



NORDEA BANK AB (PUBL)

(Incorporated with limited liability in the Kingdom of Sweden)

€15,000,000,000

Structured Note Programme

Nordea Bank AB (publ) ("**NBAB**", "**Nordea**", or the "**Issuer**") has established a €15,000,000,000 Structured Note Programme (the "**Programme**"). The Issuer may from time to time issue notes (the "**Notes**") under the Programme on an unsubordinated basis, which expression shall include Bearer Notes and Registered Notes (each as defined below), denominated in any currency. Notes issued pursuant to the Programme may include Notes issued in bearer form ("**Bearer Notes**") or registered form ("**Registered Notes**") and Notes designated by the Issuer as "**VP Notes**", "**VPS Notes**", "**Finnish Notes**", "**Swedish Notes**" or "**Swiss Franc Notes**" in the applicable Final Terms. The maximum amount of all Notes from time to time outstanding will not exceed €15,000,000,000 (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.

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

It is expected that this Base Prospectus will be submitted to the SIX Swiss Exchange Ltd (the "**SIX Swiss Exchange**") for registration as an "issuance programme" for the listing of derivatives and an "issuance programme" for the listing of bonds, both in accordance with the listing rules of the SIX Swiss Exchange (the "**SIX Listing Rules**"). If approved, in respect of any Tranche (as defined herein) of Notes to be listed on the SIX Swiss Exchange during the 12 months from the date of this Base Prospectus, this Base Prospectus, together with the relevant Final Terms, 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).

Notes will be issued (i) on the general terms and conditions set out under "*Terms and Conditions of the Notes – Part 1: General Conditions*" (the "**General Conditions**"), as completed by a final terms document (the "**Final Terms**"), and (ii) may also be subject to certain additional conditions set out under "*Terms and Conditions of the Notes – Part 2: Additional Conditions for Certain Structured Notes*", "*Terms and Conditions of the Notes – Part 3: Additional Conditions for Credit-Linked Notes*" and "*Terms and Conditions of the Notes – Part 4: Additional Conditions for Fund-Linked Notes*", if so specified in the applicable Final Terms (the "**Additional Conditions**"), and together with the General Conditions, the "**Terms and Conditions**").

There are certain risks related to any issue of Notes under the Programme which investors should ensure they fully understand (see "*Risk Factors*" below).

The date of this Base Prospectus is 19 December 2017

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

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

The Issuer has confirmed 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.

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

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.

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 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 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 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 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 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 that sub-paragraph (ii) above may apply, the Issuer has not authorised, and does not authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer to publish or supplement a prospectus for such offer.

An investment in Notes does not constitute a participation in a collective investment scheme for Swiss law purposes. Therefore, issues of Notes are not supervised by the Swiss Financial Market Supervisory Authority FINMA and potential investors do not benefit from the specific investor protection provided under the Swiss Federal Act on Collective Investment Schemes.

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

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 has requested 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 Norway, Sweden, Finland, Denmark, Estonia, Latvia, Lithuania, the United Kingdom, France, Germany, Austria, Spain and Luxembourg (the "**Host Member States**"). Even though the Issuer has elected to passport this Base Prospectus into the Host Member States, it does not mean that it will choose to make any Public Offer in the Host Member States. Investors should refer to the Final Terms for any issue of Notes to see whether the Issuer has elected to make a public offer of Notes in either Ireland or a Host Member State (each a "**Public Offer Jurisdiction**").

The Issuer accepts responsibility in the Public Offer Jurisdictions for which it has given consent referred to herein 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 (such financial intermediary, an "**Authorised Offeror**"), where the offer is made during the period for which that consent is given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Base Prospectus.

Any offer made by any third party without the consent of the Issuer is unauthorised and the Issuer does not accept any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not the Issuer or an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Base Prospectus for the purpose of the relevant Public Offer and, if so, who that person is.

If an Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents, the Investor should take legal advice.

Consent to the use of this Base Prospectus

Common Conditions to Consent

The conditions to the consent of the Issuer are (in addition to the conditions described in either sub-paragraph (a) (*Specific Consent*) or sub-paragraph (b) (*General Consent*) under "*Consent*" below) that such consent:

- (i) is only valid in respect of the relevant Tranche of Notes;
- (ii) is only valid during the Offer Period specified in the applicable Final Terms; and
- (iii) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Notes in such of the Public Offer Jurisdictions as are specified in the applicable Final Terms.

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

Specific Consent and General Consent

Subject to the conditions set out above under "*Common Conditions to Consent*", the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of Notes in any Public Offer Jurisdiction by:

- (a) *Specific Consent*:
 - (i) any financial intermediaries specified in the applicable Final Terms; and
 - (ii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the website of the Issuer (www.nordea.com) and identified as an Authorised Offeror in respect of the relevant Public Offer; and

(b) *General Consent:*

if General Consent is specified in the relevant Final Terms as applicable, any other financial intermediary which:

- (i) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, including under any applicable implementing measure in each relevant jurisdiction ("**MiFID**"); and
- (ii) accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) (the "**Acceptance Statement**");

*"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the "**Notes**") described in the Final Terms dated [insert date] (the "**Final Terms**") published by Nordea Bank AB (publ)(the "**Issuer**").*

*In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [insert name(s) of relevant Public Offer Jurisdiction(s)] during the Offer Period in accordance with the **Authorised Offeror Terms** (as specified below), we accept the offer by the Issuer. We confirm that we are authorised under MiFID to make, and are using the Base Prospectus in connection with, the Public Offer accordingly.*

Terms used herein and otherwise not defined shall have the same meaning as given to such terms in the Base Prospectus."

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

- (a) represents, warrants and undertakes for the benefit of the Issuer 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;
 - (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 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, anti-bribery and "know your client" Rules, and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
 - (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 Issuer or directly to the appropriate authorities with jurisdiction over the Issuer in order to enable the Issuer to comply with anti-money laundering, anti-bribery and "know your client" Rules applying to the Issuer;
 - (G) ensure that it does not, directly or indirectly, cause the Issuer to breach any Rule or subject the Issuer 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 the Issuer does not accept any responsibility for such communication and (C) does not, without the prior written consent of the Issuer, use the legal or publicity names of the Issuer or any other name, brand or logo registered by an entity within the Nordea Group, except to describe the Issuer as issuer of the relevant Notes;
- (K) co-operate with the Issuer in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (F) above) upon written request from the Issuer 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:
 - (1) in connection with any request or investigation by any regulator in relation to the Notes or the Issuer; and/or
 - (2) in connection with any complaints received by the Issuer relating to the Issuer 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 may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer 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 Issuer); (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 Issuer); (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 Issuer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the Issuer; and
- (b) undertakes to indemnify the Issuer (on behalf of the Issuer and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands which it may incur or which may be made against it 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) 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) and accordingly submits 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; and
 - (D) this paragraph (D) is for the benefit of the Issuer. To the extent allowed by law, the Issuer 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.

Any Authorised Offeror who wishes to use this Base Prospectus in connection with a Public Offer as set out in (b) above is required, for the duration of the relevant Offer Period, to publish on its website (if it has one), or otherwise disclose to potential investors, that it is using this Base Prospectus for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto. Authorised Offerors may act through one or more agents or affiliates, provided that the Authorised Offeror shall at all times remain liable to the Issuer for the acts or omissions of the relevant agent or affiliate, and any failure to comply with the Authorised Offeror Terms.

The Issuer does not have 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.

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 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. None of the Issuer or any Authorised Offeror has any responsibility or liability for such information.

IMPORTANT – EEA RETAIL INVESTORS - If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the relevant Notes or otherwise making them available to retail investors in the EEA would be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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-
Fitch Ratings Limited	AA-
DBRS Ratings Limited	AA (low)

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

Tranches of Notes to be issued under the Programme will not be separately rated.

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 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 or (2) the rating is provided by a credit rating agency not established in the EU, but which is certified under the CRA Regulation.

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

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SUMMARY OF THE BASE PROSPECTUS

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 this 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 this 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".

In particular Elements in italics 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 sections entitled "Terms and Conditions of the Notes" or elsewhere in this Base Prospectus have the same meanings in this summary.

Section A – Introduction and Warnings		
A.1	Introduction:	<i>This summary should be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole by the investor. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member States, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. No civil liability will attach to the Issuer in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</i>
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". <i>The Issuer consents to the use of this Base Prospectus in connection with a Public Offer of the Notes by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC), as amended (an "Authorised Offeror") 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 [•] (an "Authorised Offeror") 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 intends to make a Public Offer of the Notes in [•] and [•] (the "Public Offer Jurisdictions") during the period from and including [•] to but excluding [•] (the "Offer Period") but does not consent to the use of the Base Prospectus by any other person./The Notes may not be distributed by way of Public Offer.</i>

		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	Legal names of the Issuer:	Nordea Bank AB (publ)
	Commercial names of the Issuer:	Nordea
B.2	Domicile and legal forms of the Issuer:	The Issuer is a public (<i>publ</i>) limited liability company with registration No. 516406-0120. The head office is located in Stockholm at the following address: Smålandsgatan 17, 105 71 Stockholm. The principal legislation under which the Issuer operates is the Swedish Companies Act and the Swedish Banking and Financing Business Act.
B.4b	Trends:	Not applicable. There are no clear trends affecting the Issuer or the markets in which it operates.
B.5	The Group:	NBAB and its subsidiaries (the "Nordea Group" or the "Group") is a large financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income with additional operations in Estonia, Russia and Luxembourg, and branches in a number of other international locations. On 6 September 2017, the Board of Directors of Nordea Bank AB decided to initiate a re-domiciliation of the parent company of the Nordea Group from Sweden to Finland. The re-domiciliation of the parent company of the Nordea Group to Finland is intended to be carried out as a cross-border reversed merger by way of absorption through which Nordea Bank AB (publ) will be merged into a newly established Finnish subsidiary, Nordea Holding Abp (the "Merger"). As at 30 September 2017, the Nordea Group's assets totalled EUR 615.3 billion and tier 1 capital EUR 27.5 billion. As of the same date, the Nordea Group had approximately 11 million customers across the markets in which it operates, of which approximately 10 million are household customers in customer programmes and 0.5 million are corporate and institutional customers in the Nordic markets. In addition, the Nordea Group acts as an asset manager within the Nordic region with EUR 331 billion in assets under management as at 30 September 2017. The Nordea Group also provides life insurance products.
B.9	Profit Forecasts and Profit Estimates:	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 Issuer's audited consolidated financial statements for the year ended 31 December 2016 and unaudited consolidated financial statements for the nine months ended 30 September 2017 set out in the annexes to this Base Prospectus and the auditors' reports and notes thereto. Selected key financial information:

