmed, et riskidele avatust/kahju vähendada, ei saa olla kindlust selles, et vastavad protseduurid on efektiivsed, kontrollimaks iga tegevusriski, mis Nordea Grupi suhtes kohaldub või et Nordea grupi reputatsiooni ei kahjusta mistahes tegevusriski ilmnemine. Nordea Grupi tegevused Poolas, Venemaal ja Balti riikides – turgudel, mis on tavaliselt rohkem volatiilsed ja vähem majanduslikult ja poliitiliselt arenenud kui turud Lääne-Euroopas ja Põhja-Ameerikas – toovad kaasa erinevaid riske, mis ei kohaldu, või kohalduvad madalamal määral kui äritegevusele Põhjamaade turgudel. Lisaks, mõned nendest turgudest on harilikult rohkem volatiilsed ja vähem majanduslikult ja poliitiliselt arenenud kui turud Lääne-Euroopas ja Põhja-Ameerikas. Nordea Grupi tootlus on suures osas sõltuv kõrge kvalifikatsiooniga üksikisikute annetest ja pingutustest ning Nordea Grupi jätkuv võimekus osaleda konkurentsis efektiivselt ja oma strateegiat selliselt ellu viia, sõltub tema võimekusest uute töötajate ligi meelitamisel ja olemasolevate töötajate säilitamisel ja motiveerimisel. Mistahes võtmetöötajate oskuste kaotus, eriti konkurentidele, või võimetus tulevikus ligi meelitada ja säilitada kõrge kvalifikatsiooniga personali võib omada negatiivset mõju Nordea Grupi äritegevusele. Seda tüüpi pangandus- ning muude toodete ja -teenuste osas, mida Nordea pakub, on konkurents ja ei saa olla kindel, et Nordea Grupp suudab säilitada oma konkurentsivõimelist positsiooni. ***Riskid seoses õigusliku ja regulatiivse keskkonnaga, milles Nordea Grupp tegutseb*** Nordea Grupp kuulub erinevate järelevalveasutuste sisulise regulatsiooni ja järelevalve alla, lisaks kohalduvad talle seadused ja regulatsioonid,

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		haldustegevus ja poliitikasuunised igas jurisdiktsioonis, kus ta tegutseb, mis kõik võivad muutuda ning millega vastavuses olemine võib aeg-ajalt kaasa tuua olulisi kulusid. Nordea Grupp võib kanda olulisi kulusid uue kapitalivastavuse, -taastamise ja otsustuste nõuete raamistiku järgimisel ja sellele vastamisel, mis võib ka olemasolevaid ärimudeleid mõjutada. Lisaks ei saa olla ka kindel, et Nordea grupis ei panda toime seadusandluse või regulatsioonide rikkumisi ning et kui selline rikkumine peaks toimuma, ei kohaldata sellele olulist vastutust või karistusi. Hariliku äritegevuse raames allub Nordea Grupp regulatiivse järelvalvega ning vastutusega seotud riskile ning on kaasatud ka erinevatesse nõuetesse, vaidlustesse, õiguslikesse menetlustesse ning valitsuse poolt läbiviidavatesse uurimistesse jurisdiktsioonides, kus ta tegutseb. Seda tüüpi nõuded ja menetlused muudavad Nordea Grupi avatuks rahalistele kahjudele, otsestele või kaudsetele kuludele (kaasa arvatud õiguskuludele), otsestele või kaudsetele rahalistele kaotustele, tsiviil- ja kriminaalvastutusele, litsentside või tegevuslubade kaotusele või reputatsiooni kaotusele, lisaks ka äritegevuse potentsiaalsetele järelevalvelistele piirangutele. Nordea Grupi tegevustele kohaldub maksustamine erineval määral üle kogu maailma, mis on arvutatud kooskõlas kohaliku seadusandluse ja praktikaga. Seadusemuudatused või maksuameti otsused võivad halvata Nordea Grupi olemasolevaid või varasemaid maksupositsioone.
D.3	**Võlakirjadega seotud spetsiifilised riskid:**	Lisaks esinevad ka iga Programmi iga Võlakirjade emissiooni juures ning spetsiifilist tüüpi Võlakirjade emissiooni juures riskid, mida tulevased investorid peaksid hoolikalt arvesse võtma ning kindlaks tegema, et nad mõistavad neid enne mistahes investeerimisotsuse tegemist Võlakirjade suhtes. Need riskid on järgmised: • Võlakirjad ei pruugi olla sobiv investeering kõigile investoritele. • Investorid peavad toetuma Euroclear'i, Clearstream'i, Luxembourg'i VP, VPS, Euroclear Sweden'i või SIS (vastavalt asjaoludele) protseduuridele Emitendile ülekannete ja maksete tegemisel ning suhtlemisel Emitendiga. • Võlakirjadega kauplemisel ei pruugi olla aktiivset turgu. • Võlakirjade omanikud on avatud turu volatiilsusele. • Reitingud ei pruugi alati peegeldada riski, mis on seotud individuaalsete Võlakirjadega. • Fikseeritud määraga Võlakirjad on avatud intressimäära riskidele. • Võlakirjade omanikud on avatud Emitendi krediidiriskidele. • Võlakirju võib lunastada enne tähtaja saabumist. • Mõned Võlakirjad on allutatud enamikele Emitendi kohustustele. • Kapitaliosalusega väärtpaberid (*Capital Contribution Securities*) on sügavalt allutatud kohustused. • Tähtajatute allutatud võlakirjade (*Undated Subordinated Notes*) intressimaksed võidakse edasi lükata. • Utiliseerimine ja maandamine: Tähtajatute allutatud võlakirjade