		Year ended 31 December		Nine months ended 30 September		
		2016	2015	2017	2016	
		(EUR millions)				
		Income Statement				
		Total operating income.....	9,927	10,140	7,241	7,317
		Net loan losses	-502	-479	-298	-373
		Net profit for the period.....	3,766	3,662	2,419	2,666
		Balance Sheet				
		Total assets	615,659	646,868	615,277	657,190
		Total liabilities	583,249	615,836	582,979	626,120
		Total equity	32,410	31,032	32,298	31,070
		Total liabilities and equity	615,659	646,868	615,277	657,190
		Cash Flow Statement				
		Cash flow from operating activities before changes in operating assets and liabilities.....	7,565	6,472	4,848	5,437
		Cash flow from operating activities.....	3,280	196	19,657	22,204
		Cash flow from investing activities	-934	-522	-579	-762
		Cash flow from financing activities.....	-1,553	-1,746	-3,359	-1,560
		Cash flow for the period.....	793	-2,072	15,719	19,882
		Change	793	-2,072	15,719	19,882
		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 2016, 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 30 September 2017, being the date of its last published 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 the Issuer's last published audited or unaudited financial statements.				
B.14	Dependence upon other entities within the Group:	Not Applicable. The Issuer is not dependent upon other entities within the Nordea Group.				
B.15	The Issuer's Principal Activities:	The Nordea Group's organisational structure is built around four main business areas: Personal Banking, Commercial and Business Banking, Wholesale Banking and Wealth Management. In addition to these business areas, the Nordea Group's organisation includes the following six Group functions: Group Corporate Centre, Group Finance and Business Control, Group Risk Management, Group Compliance, Chief of Staff and Group People. NBAB conducts banking operations in Sweden within the scope of the Nordea Group's business organisation. NBAB 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 NBAB'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 their Debt	As of the date of this Base Prospectus, the long term (senior) debt ratings of the Issuer are:				

	Moody's Investors Service Limited:	Aa3
	Standard & Poor's Credit Market Services Europe Limited:	AA-
	Fitch Ratings Limited:	AA-
	DBRS Ratings Limited:	AA (low)
	The Issuer's credit ratings do not always mirror the risk related to individual Notes issued under the Programme.	
	<i>The Issuer has not solicited a credit rating in respect of the Notes</i>	

Section C – The Notes											
C.1	Description of Type and Class of Securities:	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 tranches of Notes (each a "Tranche") may be issued as part of an existing Series. <i>The Series number of the Notes is [[•]/see table below]. [The Tranche number is [[•]/see table below].</i> <table> <tr> <th><u>Name/trading code</u></th><th><u>Series</u></th><th><u>Tranche</u></th></tr> <tr> <td><i>[[•]</i></td><td><i>[[•]</i></td><td><i>[[•]</i></td></tr> <tr> <td><i>[[•]</i></td><td><i>[[•]</i></td><td><i>[[•]</i></td></tr> </table> Forms of Notes: Notes may be issued in bearer or in registered form. 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. <i>The Notes are in bearer form/The Notes are in registered Form.</i> Notes may be specified in the applicable Final Terms as "VP Notes". VP Notes will be issued in uncertificated and dematerialised book entry form, with the legal title thereto being evidenced by book entries in the register for such VP Notes kept by VP Securities A/S on behalf of the Issuer (the "Danish Note Register"). Title to VP Notes will not be evidenced by any physical note or document of title. Definitive Notes will not be issued in respect of any VP Notes. Nordea Danmark, Filial af Nordea Bank AB (publ), Sverige will act as the VP Issuing Agent in respect of VP Notes. Notes may be specified in the applicable Final Terms as "VPS Notes". VPS Notes will be issued pursuant to a registrar agreement with Nordea Bank AB, Norwegian Branch as VPS Paying Agent and will be registered in uncertificated and dematerialised book entry form with the Norwegian Central Securities Depository (<i>Verdipapirsentralen</i> ASA and referred to herein as the "VPS"). Notes may be specified in the applicable Final Terms as "Swedish Notes". Swedish Notes will be issued in uncertificated and dematerialised book entry form, with the legal title thereto being evidenced by book entries in the register for such Swedish Notes kept by Euroclear Sweden on behalf of the Issuer. Title to Swedish Notes will not be evidenced by any physical note or document of title. Definitive Notes will not be issued in respect of any Swedish Notes. Nordea Bank AB (publ) will act as the Swedish Issuing Agent in respect of Swedish Notes. Notes may be specified in the applicable Final Terms as "Finnish Notes". Finnish Notes will be issued in uncertificated and dematerialised book entry form, with the legal title thereto being evidenced by book entries in the register for such Finnish Notes kept by Euroclear Finland on behalf of the Issuer. Title to Finnish Notes will not be evidenced by any physical note or document of title. Definitive Notes will not be issued in respect of any Finnish Notes. Nordea Bank AB, Finnish Branch will act as the Finnish Issuing Agent in respect of Finnish Notes.	<u>Name/trading code</u>	<u>Series</u>	<u>Tranche</u>	<i>[[•]</i>	<i>[[•]</i>	<i>[[•]</i>	<i>[[•]</i>	<i>[[•]</i>	<i>[[•]</i>
<u>Name/trading code</u>	<u>Series</u>	<u>Tranche</u>									
<i>[[•]</i>	<i>[[•]</i>	<i>[[•]</i>									
<i>[[•]</i>	<i>[[•]</i>	<i>[[•]</i>									

		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 with SIX SIS AG, Olten, Switzerland, or such other depositary as may be approved by the SIX Regulatory Board of the SIX Swiss Exchange. The Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances.						
		Security Identification Number(s): In respect of each Tranche of Notes, the relevant security identification number(s) will be specified in the relevant Final Terms. <i>The Notes will be cleared and settled through [•]. The Notes have been assigned the following securities identifiers: [•].</i> <table><tr><th><u>Name</u></th><th><u>ISIN</u></th></tr><tr><td>[•]</td><td>[•]</td></tr><tr><td>[•]</td><td>[•]</td></tr></table>	<u>Name</u>	<u>ISIN</u>	[•]	[•]	[•]	[•]
<u>Name</u>	<u>ISIN</u>							
[•]	[•]							
[•]	[•]							
C.2	Currency of the Securities Issue:	U.S. dollars, euro, sterling, Swedish Krona, Swiss francs, Norwegian Krone, Danish Krone, Yen and Singapore Dollars and/or such other currency or currencies as may be determined at the time of issuance, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Notes may, subject to such compliance with applicable laws, be issued as dual currency Notes.						
		<i>The currency of the Notes is [•].</i>						
C.5	Free Transferability:	This Base Prospectus contains a summary of certain selling restrictions in the United States, the European Economic Area, the United Kingdom, Denmark, Finland, The Netherlands, Norway, Sweden, Spain, Japan and Singapore. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act") and may not be offered and sold within the United States or to, or for the account or benefit of U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, including the Kingdom of Sweden (each, a "Relevant Member State"), each Authorised Offeror will be required to represent 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 to the public in that Relevant Member State except with the consent of the Issuer given in accordance with Element A.2 above. Each Authorised Offeror will be required to represent and agree that it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.						

		Each Authorised Offeror 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 (Consolidated Act No. 251 of 21 March 2017, as amended) (in Danish: <i>Værdipapirhandelsloven</i>), as replaced, with effect from 3 January 2018, by the Danish Capital Markets Act (Act No. 650 of 8 June 2017, as amended from time to time) (in Danish: <i>Kapitalmarkedsloven</i>), and Executive Orders issued thereunder. Each Authorised Offeror will be required to represent and agree, in respect of any offers or sales of Notes in Ireland, that it will comply with: prior to 3 January 2018, the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), and on and from 3 January 2018, the provisions of the European Union (Markets in Financial Instruments) Regulations 2017, or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998; the provisions of the Companies Acts 2014 (as amended), the Central Bank Acts 1942 to 2015 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; and the provisions of the Market Abuse Regulation (EU 596/2014) (as amended) and any rules and guidance issued under Section 1370 of the Companies Act 2014. Each Authorised Offeror 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, the 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 (<i>personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers</i>), and/or (b) qualified investors (<i>investisseurs qualifiés</i>) all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French Code <i>monétaire et financier</i>. Each Authorised Offeror will be required to represent and agree, that it has complied and will comply with all laws applicable in Estonia, especially provisions of the Estonian Securities Market Act (<i>väärtpaberturu seadus</i>), and all applicable regulations and guidelines with respect to anything done by it in relation to any Notes in, from or otherwise involving Estonia. Each Authorised Offeror 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. Each Authorised Offeror will be required to represent and agree, that the Notes have not been offered and will not be offered in Latvia by way of a public offering, unless in compliance with all applicable provisions of the laws of Latvia and in particular in compliance with the Financial Instruments Market Law (<i>Finanšu instrumentu tirgus likums</i>) and any regulation or rule made thereunder, as supplemented and amended from time to time.
		Each Authorised Offeror 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 (746/2012, as amended, Fi: <i>Arvopaperimarkkinalaki</i>) and any regulation or rule made thereunder, as supplemented and amended from time to time. Each Authorised Offeror 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. Notes denominated in Norwegian Krone 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 Authorised Offeror will be required to represent and agree, that it has only made and will only make an offer of Notes to the public (<i>oferta pública</i>) in Spain in accordance with the Recast Text of the Securities Market Law (<i>Texto Refundido de la Ley, del Mercado de Valores</i>) approved by Royal Decree Legislative 4/2015, of 23 October ("TRLMV"), Royal Decree 1310/2005, of 4 November, developing partially the Securities Market Law as regards admission to listing on official secondary markets, public offers and the prospectus required thereto and the regulations made thereunder. The Notes may not be offered or sold in Spain other than by institutions authorised under the TRLMV 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 TRLMV and any other applicable legislation. The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA") and each Authorised Offeror 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 resident of Japan, or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.
		Zero Coupon Notes in definitive form may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of the Issuer or a member firm of Euronext Amsterdam N.V. in full compliance with the Dutch Savings Certificates Act (<i>Wet inzake spaarbewijzen</i>) of 21 May 1985 (as amended) and its implementing regulations. This Base Prospectus (including the relevant Final Terms) has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, this Base Prospectus (including the relevant Final Terms) and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the

		SFA. No Notes linked to collective investment schemes (as defined under the SFA) may be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore.
C.8	The Rights Attaching to the Securities, including Ranking and Limitations to those Rights:	Status of the Notes: The Notes constitute unsecured and unsubordinated obligations of the Issuer and rank <i>pari passu</i> without any preference among themselves and at least <i>pari passu</i> with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future. 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. <i>The Notes are issued in denomination(s) of [•].</i> Negative Pledge: None. Cross Default: None. Taxation: All payments in respect of the Notes will be made without withholding or deduction of taxes unless required by laws, regulations or other rules, or decisions by authorities in the Issuer's jurisdiction. In the event that the Issuer is obliged to effect deductions or withholdings of tax for someone who is not subject to taxation in the Issuer's jurisdiction, the Issuer will pay additional amounts to ensure that, on the due date, the relevant holders of Notes receive a net amount equal to the amount which the holders would have received but for the deductions or withholdings, subject to customary exceptions. Governing Law: One of English law, Finnish law, Swedish law, Danish law or Norwegian law governs the Notes and all non-contractual obligations arising out of or in connection with the Notes, except that (i) the registration of VP Notes in the VP are governed by Danish law; (ii) the registration of VPS Notes in the VPS are governed by Norwegian law; (iii) the registration of Swedish Notes in Euroclear Sweden are governed by Swedish law; and (iv) the registration on Finnish Notes in Euroclear Finland is governed by Finnish law. <i>The Notes are governed by [English law/ Finnish law/ Danish law/ Swedish law/ Norwegian law].</i> Enforcement of Notes in Global Form: In the case of Global Notes, individual investors' rights against the Issuer will be governed by a deed of covenant dated 19 December 2017 (the "Deed of Covenant"), a copy of which will be available for inspection at the specified office of Citibank N.A., London Branch as fiscal agent (the "Fiscal Agent").
C.9	The Rights Attaching to the Securities (Continued), Including Information as to Interest, Maturity, Yield and the	Interest: Notes may be interest bearing or non-interest bearing. Interest (if any) may: • accrue at a fixed rate or a floating rate; • be inflation-protected, whereby the amount of interest payable is linked to a consumer price index or other measure of inflation; • be linked to whether or not a Credit Event occurs in respect of the

	Representative of the Holders:	debt obligations of one or more reference entities ("Credit Linked Note" or "CLN"). A Credit Event is a corporate event which typically makes a creditor of the Reference Entity suffer a loss (e.g. bankruptcy or failure to pay). If a Credit Event occurs in respect of a Reference Entity, the nominal amount used for calculation of the interest payable may be reduced, or interest may cease to be payable. Please refer to Element C.10 for further details; • be cumulative provided certain performance thresholds are reached; • be linked to the performance of a specified reference rate (which may be an interest rate or an inflation measure) during a specified period, as compared to a number of pre-determined strike/barrier levels, with such interest amount also being subject (in certain cases) to caps/floors; • be linked to the performance of one or more baskets of underlying assets (each a "Reference Asset" and together a "Basket") or a specific Reference Asset within the relevant Basket (for example, the worst performing Reference Asset) as compared to a pre-determined strike level; and/or • be linked to the percentage of Reference Assets within the Basket that are above a pre-determined barrier level on each business day up to and including the relevant interest payment date (each an "Interest Payment Date"). The applicable interest rate or its method of calculation may differ from time to time or be constant for any Series of Notes. Notes may have a maximum interest rate, a minimum interest rate, or both. The length of the interest periods for the Notes may also differ from time to time or be constant for any Series of Notes. Notes may also bear interest on the basis of a combination of different structures. <i>Interest Deferral:</i> If Interest Deferral is specified as applicable to the Notes then all payments of interest that would otherwise fall due in accordance with the interest structure(s) applicable to the Notes, shall be deferred until the earlier of the Redemption Date or the Early Redemption Date on which the Notes are redeemed in full. <i>FX Components:</i> If "FX Component (Interest)" is specified as applicable to one or more Interest Amounts on any Interest Payment Dates then the amount of interest for the relevant Interest Payment Date(s), as otherwise determined in accordance with the interest rate structure applicable to the relevant Notes, will be further multiplied by a factor which reflects the variation in one or more foreign exchange rates during the relevant interest period, for the purposes of determining the actual amount of interest that will be payable to holders.
		[The FX Component (Interest) is [applicable to the following Interest Amounts payable on the following Interest Payment Dates: [•] payable on [•]/Not Applicable] [The underlying foreign exchange rate is: [•]] <i>The Notes do not bear interest./The Notes are interest-bearing:</i> <i>Interest basis: [•]</i> <i>Nominal interest rate: [•].</i>

		<i>Interest Commencement Date: [•].</i> <i>Interest Payment Date(s): [•].</i> <i>Interest Deferral: [Applicable/Not Applicable]</i> <i>Description of underlying Reference Rate/Reference Asset(s): [•].</i> <i>Information about the past and further performance of the Reference Rate/Reference Asset(s) can be obtained from: [•].</i> <i>[Margin: +/- [•].]</i> <i>[Maximum Rate of Interest: [•].]</i> <i>[Minimum Rate of Interest: [•].]</i> <i>[Day Count Fraction: [•].]</i> Redemption: Unless otherwise specified, the Issuer will redeem the Notes at their redemption amount (the "Redemption Amount") and on the redemption date(s) (the "Redemption Date") specified in the Final Terms. The Redemption Amount may be a combination of a fixed amount (the "Base Redemption Amount") and one or more additional amounts (an "Additional Amount") determined in accordance with one or more of the performance structures specified in Element C.10. Alternatively, the Redemption Amount may be a fixed value, or determined directly in accordance with one or more of the performance structures specified in Element C.10. The Additional Amount may be added to, or subtracted from, the Base Redemption Amount for the purposes of calculating the Redemption Amount, and may be negative. As a result, a Noteholder may in certain circumstances receive less than the Principal Amount of the Notes upon their final redemption. The Final Terms will specify which of the performance structures is applicable to each Series of Notes. The Additional Amount may be payable on a different date to the Redemption Date (the "Alternative Additional Amount Payment Date") if so specified in the relevant Final Terms. Early redemption of Notes may be permitted: (i) upon the request of the Issuer or the holder of the Notes in accordance with the Conditions, provided that such early redemption is applicable pursuant to the Final Terms, (ii) if the Issuer has or will become obliged to pay certain additional amounts in respect of the Notes as a result of any change in the tax laws of the Issuer's jurisdiction of incorporation or (iii) on a partial basis, following the occurrence of a Credit Event in respect of one or more Reference Entities.
		Where one of the "Autocallable" performance structures applies, if the return generated by the Basket or particular Reference Asset(s) is at or above a pre-determined risk barrier level on any specified date, then the Issuer will redeem the Notes early on the next following early redemption date at an amount equal to the Principal Amount of the Notes. A pre-determined coupon may also be payable, either on the relevant early redemption date or such other date(s) as may be specified in the relevant Final Terms. If expressed to be applicable in the Final Terms, the amount payable upon early redemption (the "Early Redemption Amount") may be reduced by

		an amount determined by the Calculation Agent which is equal to the sums of the costs, expenses, tax and duties incurred by the Issuer in connection with the early redemption. <i>Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at [par/their Redemption Amount of [•] per Calculation Amount/an amount calculated in accordance with the performance structure[s] specified in Element C.10 below/an amount equal to the sum of the Base Redemption Amount of [•] and the Additional Amount[s] calculated in accordance with the performance structure[s] specified in element C.10 below]. [The Notes may be redeemed prior to the scheduled Redemption Date at the option of the Issuer [if the Issuer has purchased at least 80 per cent. by principal amount of the Notes originally issued]/Noteholders]/[The Notes are Autocallable]</i> <i>The Redemption Date is [•]/The Notes are redeemable in Instalments on [•]/The Alternative Additional Amount Payment Date is [•].</i> Issue 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. <i>The Issue Price of the Notes is: [•].</i> Yield: The yield of each Tranche of Notes will be calculated on the basis of the relevant issue price at the relevant issue date. It is not an indication of future yield. <i>Based upon the Issue Price of [•], at the Issue Date the anticipated yield of the Notes is [•] per cent. per annum.</i> Representative of the Noteholders: Not Applicable. There is no representative appointed to act on behalf of the Noteholders. Replacement of Reference Asset, early calculation of the Redemption Amount or the amendment to the Conditions: Where applicable in accordance with the Conditions, the Issuer may replace a Reference Asset, perform an early calculation of the Redemption Amount or make any amendment to the Conditions as the Issuer deems necessary, if certain events occur, including market disruption, hedging disruption, a change in law or market practice, price corrections and other material developments affecting one or more of the underlying Reference Asset(s) or any hedging transaction entered into by one or more members of the Nordea Group in order to hedge the Issuer's obligations in relation to the Notes.
C.10	Derivative Components:	The performance structures described below determine the manner in which the performance of the relevant Reference Asset(s) or Reference Entities affects the Redemption Amount and/or the Additional Amount in respect of the Notes. The Issuer may elect to combine two or more performance structures in any issue of Notes:
		<i>[Performance structures the description of which is not relevant for a particular tranche of Notes should be deleted from the issue-specific summary prepared in relation to the issuance of such tranche of Notes.]</i> ["Basket Long" structure: the Additional Amount is equal to the Principal Amount of the Notes multiplied by (i) an amount that reflects the performance of the Basket (the "Basket Return") and (ii) a ratio which is used to determine the holders' exposure to the performance of the respective Reference Assets (the "Participation Ratio"). The performance of a Reference Asset is determined by reference to the amount by which the final price (the "Final Price") exceeds the initial