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		põhiosa (ja kogunenud intressi) allahindamine • Kapitaliosalusega väärtpaberite intressimaksetel on piirangud. • Kapitaliosalusega väärtpaberite intressimaksed võidakse edasi lükata. • Tingimuslikuks kapitaliosaluseks konverteerimine; Kapitaliosalusega väärtpaberite põhiosa allahindamine. • Tähtajatute allutatud võlakirjade ja Kapitaliosalusega väärtpaberite alaline iseloom. • Kapitaliosalusega väärtpaberitel ei ole hääleõigust. • Tähtajaliste ja Tähtajatute allutatud võlakirjade osas on õiguskaitsevahendid rikkumise korral oluliselt piiratud. • Riskid, mis seonduvad osaliselt makstud Võlakirjadega. • Riskid, mis seonduvad kõikuva määraga Võlakirjadega, millel on kordaja või muu võimendav faktor. • Riskid seoses pöörduvujuvmääraga Võlakirjadega. • Riskid seoses fikseeritud/ujuva määraga Võlakirjadega. • Võlakirju võib välja anda olulise hinnaalanduse või boonusega. • Võlakirjade omanike õigusi ja kohustusi võib muuta võlakirjaomanike koosolekutel. • Võlakirjade tingimused ja kohustused võivad muutuda. • Muutused seadustes ja regulatsioonides võivad mõjutada Võlakirjade tingimusi. • Võlakirjadega võib kaubelda hulgas, mis ületab miinimum täpsustatud nimiväärtust (*minimum Specified Denomination*), mis ei ole integraali korrutis. • Programmi raames välja antavate Võlakirjade hulk võib muutuda. • Võlakirjad alluvad teatud ebakindlusele seoses seadusandlike muudatustega. • Emitent võib teatud asjaoludel allutatud Võlakirjade tingimusi asendada või muuta. • Võlakirjade alusel tehtavad maksed võivad olla maksustatud kinnipeetavate maksudega USA Välisriigi kontode maksuvastavusseaduse (*U.S. Foreign Account Tax Compliance Act*) alusel. Lisaks ülaltoodule eksisteerivad ka riskid, mis on omased Võlakirjadele, mis on denomineeritud Hiina jüaanis, kaasa arvatud: • Jüaan ei ole vabalt vahetatav. Kapitalikonto vahetatavuse piirangud võivad mõjutada Emitendi võimet jüaani omandada, et finantseerida oma Võlakirjadest, mis on denomineeritud jüaanis, tulenevaid kohustusi. • Jüaani piiratud saadavus väljaspool Hiina Rahvavabariiki (tulenevalt

		piirangutest), võib mõjutada Emitendi võimet jüaani omandada, et finantseerida oma Võlakirjadest, mis on denomineeritud jüaanis, tulenevaid kohustusi. • Muutused majanduslikes ja poliitilistes tingimustes võivad mõjutada jüaani väärtust dollari suhtes. Lisaks võivad poliitilised muutused mõjutada võivad kõrgendada intressimäära volatiilsust. Nendele faktoritele võib järgneda omaniku investeeringu väärtuse kahanemine. • Kõik maksed tehakse vastavuses makseviisidega, mis on kirjeldatud tingimustes ja Emitendi poolt ei tohi kasutada mistahes muud makseviisi. • Hiina Rahvavabariigi Suureettevõtete tulumaksuseaduse (*PRC Enterprise Income Tax Law*) alusel võivad mitteresidentidest suurettevõtjad, kes on jüaanis denomineeritud Võlakirjade omanikud, olla maksustatavad tulumaksuga jüaanis denomineeritud Võlakirjade ülekannetelt saadud tulu osas.