		price of the Reference Asset (the "Reference Asset Return"). The Final Price may be determined on the basis of an average value of the Reference Asset during the term of the Notes (i.e. there are several valuation points during the term, each a "Valuation Date"), but it may also be determined on the basis of a single valuation. The Reference Asset Return or Basket Return may also be subject to a floor which acts as a minimum level of performance, or a cap which acts as a maximum level of performance.] [The Reference Asset Return or Basket Return may also be subject to a strike level (the "Strike Level") which sets a minimum threshold for the performance of the relevant Reference Asset or Basket before the holder is able to benefit from the performance of the relevant Reference Asset or Basket.] <i>["Basket Short" structure:</i> the Additional Amount is equal to the Principal Amount of the Notes multiplied by (i) the Basket Return and (ii) the Participation Ratio. If the performance of the Reference Assets within the Basket is positive, this will have a negative impact on the aggregate return generated by the Basket and, therefore, the return that is payable to Noteholders. If the performance of the Reference Assets within the Basket is negative, this will have a positive impact on the aggregate return generated by the Basket and, therefore, the return that is payable to Noteholders. The Reference Asset Return and/or Basket Return may also be subject to a cap or floor as described above.] [Unless otherwise specified, the "Basket Return" used in any of the other performance structures may be calculated either on the "Basket Long" or "Basket Short" basis, as specified in the relevant Final Terms.] <i>[[The Basket Return is determined on the ["Basket Long"/"Basket Short"] basis/The Basket Return is Not Applicable]]</i> <i>["Barrier outperformance" structure:</i> if the performance of the Basket exceeds a specified barrier level, the Additional Amount will be a pre-determined maximum Basket return. If the specified barrier level is not exceeded, the Additional Amount will be zero.] <i>["Barrier underperformance" structure:</i> the performance of the Basket falls below a specified barrier level, the Additional Amount will be a pre-determined maximum Basket return. If the specified barrier level is not breached, the Additional Amount will be zero.] <i>["Best of/Worst of" Barrier Outperformance" Structure:</i> This is the same as the "Barrier Outperformance" Structure, save that the observation of the barrier level and the calculation of the Additional Amount will be determined by reference to the performance of the Nth best performing Reference Asset rather than the Basket as a whole. The Nth best performing Reference Asset will be the Reference Asset with the Nth highest Reference Asset Return, and "N" shall be the numerical value specified in the relevant Final Terms.]
		<i>["Best of/Worst of" Barrier Underperformance" Structure:</i> This is the same as the "Barrier Underperformance" Structure, save that the observation of the barrier level and the calculation of the Additional Amount will be determined by reference to the performance of the Nth best performing Reference Asset rather than the Basket as a whole.] <i>["Autocallable Structure – Long":</i> if the Basket Return is below a pre-determined risk barrier level on any relevant observation date (a "Risk Barrier Observation Date"), the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation

		Ratio and the lower of an amount which reflects the performance of the Basket (the "Basket Return") and the pre-determined maximum basket return (if applicable). If the Basket Return is not below the pre-determined risk barrier level on any Risk Barrier Observation Date, the Additional Amount will be equal to the Principal Amount of the Notes multiplied by the Participation Ratio 2 and the higher of (i) Basket Return and (ii) a pre-determined minimum basket return (if applicable). A Coupon may also be payable (please refer to Element C.9 for details regarding the Coupon). The Notes will also be subject to early redemption if the return generated by the Basket exceeds the relevant call barrier level on any observation date.] <i>["Autocallable Structure – Short": this structure is similar to the "Autocallable Structure – Long", with the difference being that the positive performance of the Reference Assets within the Basket will have a negative impact on the return on the Notes.]</i> <i>["Replacement Basket" structure: the Additional Amount is calculated in a similar manner to the Basket Long structure, with the difference being that the returns generated by the best performing Reference Assets are replaced with a pre-determined value for the purposes of determining the overall performance of the Basket.]</i> <i>["Locally Capped Basket" structure: the Additional Amount is calculated in a similar manner to the Basket Long Structure or the Basket Short structure, with the difference being that the return generated by each Reference Asset is subject to a pre-determined maximum percentage value for the purposes of determining the overall performance of the Basket.]</i> <i>["Rainbow Basket" structure: the Additional Amount is calculated in a similar manner to the Basket Long or Basket Short structure, with the difference being that the weightings of each Reference Asset within the Basket are determined by reference to the relative performance of each Reference Asset. The returns of each Reference Asset are measured separately at maturity and ranked based on the relative performance. The weightings for each Reference Asset will correspond to the weightings set out against the relative ranking in the applicable Final Terms.]</i> <i>["Booster" structures: Booster structures have an enhanced positive or negative return, based on the performance of the underlying Reference Asset(s). The investor's exposure to the performance of the Reference Assets may be increased or decreased through the application of different participation ratios. [In a "Booster Long" Structure, the positive performance of the Reference Assets will have a positive effect on the return on the Notes.][In a "Booster Short" Structure, the positive performance of the Reference Asset will have a negative effect on the return on the Notes.]]</i>

		<i>["Booster Risk Barrier Long" structure: the Additional Amount will depend on the return generated by the Basket as compared to a pre-determined barrier level on any Valuation Date and the initial value of the Basket. If the amount which reflects the performance of the Basket (the "Basket Return") is at or above the initial basket level on the final Valuation Date, the Additional Amount will be calculated by multiplying the principal amount of the Notes by the Participation Ratio and the Basket Return on the final Valuation Date. If the Basket Return is at or above the barrier level on each Valuation Date but below the initial basket level on the final Valuation Date, the Additional Amount will be zero. If the Basket Return is below the barrier level on any Valuation Date and below the initial basket level on the final Valuation Date, the Additional Amount will be calculated by reference to the Basket Return and a different participation ratio, which may result in a Redemption Amount which is less than the Principal Amount. If the performance of a Reference Asset within the Basket is positive, this will have a positive impact on the overall return generated by the Basket. If the performance of a Reference Asset within the Basket is negative, this will have a negative impact on the overall return generated by the Basket and therefore on the Additional Amount.]</i> <i>["Booster Risk Barrier Short" structure: the Additional Amount is calculated in a similar matter to the "Booster Risk Barrier Long" structure. The difference is that where the performance of the Basket is positive, this will have a negative impact on the Additional Amount. If the performance of the Basket is negative, this will have a positive impact on the Additional Amount.]</i> <i>[In respect of Notes issued on the basis of the terms and conditions contained in the base prospectus dated 20 December 2013, and the supplement to the base prospectus dated 14 February 2014 (the "December 2013 Conditions") which are incorporated by reference in this Base Prospectus, the Booster Risk Barrier structures shall be summarised as follows:]</i> • <i>["Booster Risk Barrier Short" structure: the Additional Amount will depend on the return generated by the Basket as compared to a pre-determined barrier level on any Valuation Date and the initial value of the Basket. If the sum of the Basket Return and 1 is at or above the initial basket level on any Valuation Date, the Additional Amount will be calculated by multiplying the principal amount of the Notes by the Participation Ratio and the Basket Return. If the sum of the Basket Return and 1 is at or above the barrier level on all Valuation Dates but below the initial basket level on any Valuation Date, the Additional Amount will be zero. If the sum of the Basket Return and 1 is below the barrier level on any Valuation Date and below the initial basket level on any Valuation Date, the Additional Amount will be calculated by reference to the Basket Return and a different participation ratio, which will result in a Redemption Amount which is less than the Principal Amount. If the performance of a Reference Asset within the Basket is positive, this will have a negative impact on the overall return generated by the Basket. If the performance of a Reference Asset within the Basket is negative, this will have a positive impact on the overall return generated by the Basket and therefore on the amount payable in respect of the redemption of the Notes.]</i>
		• <i>["Booster Risk Barrier Long" structure: the Additional Amount is calculated in a similar matter to the "Booster Risk Barrier Short" structure. The difference is that where the performance of</i>

		a Reference Asset within the Basket is positive, this will have a positive impact on the overall return generated by the Basket. If the performance of a Reference Asset within the Basket is negative, this will have a negative impact on the overall return generated by the Basket and therefore on the amount payable in respect of the redemption of the Notes.] [The Notes [are/are not] issued on the basis of the December 2013 Conditions] ["Twin Win" structure: The Additional Amount is calculated in a manner similar to the Basket Long Structure – if the performance of the Basket is positive the Additional Amount will also be positive. If the performance of the Basket is negative but above a predetermined barrier level, then the Additional Amount will also be positive. If the performance of the Basket is negative but below the relevant barrier level, then the Additional Amount will also be negative and the Redemption Amount may therefore be less than the Principal Amount of the Notes.] ["Bonus Booster Short" structure: the Additional Amount is calculated in a similar manner to the "Booster Risk Barrier Short" structure, with the difference being that if the return generated by the Basket is not below the barrier level on the relevant Valuation Date(s), the Additional Amount will be the higher of (i) a pre-determined coupon level and (ii) an amount calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and the Basket Return. The positive performance of the Reference Assets within the Basket will have a negative impact on the overall return generated by the Basket.] ["Bonus Booster Long" structure: the Additional Amount is calculated in a similar manner to the "Bonus Booster Short" structure. The difference is that where the performance of the Reference Assets within the Basket is positive, this will have a positive impact on the overall return generated by the Basket. If the performance of the Reference Assets within the Basket is negative, this will have a negative impact on the overall return generated by the Basket.] ["Cliquet" structure: the Additional Amount will be based upon the accumulated sum of the relative percentage changes in the underlying Basket for a number of pre-determined valuation periods during the term of the Notes. The following features may also be used: (i) the relative changes in the underlying Basket can be locally capped/floored for each valuation period; (ii) the accumulated sum of the relative changes can be subject to a global cap/floor; and (iii) the product may have a lock-in feature which means that if the cumulative return on any valuation date has reached a pre-determined lock-in level, the additional return will be at least equal to the lock-in level. ["Reverse Cliquet" structure: this is very similar to the "Cliquet" structure but the additional return payable is calculated by subtracting the relative percentage changes in the underlying Basket (for a number of pre-determined valuation periods) from a pre-defined initial coupon.]
		["Replacement Cliquet" structure: this is very similar to the "Cliquet" structure, the difference being that the returns generated by a certain number of the best performing valuation periods are replaced by a pre-defined figure.]
		["Reverse Replacement Cliquet" structure: this is very similar to the "Reverse Cliquet" structure, the difference being that the returns generated by a certain number of the best performing valuation periods are

		replaced by a pre-defined figure.] <i>"Rainbow Replacement Cliquet" structure:</i> the performance of each individual Reference Asset is calculated on the same basis as the "Cliquet" structure. The difference here is that the weighting of each Reference Asset within the basket is determined after the performance of each Reference Asset is known, following the principle that the best performing underlying is given the highest weight and so forth.]] <i>"Reverse Convertible" structure:</i> if the Basket Return is at or above the initial basket level, the Redemption Amount will be equal to the Principal Amount of the Notes. If the Basket Return is below the initial basket level, the Redemption Amount will be equal to the Principal Amount less an amount calculated by multiplying the Principal Amount by the Participation Ratio and the Basket Return, thereby producing a Redemption Amount which is less than the Principal Amount of the Notes. A positive performance of the Reference Assets within the Basket will have a positive effect on the overall return on the Notes, conversely the negative performance of the individual Reference Assets will have a negative effect on the overall return on the Notes.] <i>"Reverse Convertible Risk Barrier" structure:</i> if the [[Basket Return]/[performance by the Basket (the "Basket Return")]] is below the barrier level [[on any Valuation Date]/[at any valuation point (the "Valuation Date")]], and on the final Valuation Date the Basket Return is below the Initial Basket Level, the Redemption Amount will be calculated by multiplying the Principal Amount of the Notes by [[a ratio which is used to determine the holders' exposure to the performance of the respective Reference Assets (the "Participation Ratio")]/[the Participation Ratio]] and the Basket Return and adding the resulting amount to the Principal Amount of the Notes (in this case the Redemption Amount will be less than the Principal Amount of the Notes). Otherwise the Redemption Amount will be equal to the Principal Amount of the Notes. <i>"Best of/Worst of Reverse Convertible" structure:</i> the Redemption Amount is calculated in the same manner as the "Reverse Convertible Risk Barrier" structure, except that the possible negative payout is determined by reference to the performance of the Nth best performing Reference Asset (as opposed to the aggregate performance of the Basket).]] <i>Worst of Call Option:</i> The Worst of Call Option Structure gives the Holder an exposure to the worst performing Reference Asset in the Basket. The Additional Amount payable to the Holder will be the greater of zero, and the Reference Asset Return of the worst performing Reference Asset.] <i>Outperformance Option:</i> Whereas the Additional Amount in relation to a normal Basket structure is dependent on the absolute performance of Basket consisting of one or more Reference Assets, the pay out of an outperformance structure is dependent on the relative performance of two Baskets, not on the absolute performance of either Basket. The structure may compare either two "Basket Long" structures, two "Basket Short" structures or one "Basket Long" structure and one "Basket Short" structure.]

		<i>["Non-Tranched CLN" and "Tranched CLN" structures: the Redemption Amount and, if relevant, interest payments, are based on the weighted losses in the same or different portfolios of Reference Entities as a result of the occurrence of one or more Credit Events. For Tranched CLNs, the occurrence of a Credit Event may have no impact or a more proportional impact on the Redemption Amount and, if relevant, interest payments. The Tranche feature is used to determined the portion of losses to which a Holder will be exposed in the event of a Credit Event affecting one or more Reference Entities.]</i>
		<i>["Nth to Default" and "Nth and Nth+1 to Default" structures: the Redemption Amount and, if relevant, interest payments, are based on the number and the order of Credit Events in the same Reference Entity portfolio. For Nth to Default CLNs, while the occurrence of the N-1 Credit Events has no impact on the Redemption Amount and (if any) interest payments, the Nth Credit Event will have a more than proportional impact on these figures. Similarly, for the Nth and Nth+1 to Default CLNs, the impact of the Nth and Nth+1 Credit Events will have a more than proportional impact.]</i> <i>[Option CLN: the purpose of the structure is to provide exposure to the development of credit risk (i.e. the risk of Credit Events occurring) in a specific market, such as European or US investment grade entities, or high yield borrowers). The exposure is provided through the issuance of Notes which are linked to index CDS spreads (which represent the cost of buying protection against Credit Events affecting the entities comprising the relevant index). Using a single option payout, the Issuer may offer structures whereby the investor will benefit from a directional movement in credit spreads, e.g. either if credit spreads increase above a specified level or decrease below a specified level over the lifetime of the CLN. By combining two option payouts, the Issuer may offer structures where the investor would benefit both if credit spreads increase above a specified level and decrease below a specified level. The Issuers may also offer structures where the investor would benefit from a directional move in credit spreads, but where the potential benefit is limited. e.g. where the investor would benefit if credit spreads decrease down to a certain level, but where a further decrease below that level will not generate any incremental return. By combining three or four option payouts, the Issuers may offer additional structures.]</i> <i>[Mark to Market CDS Structure: The structure provides exposure to the mark-to-market (i.e. termination) value of one or more credit default swaps referencing the Reference Entities, or index of Reference Entities, specified in the applicable Final Terms.]</i> <i>[Digital Long: If the Basket Return on the final Valuation Date exceeds the Basket Strike Level, the Additional Amount will be equal to the Principal Amount of the Notes multiplied by the Coupon. If the Basket Return does not exceed the Basket Strike Level on the final Valuation Date, the Additional Amount will be zero. The positive performance of the Reference Assets will have a positive effect on the return on the Notes.]</i> <i>[Digital Short: If the Basket Return on the final Valuation Date is below the Basket Strike Level, the Additional Amount will be equal to the Principal Amount of the Notes multiplied by the Coupon. If the Basket Return on the final Valuation Date is equal to or above the Basket Strike Level, the Additional Amount will be zero. The positive performance of the Reference Assets will have a negative effect on the return on the Notes.]</i>

		["<i>Best of/Worst of digitals</i>": The Digital Long and Digital Short structures may also be combined with a "Best of/Worst of" feature, whereby the Additional Amount is calculated by reference to the performance of the Nth best performing Reference Asset rather than the Basket as a whole.]
		[<i>Worst of Digital Memory Coupon 1</i>: The Worst of Digital Memory Coupon option is a dependent strip of worst of digital options. The Additional Amount will be equal to the Principal Amount of the Notes multiplied by the Coupon and N. N is the greatest Valuation Date number on which the Reference Asset Return of the worst performing Reference Asset within the Basket is greater than or equal to the relevant barrier level on each Valuation Date up to and including the then current Valuation Date (first valuation date = 1, second = 2 etc).]
		["<i>Series of Digitals</i>": the Redemption Amount is determined by the percentage of Reference Assets within the Basket that are above a pre-determined barrier level on each Valuation Date.] ["<i>Delta 1 Structure</i>": the Redemption Amount will be equal to the redemption proceeds received by the Issuer (or another entity within the Nordea Group) from unwinding a hedge position designed to replicate the risks and returns of a direct investment in the relevant Reference Assets; less (i) a structuring fee payable to the Issuer and (ii) any applicable taxes. A Delta 1 Structure effectively replicates the gains or losses that an investor would realise through a direct holding of the relevant Reference Assets.] ["<i>Inflation Linker</i>": the Redemption Amount will be the Principal Amount of the Notes, multiplied by the higher of a minimum redemption percentage (expressed as a percentage of the principal amount of the Notes) and the result obtained by dividing the Inflation Rate on the final Valuation Date by the Inflation Rate on the initial Valuation Date.] ["<i>Barrier outperformance</i>" structure 2: if the Basket Return on any Valuation Date exceeds the barrier level, the Additional Amount will be calculated as the Principal Amount of the Notes multiplied by the Participation Ratio and multiplied by the higher of the Coupon and the Basket Return. If the sum of the Basket Return and 1 does not exceed the barrier level on any Valuation Date, the Additional Amount will be zero.] ["<i>Barrier Underperformance</i>" structure 2: if the Basket Return on any Valuation Date falls below the barrier level, the Additional Amount will be calculated as the Principal Amount of the Notes multiplied by the Participation Ratio and multiplied by the higher of the Coupon and the Basket Return. If the Basket Return does not fall below the barrier level on any Valuation Date, the Additional Amount will be zero.]
		[<i>Target Volatility Structure</i>: If the Target Volatility Structure is applicable to the Notes, the deemed exposure to the underlying Reference Asset(s) or Basket (the "Exposure") is determined by comparing: (i) the short term historical volatility of the underlying Basket; and (ii) a target volatility level (the "Target Volatility"), subject to a pre-determined cap or floor. When the short-term historical volatility of the underlying Reference Asset(s) or Basket increases, the deemed Exposure to the underlying Reference Asset(s) or Basket decreases, and when the short-term historical volatility of the underlying Reference Asset(s) or Basket decreases, the deemed exposure to the underlying Reference Asset(s) or Basket increases.]