Jaotis E - Pakkumus		
E.2b	**Pakkumuse põhjused ja tulude kasutusviis:**	*Võlakirjade pakkumise netotulu kasutatakse [Nordea grupi üldisteks panganduse ja muudeks äritegevusega seotud eesmärkideks/[ ]].*
E.3	**Pakkumise tingimused:**	*Ei kohaldu; Võlakirjad antakse välja nimiväärtusega vähemalt 100 000 EUR (või samaväärne mistahes muus valuutas)./Võlakirjade avalik pakkumine toimub Avalike pakkumiste jurisdiktsiooni(de)s pakkumise perioodi jooksul. [Kokkuvõtvalt Avaliku pakkumise detailid, mis on hõlmatud lõplike tingimuste alapunktides „Jaotamine-avalik pakkumine“ ("Distribution—Public Offer") ja „Pakkumuse tingimused“ ("Terms and Conditions of the Offer").] Mistahes investor, kes soovib omandada või omandab mistahes Võlakirju Volitatud pakkujalt, teeb seda kooskõlas, ning Võlakirjade pakkumused ja müük investorile Volitatud pakkuja poolt toimub samuti kooskõlas mistahes tingimuste ja muude korraldustega, milles on vastava Volitatud pakkuja ja investori vahel kokku lepitud, kaasa arvatud kokkulepped hinna, paigutuse ja arvelduste osas.*
E.4	**Emissiooni suhtes olulised huvid:**	Emitent on nimetanud Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Nordea Bank AB (publ), Nordea Bank Danmark A/S, Nordea Bank Finland Plc, Nordea Bank Norge ASA, The Royal Bank of Scotland plc, Société Générale, UBS Limited ja UniCredit Bank AG Programmi põhilisteks Maakleriteks ja UBS AG Programmi Šveitsi Maakleriks (koos mistahes muu Maakleriga, kes võidakse nii üldiselt Programmiga seoses või seoses kindla Võlakirjade Seeriaga aja jooksul Emitendi poolt Maakleriks nimetada („**Maaklerid**“) (*Dealers*). Iga Maakler on Volitatud Pakkuja ning ta on nõustunud Volitatud Pakkuja Tingimustega Maaklerite lepingus (*Dealership Agreement*). Kokkulepped, mille alusel Võlakirju võidakse aeg-ajalt Emitendi poolt müüa Maakleritele ja Maaklerite poolt Võlakirju osta, on sätestatud Emitendi ja Maaklerite vahelises Maaklerite lepingus (*Dealership Agreement*). Võlakirju võidakse jaotada suunatud või avaliku pakkumise alusel, igal juhul sünditseeritud või mitte-sünditseeritud viisil (*syndicated or a non-syndicated basis*).

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		Huvid, mis on olulised Emitendile/Võlakirjade pakkujale, võivad tõusetuda põhiliselt Maaklerite ja nende tütarettevõtete harilike äritegevuste raames, mille käigus nad loovad, hoiavad ja aktiivselt kauplevad investeeringutega, mis võivad sisaldada Võlakirju ja/või Emitendi või Emitendi tütarettevõtete instrumente, kaasa arvatud Võlakirju ning võivad maandada oma krediidiriske (*credit exposure*) Emitendile. Selline maandamine võib hõlmata *credit default swap*'e või lühikeste positsioonide võtmist Emitendi või Emitendi tütarettevõtete Võlakirjade suhtes, kaasa arvatud potentsiaalselt Võlakirjade suhtes. Maaklerid ja nende tütarettevõtted peavad ka tegema investeerimissoovitusi ja/või avaldama või väljendama iseseisvat uuringutel põhinevat vaatenurka selliste Võlakirjade suhtes. *Nii palju kui see on Emitendile teada, ei ole ühelgi isikul, kes on hõlmatud Võlakirjade väljaandmisega, olulist huvi pakkumuse vastu./[ ].*
E.7	**Eeldatavad kulud:**	Ei eeldata, et Emitent nõuab investoritelt teatavate kulude katmist seoses mistahes Võlakirjade emissiooniga. Sellegipoolest võivad teised Volitatud pakkujad nõuda investoritelt kulude katmist. Mistahes kulude, mille katmine on investorilt nõutav Volitatud pakkuja poolt, katmist nõutakse kooskõlas mistahes lepinguliste kokkulepetega, milles on kokku lepitud investori ja vastava Volitatud pakkuja vahel vastava pakkumuse tegemise ajal. Vastavad kulud (kui neid on) määratletakse igakordselt asjaolude põhjal. *Investoritelt ei nõuta Emitendi poolt mistahes kulude katmist seoses Võlakirjadega [või Volitatud pakkuja poolt]./Volitatud pakkuja(d) nõuavad investoritelt kulude katmist. Eeldatav investoritelt Volitatud pakkuja(te) poolt nõutav kulu on [ ].*

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