		[<i>Booster Risk Barrier 2</i>: The Booster Risk Barrier 2 structure is a combination of an "at the money" call option, and an "out of the money" put option. The strike price for the call option is set at the prevailing price of the Reference Asset or Basket as at the issue date of the relevant Notes. If the value of the Reference Assets or Basket exceeds a pre-determined barrier level, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return (calculated on the "Basket Long" basis described above). The strike price for the put option is set below the prevailing price of the Reference Asset or Basket at the issue date of the relevant Notes, and so if the value of the Reference Asset or Basket depreciates below the specified barrier level, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio 2 and the Basket Return (calculated on the "Basket Short" basis described above).] [<i>Autocallable Rate Structure</i>: If the value of an underlying Reference Rate either out-performs or under-performs a pre-determined risk barrier level, as specified in the relevant Final Terms (the "Autocall Condition"), the Notes will be subject to early redemption. If the Autocall Condition is not satisfied prior to the final Valuation Date, the Notes will be redeemed on the Redemption Date.] [<i>In and Out Options</i>: the "In" and "Out" option structures are barrier options, which generate an Additional Amount depending on whether or not the Basket Return is above or below a predetermined barrier level specified in the Final Terms (the "Barrier Level"). [[The "Up and In" option structures will generate an Additional Amount linked to the performance of the relevant Basket if the Basket Return is at or above the relevant Barrier Level on any Valuation Date.] [In a "Down and In" option structure, an Additional Amount will be generated if the Basket Return is at or below the relevant Barrier Level on any Valuation Date.] The Additional Amount may be positive or negative depending on whether or not the Option type is a "bought" option or a "sold" option respectively.] [[The "Up and Out" option structures generate an Additional Amount linked to the performance of the relevant Basket if the Basket return is at or below the relevant Barrier Level on all Valuation Dates.] [In a "Down and Out" option structure an Additional Amount will be generated if the Basket Return is at or above the relevant Barrier Level on all Valuation Dates.] The Additional Amount may be positive or negative depending on whether or not the Option type is a "bought" option or a "sold" option respectively.]
		Each of the "In" and "Out" option structures may be based on either an underlying "Basket Long" or "Basket Short" structure. The "In" and "Out" option structures may also pay a fixed rate of return know as a 'coupon' or a 'rebate' in the event that they do not generate an Additional Amount linked to the performance of the relevant Basket. In a "bought" option structure the coupon or rebate will be payable to the Noteholder, whereas in a "sold" option structure the coupon or rebate will be payable by the Noteholder and may therefore result in a negative Additional Amount (which may be deducted from the Base Redemption Amount).]
		[<i>"In" and "Out" Option structure</i>: [In Option- Basket Long/In Option – Basket Short/Out Option – Basket Long/Out Option – Basket Short/Not Applicable] <i>Option Type</i>: [Bought Up and In/Sold Up and In/Bought Down and In/Sold Down and In/Bought up and Out/Sold Up and Out/Bought Down

		<i>and Out/Sold Down and Out/Not Applicable]</i>
		<i>The applicable performance structure(s) is/are: [•].</i> <i>[The underlying Basket Return Structure is the Basket Long/Basket Short Structure]/[Not applicable]</i> <i>FX Components:</i> if FX components are applied to one or more performance structures set out above, the Reference Asset Return, the Additional Amount, the Redemption Amount or the Base Redemption Amount may be adjusted by multiplying them by a factor which reflects the variation in one or more foreign exchange rates during the relevant time periods being measured or observed. If "FX Component- Composite" is specified as applicable in the relevant Final Terms, the adjustment to reflect the relevant exchange rate will be applied before the Strike Level is taken into account when determining the relevant Reference Asset Return. <i>[The FX Component [-Composite] is applicable to the Reference Asset Return/The Additional Amount/The Redemption Amount/The Base Redemption Amount] [The FX Component is Not Applicable]</i> <i>Best of/Worst of Modifier:</i> if the Best Of/Worst Of Modifier is applied to one or more performance structures set out above, then the relevant observations, valuations and calculations of the Additional Amount shall be determined by reference to the performance of the Nth best performing Reference Asset, rather than the Basket as whole. N will be a pre-determined value that is specified in the Final Terms. <i>[The Best of/Worst of Modifier is Applicable and the value of N is: [•]/Not Applicable]</i> <i>Lookback Initial Price Modifier:</i> if the Lookback Initial Price Modifier is applicable to the Notes, the Additional Amount in relation to the Notes will be calculated by reference to either the highest or the lowest Initial Price during the relevant observation period, as specified in the Final Terms. <i>[The Lookback Initial Price Modifier is Applicable/Not Applicable]</i> <i>Lookback Final Price Modifier:</i> if the Lookback Final Price Modifier is applicable to the Notes, the Additional Amount in relation to the Notes will be calculated by reference to either the highest or the lowest Final Price during the relevant observation period, as specified in the Final Terms. <i>[The Lookback Final Price Modifier is Applicable/Not Applicable]</i>
		<i>Lock-in Modifier:</i> if the Lock-in Modifier is applicable to the Notes, the Basket Return shall be replaced by the Lock-in Basket Return for the purposes of calculating the Additional Amount in accordance with one or more of the foregoing performance structure(s). The "Lock-in Basket Return" will be the pre-determined percentage which corresponds to the highest lock in level which is reached or exceeded by the Basket Return on any Valuation Date. <i>[The Lock-in Modifier is Applicable/Not Applicable]</i>
		<i>Combination of Structures:</i> the Issuer may elect to combine one or more of the performance structures described above in relation to a particular issue of Notes. If "Addition" is specified in the Final Terms, the total Additional Amount payable will be equal to the sum of the various Additional Amounts that are applicable, multiplied in each case by a

		percentage which reflects the overall share of the total return which the Issuer intends each performance structure to contribute. If "Subtraction" is specified in the Final Terms, one Additional Amount will be subtracted from another. If "Alternative Calculation" is specified in the Final Terms, the applicable performance structure used to determine the Additional Amount will differ depending on whether or not the Basket Return on a particular Valuation Date has exceeded one or more pre-specified barrier levels, as set out in the relevant Final Terms.
		<i>[Combination of Structures is Not Applicable/Combination of Structures is Applicable and the relevant Performance Structures are listed above. The method of combination is Addition/Subtraction/Alternative Calculation.]</i> Maximum Redemption Amount: If a maximum Redemption Amount is applicable, the Redemption Amount will be the lesser of: (i) the amount calculated on the basis of one or more of the performance structures outlined above, and (ii) a pre-determined maximum redemption amount as specified in the Final Terms. <i>[Maximum Redemption Amount is Not Applicable/The Maximum Redemption Amount is [•]]</i> "Minimum Redemption Amount": if a minimum redemption amount is applicable, the Redemption Amount will be the greater of (i) the amount calculated in accordance with one of the performance structures outlined above and (ii) a pre-determined minimum redemption amount as specified in the Final Terms. <i>[Minimum Redemption Amount is Not Applicable/the Minimum Redemption Amount is [•]]</i> [Maximum and Minimum Redemption Amount: If both a maximum and a minimum Redemption Amount are applicable, the Redemption Amount will be the greater of: (i) the Minimum Redemption Amount and (ii) the lower of (x) the amount calculated on the basis of one or more of the performance structures specified above and (y) the Maximum Redemption Amount.] "Inflation-Protected Principal": if specified as applicable, the Redemption Amount determined in accordance with the performance structures and/or Additional Amount(s) outlined above will be multiplied by the performance of a specified inflation measure, such as the consumer price index, during the term of the Notes. <i>[Inflation-Protected Principal is Applicable/Inflation-Protected Principal is Not Applicable]</i>
		TOM Cumulative Strategy: The TOM Cumulative Strategy replicates an investment in particular Reference Assets (the "Risky Assets") that is only made for a limited time period in each calendar month. At other times the Notes replicate an investment in a time deposit or other fixed income investment. The Final Terms will specify which days in any calendar month will be treated as an investment in the Risky Assets, and which days will be treated as an investment in a fixed income investment (the "Non Risky Assets"), for the purposes of calculating the overall Additional Amount payable in relation to the Notes. The performance of the Risky Assets only, or the performance of both the Risky Assets and the Non Risky Assets (as applicable), may also be averaged across a pre-specified number of calendar months leading up to the Redemption Date in respect of the Notes, in order to reduce the Notes'

		exposure to volatility in the performance of the underlying Reference Assets towards the end of the Notes' term.
		<i>The TOM Cumulative Strategy is [Applicable/Not Applicable]</i> <i>Lock-in Basket Floor:</i> if the Lock-in Basket Floor is applicable to the Notes, then if the Basket Return exceeds the barrier level on any Valuation Date, the Basket Return will be replaced with the higher of the Basket Return and a pre-determined minimum Basket Return for the purposes of determining the Additional Amount in accordance with the relevant performance structure. <i>The Lock-in Basket Floor is [Applicable/Not Applicable]</i>
C.11 C.21	Listing and Trading:	Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Irish Stock Exchange and to listing on the SIX Swiss Exchange. Notes may also be listed for trading on NASDAQ Stockholm, NASDAQ Helsinki, NASDAQ Copenhagen, Oslo Børs, Nordic Growth Market NGM AB – NDX (Nordic Derivatives Exchange) and the regulated market of the Luxembourg Stock Exchange. 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. <i>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 [•].</i>
C.15¹	Value of the Notes and Value of the Underlying:	The value of the Notes will be determined by reference to the value of the underlying Reference Asset(s) and the performance structure(s) applicable to the Notes. Details on the various performance structures and the relationship between the value of the Notes and the value of the underlying in each case are set out in Element C.10. <i>Details of the applicable performance structure(s) and the return on the Notes are set out in Element C.10.</i>
		The structure of the Notes may contain a Participation Ratio or other leverage or gearing factor which is used to determine the exposure to the respective Reference Asset(s), i.e. the proportion of the change in value which accrues to the investor in each individual Note. (The exposure to the relevant Reference Asset(s) may also be affected by the application of the Target Volatility Strategy, as described in element C.10 above). The Participation Ratio is set by the Issuer and is determined by, among other things, the term, volatility, market interest rate and expected return on the Reference Asset. <i>The [indicative] Participation Ratio is: [•]</i> <i>[The [indicative] Participation Ratio 2 is: [•]]</i>
C.16	Exercise Date or Final Reference Date:	Subject to early redemption, the exercise date (or the final Redemption Date) will be the maturity date of the Notes. <i>The maturity date of the Notes is: [•]</i>

¹ Elements c.15-20 (inclusive) should be deleted in the case of a straight debt issuance.

C.17	Settlement Procedure:	The date(s) upon which the performance of a Reference Asset is measured or observed ("Valuation Date(s)") or the "Observation Date(s)") will be set out in the relevant Final Terms, and may consist of multiple dates ("Averaging Dates") on which the performance is observed and averaged for the purpose of calculating the return on the Notes. <i>[The Valuation Date(s) [and the related Averaging Dates] are: [•]]</i> <i>[The Observation Date(s) [and the related Averaging Dates] are: [•]]</i> Settlement of any Notes that are represented by a Global Note shall take place on the relevant payment date and will be effected by the Issuer paying the applicable amounts of principal and/or interest to the relevant Paying Agents for onward transmission to Euroclear and Clearstream, Luxembourg. Investors will receive their redemption monies through their accounts in Euroclear and Clearstream, Luxembourg in accordance with the standard settlement procedures of Euroclear and Clearstream, Luxembourg. In respect of Notes that are in definitive form, payment of the Redemption Amount (or Early Redemption Amount, if applicable) will be made against presentation and surrender of the individual Note at the specified office of any paying agent or registrar. Settlement of VP Notes shall take place in accordance with the VP Rules, settlement of VPS Notes shall take place in accordance with the VPS Rules, settlement of Swedish Notes shall take place in accordance with the Euroclear Sweden Rules and settlement of Finnish Notes shall take place in accordance with the Euroclear Finland Rules. <i>Settlement of the Notes shall take place: [•]</i>
C.18	The Return:	The return or Redemption Amount that is payable to investors will be determined by reference to the performance of the underlying Reference Assets/Entities within a particular interest structure or performance structure that is applicable to the Notes. Details on the various interest and performance structures are set out in elements C.9 and C.10. <i>Details of the applicable interest and performance structure(s) and the return on the Notes are set out in Elements C.9 and C.10.</i>
C.19	Exercise Price or Final Reference Price:	The final reference price of the relevant Reference Asset(s) will have an impact on the Redemption Amount that is payable to investors. The final reference price will be determined on the applicable Valuation Date(s) set out in the relevant Final Terms. <i>The final reference price of the Reference Assets will be calculated as the [closing price]/[average of the closing prices] as published by [•] on each of the [•], [•] and [•].</i>
C.20	Type of Underlying:	The underlying may constitute one or a combination of the following: equities, indices, reference entities, interest rates, funds, commodities or currencies. <i>The type of underlying is: [•].</i>

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: <i>Risks relating to current macroeconomic conditions</i> In recent years, the global financial markets have experienced significant disruptions and volatility. Risks related to the economic development in Europe have also had and, despite the recent periods of moderate stabilisation, may continue to have, a negative impact on global economic activity and the financial markets. If these conditions continue to persist, or should there be any further turbulence in these or other markets, this could have a material adverse effect on the Nordea Group's ability to access capital and liquidity on financial terms acceptable to the Nordea Group. Further, any of the foregoing factors could have a material adverse effect on the Nordea Group's business, financial condition 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 Russia and the Baltic countries. Adverse economic developments 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. <i>Risks relating to the Nordea Group's credit portfolio</i> 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.

		<i>Risks relating to market exposure</i> The fair value of financial instruments held by Nordea Group is sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. If the Nordea Group would be required to recognise write-downs or realise impairment charges, this could have a material adverse effect on the Nordea Group's business, financial condition and results of operations. 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 conditions and result of operations. 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. 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 its liabilities that fund them, there can be no assurances that the Nordea Group will be able to successfully hedge some or all of its currency risk exposure. <i>Risks relating to liquidity and capital requirements</i> 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 the capital adequacy ratios it is required to maintain under the legislative package comprising Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 and any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer or the Nordea Group and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer or the Nordea Group (on a solo or consolidated basis, as the case may be) to the extent required by Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof) ("CRD IV") are reduced or perceived to be inadequate. 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.

		<i>Other risks relating to the Nordea Group's business</i> 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 Russia and, to a lesser extent, also in 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. 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 Nordea Group's performance is, to a large extent, dependent on the talents and efforts of highly skilled individuals, and the continued ability of the Nordea Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. New regulatory restrictions, such as the limits on certain types of remuneration paid by credit institutions and investment firms set forth in CRD IV, could adversely affect the Nordea Group's ability to attract new employees and retain and motivate existing employees. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future could have an adverse effect on the Nordea Group's business. 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. <i>Risks relating to the legal and regulatory environments in which the Nordea Group operates</i> The financial services industry, including the Nordea Group, operates under an extensive regulatory regime. The Nordea Group is subject to laws and regulations, administrative actions and policies as well as related oversight from the local regulators in each of the jurisdictions in which it has operations. These laws and regulations, administrative actions and policies are subject to change and may from time to time require significant costs to comply with. In addition, there is uncertainty with respect to the regulatory framework that will be applied to the Nordea Group following the implementation of the proposed Merger, including but not limited to the detailed regulatory capital requirements that the Nordea Group will be required to comply with.

		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. Furthermore, the EU has introduced a recovery and resolution framework for credit institutions and investment firms, which includes a so-called "bail-in" system, as well as a single supervisory mechanism and a full banking union in the euro area. The Swedish capital adequacy framework is based on the CRR and CRD IV. The capital and regulatory framework to which the Nordea Group is subject imposes certain requirements for the Nordea Group to hold sufficient levels of capital, including common equity tier 1 (CET1) capital, leverage and additional loss absorbing capacity (including MREL and TLAC). A failure to comply with such requirements, as the same may be amended from time to time, may result in restrictions on Nordea's ability to make discretionary distributions in certain circumstances. To ensure that banks always have sufficient loss-absorbing capacity, the Swedish Resolution Act provides for the Swedish resolution authority to set minimum requirements for own funds and eligible liabilities ("MREL") for each institution, based on, among other criteria, its size, risk and business model. On 9 November 2015, the Financial Stability Board (the "FSB") published its final principles for Total Loss Absorbing Capacity ("TLAC"), which set a standard for G-SIBs that conceptually correspond with the MREL requirements. The FSB's standard seeks to ensure that G-SIBs will have sufficient loss-absorbing capacity available in a resolution of such an entity in order to minimise any impact on financial stability, ensure the continuity of critical functions and avoid exposing taxpayers to loss. As it is difficult to predict the effect MREL and/or TLAC may have on the Nordea Group until MREL and TLAC requirements have been fully implemented, there is a risk that the requirements of MREL and/or TLAC could require the Nordea Group to issue additional MREL and TLAC eligible liabilities in order to meet the new requirements within the required timeframes and to hold additional funds and/or eligible liabilities in order to satisfy the MREL and/or TLAC requirements set for the Nordea Group, which may increase its compliance costs, delay, limit or restrict the execution of its strategy and may have a material adverse effect on the Nordea Group's capital structure as well as on its business, financial condition and results of operations. MREL and TLAC requirements are expected to have an impact across the market, including potentially adversely affecting the credit rating of the securities issued by the Nordea Group and its competitors, and there is a risk that the relative impact may give rise to a reduction in the competitiveness of the Nordea Group. In the ordinary course of its business, the Nordea Group is subject to regulatory oversight and liability risk. There can be no assurances that breaches of regulations by the Nordea Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred. The Nordea Group is involved in a variety of claims, disputes, legal proceedings and investigations in jurisdictions where it is active. These types of claims, disputes, legal proceedings or investigations expose the Nordea Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, criticism 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 tax position of the Nordea Group. Changes in the accounting policies or accounting standards applicable to the Nordea Group could materially affect how it reports its financial condition and results of operations. <i>There are risks and uncertainties associated with the proposed re-domiciliation and related Merger, and a failure to complete or a significant delay in completing the proposed Merger could adversely affect the Nordea Group's business, results of operations and financial condition</i> The Board of Directors of the Issuer has decided to initiate a re-domiciliation of the parent company of the Nordea Group from Sweden to Finland. The re-domiciliation is intended to be carried out through the Merger, that is, as a cross-border reversed merger by way of absorption through which the Issuer, the current parent company of the Nordea Group, will be merged into Nordea Holding Abp, a newly established subsidiary of the Issuer in Finland. The proposed merger is subject to certain risks and uncertainties, including the potential inability of the Nordea Group to obtain the necessary shareholder and regulatory approvals, required licences or satisfactory outcomes of the discussions with regulators and authorities, including local financial supervisory authorities and tax authorities, as well as the uncertainty related to the regulatory framework that would be applied to the Nordea Group following the implementation of the Merger. There can be no assurances that the re-domiciliation and the proposed Merger, including a failure to complete the proposed Merger or a delay in completing the proposed Merger, would not adversely affect the Nordea Group's business, results of operations and financial condition or the interests of Noteholders, including the value of the Notes. In addition a failure to complete or a significant delay in completing the actions carried out as part of the remediation process related to the re-domiciliation and proposed Merger could delay the completion, or lead to the failure, of the proposed Merger and adversely affect the Nordea Group's business, results of operations and financial condition.
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: <i>[Risk factors which are not relevant for a particular tranche of Notes should be deleted from the issue-specific summary prepared in relation to the issuance of such tranche of Notes.]</i> • <i>Complexity of the product</i> – the performance structure for structured Notes is sometimes complex and may contain mathematical formulae or relationships which, for an investor, may be difficult to understand and compare with other investment alternatives. In addition, the relationship between yield and risk may be difficult to assess. • <i>[Notes which are not principal protected</i> – Notes that are not principal protected may be issued under the Programme. If the Note is not principal protected, there is no guarantee that the return that an investor receives on the Notes upon their redemption will be greater than or equal to the principal amount.] • <i>Pricing of structured Notes</i> – the pricing of structured notes is normally decided by the Issuer rather than being determined on

		the basis of negotiated terms. There may, therefore, be a conflict of interest between the Issuer and the investors, to the extent that the Issuer is able to influence pricing and is looking to make a gain or avoid a loss in relation to the underlying Reference Assets. The final coupon rate may also differ from any indicative coupon rate (which is based on the market conditions). • <i>Performance of the Reference Assets</i> – with structured Notes, the Noteholder's right to yield and sometimes the repayment of principal depends on the performance of one or more Reference Assets and the applicable performance structure. The value of a structured Note will be affected by the value of the Reference Assets at specific points during the term of the relevant Notes, the intensity of the price fluctuations of the Reference Asset(s), expectations regarding future volatility, market interest rates and expected distributions on the Reference Asset(s). The value of Notes can fluctuate above or below their issue price during the lifetime of such Notes.
		• <i>Currency fluctuations.</i> Foreign exchange rates may be affected by complex political and economic factors, including relative rates of inflation, interest rate levels, the balance of payments between countries, the extent of any governmental surplus or deficit and the monetary, fiscal and/or trade policies pursued by the governments of the relevant currencies. Currency fluctuations may affect the value or level of the Reference Assets in complex ways. If such currency fluctuations cause the value or level of the Reference Assets to vary, the value or level of the Notes may fall. If the value or level of one or more Reference Asset(s) is denominated in a currency that is different from the currency of the Notes, investors in the Notes may be subject to increased foreign exchange risk. Previous foreign exchange rates are not necessarily indicative of future foreign exchange rates. The Issuer will pay principal and interest on the Notes in the specified currency of the Notes. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a different currency. • <i>[Equities as Reference Assets</i> – equity-linked Notes are not sponsored or promoted by the issuer of the equities. The equity issuer does not, therefore, have an obligation to take into account the interests of the investors in the Notes and so the actions of such equity issuer could adversely affect the market value of the Notes. The investor in the Notes is not entitled to receive any dividend payments or other distributions to which a direct holder of the underlying equities would otherwise be entitled.] • <i>[Indices as Reference Assets</i> – Notes that reference indices as Reference Assets may receive a lower payment upon redemption of such Notes than an investor would have received if he or she had invested directly in the equities/assets that comprise the index. The sponsor of any index can add, delete, substitute components or make methodological changes that could affect the level of such index and hence the return that is payable to investors in the Notes. The Nordea Group may also participate in creating, structuring and maintaining index portfolios or strategies and for which it may act as index sponsor (collectively, "Proprietary Indices"). The Issuers may therefore face conflicts of interest between their obligations as the Issuer of such Notes and their role (or the role of their affiliates) as the composers,

		promoters, designers or administrators of such indices.] • [Commodities as Reference Assets – trading in commodities is speculative and may be extremely volatile as commodity prices are affected by factors that are unpredictable, such as changes in supply and demand relationships, weather patterns and government policies. Commodity contracts may also be traded directly between market participants "over-the-counter" in trading facilities that are subject to minimal or no substantive regulation. This increases the risks relating to the liquidity and price histories of the relevant contracts. Notes that are linked to commodity future contracts may provide a different return than Notes linked to the relevant physical commodity, as the price of a futures contract on a commodity will generally be at a premium or at a discount to the spot price of the underlying commodity.]
		• [Exposure to a basket of Reference Assets – where the underlying is to one or more baskets of Reference Assets, the investors bear the risk of the performance of each of the basket constituents. Where there is a high level of interdependence between the individual basket constituents, any move in the performance of the basket constituents will exaggerate the performance of the Notes. Moreover, a small basket or an unequally weighted basket will generally leave the basket more vulnerable to changes in the value of any particular basket constituent. Any calculation or value that involves a basket with "best of" or "worst of" features may produce results that are very different to those that take into account the performance of the basket as a whole.]
		• [Credit-Linked Notes – an investment in credit-linked Notes entails exposure to the credit risk of a particular Reference Entity or basket of Reference Entities in addition to that of the Issuer. A fall in the creditworthiness of a Reference Entity can have a significant adverse impact on the market value of the related Notes and any payments of principal/interest due. Upon the occurrence of a Credit Event, the Issuer's obligation to pay principal may be replaced by an obligation to pay other amounts calculated by reference to the value of the Reference Entity. As none of the Reference Entities contributed to the preparation of the Base Prospectus, there can be no assurance that all material events or information regarding the financial performance and creditworthiness of Reference Entities have been disclosed at the time the Notes are issued.] • [Automatic early redemption – certain types of Notes will be automatically redeemed prior to their scheduled maturity date if certain conditions are met. In some circumstances, this may result in a loss of part or all an investor's investment.] • [Notes subject to optional redemption by the Issuer – an optional redemption feature is likely to limit the market value of the Notes.] • [Notes issued at a substantial discount or premium – the market value of Notes of this type tends to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.] • No active trading market for the Notes – The Notes will be new securities which may not be widely distributed and/or may be unlisted and therefore may not have an active trading market. While Nordea may offer to buy-back unlisted Notes prior to their

		maturity under normal market conditions, the price at which such Notes are bought back will depend upon a number of factors. Nordea may suspend any buy-back of Notes in case of unstable market conditions. The lack of an active trading market may result in reduced liquidity for the Notes, with the result that the investor may have to hold such Notes until they are redeemed. • <i>Risks relating to market disruption and extraordinary events</i> – Reference Assets may be affected by disruption to their normal trading markets, or extraordinary events such as delisting, nationalisation, bankruptcy, liquidation or dilutive events affecting the relevant Reference Asset. For all structured Notes, events such as changes in the law or increased costs for risk management may arise. If so, the Issuer may, at its sole discretion, make any adjustments in the composition of the assets and the calculation of the yield or value of Notes or replace one Reference Asset with another Reference Asset, as the Issuer deems necessary. There are also certain risks relating to the Notes generally, such as modification and waivers and change of law.
D.6	Risk Warning:²	An investment in relatively complex securities such as the Notes involves a greater degree of risk than investing in less complex securities. In particular, in some cases, investors may stand to lose the value of their entire investment or part of it, as the case may be.

² To be deleted in the case of a straight debt issuance.

Section E - Offer		
E.2b	Reasons for the Offer and Use of Proceeds:	Unless otherwise specified, the net proceeds of any issue of Notes will be used for the general banking and other corporate purposes of the Issuers and the Nordea Group. <i>[The net proceeds of the issue will be used for: [•]]</i>
E.3	Terms and Conditions of the Offer:	Any investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation and settlement arrangements. <i>[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.]/Not Applicable – there will be no Public Offer of the Notes.]</i> <i>[The Notes will initially be created and held by the Issuer for its own account, in order that they are available for resale to prospective investors from time to time. The Notes will be offered for purchase over the relevant securities exchange at the price that is the official price quoted on the securities exchange from time to time.]</i>
E.4	Interests Material to the Issue:	Authorised Offerors and other third party distributors may be paid fees in relation to the issue of the Notes under the Programme. <i>So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer./ [•].</i>
E.7	Estimated Expenses:	In connection with the issuance of Notes, the Issuer may incur costs for, among other things, production, distribution, licences, stock exchange listing and risk management. These costs will be reflected in the purchase price charged by the Issuer to the relevant purchaser, distributor or Authorised Offeror (as applicable). Other Authorised Offerors may, however, charge expenses to investors. Any expenses chargeable by an Authorised Offeror to an investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer. Such expenses (if any) will be determined on a case by case basis. <i>[Other than [specify relevant fees and expenses],] No expenses are being charged to an investor in the Notes by the Issuer [or any Authorised Offeror]./The Authorised Offeror(s) will charge expenses to investors. The estimated expenses chargeable to investors by the Authorised Offeror(s) are [•].</i>

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 deems 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 are exhaustive.

Risks Relating to Current Macroeconomic Conditions

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

In recent years, the global financial markets have experienced significant disruptions and volatility as a result of, among other things, concerns regarding the overall stability of the euro area, fears related to a slowdown of the Chinese economy and uncertainty relating to the timing of monetary policy changes in the United States. In Europe, the continued modest GDP growth and low inflation have raised concerns, as evidenced by the quantitative easing programme introduced by the European Central Bank in January 2015 and its subsequent expansion and extension to December 2017, and the uncertainty over the continued weak economic development of certain countries in the euro area in particular Greece and Italy, and their remaining members of the euro area has continued. The market conditions have also been, and are likely to continue to be, affected by China's economic slowdown and increasing debt levels in China, the prospect of additional interest rate hikes in the United States and the significant decline and volatility in global oil prices. Geopolitical events, such as continued tensions in the Middle East, eastern Ukraine and the Korean Peninsula, the United Kingdom's decision to withdraw from the EU and the results of the U.S. presidential election and subsequent changes in certain policy goals of the U.S. Government have also caused, and are likely to continue to cause, uncertainty in the markets and concern about the development of the global economy. There can also be no assurances that a potential tightening of liquidity conditions in the future as a result of, for example, further deterioration of public finances of certain European countries will not lead to new funding uncertainty, resulting in increased volatility and widening credit spreads. Risks related to the economic development in Europe have also had and, despite the recent periods of moderate stabilisation, may continue to have, a negative impact on global economic activity and the financial markets. If these conditions continue to persist, or should there be any further turbulence in these or other markets, this could have a material adverse effect on the Nordea Group's ability to access capital and liquidity on financial terms acceptable to the Nordea Group. 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 Russia and the Baltic countries. In recent years, 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. In 2014, the Nordic economies, in general, developed positively, with stronger growth experienced in Sweden and Norway, albeit, in the case of Norway, with concerns about the effects of lower oil prices on the local economy. The growth in Denmark remained at a lower level while growth in Finland was subdued in 2014 and followed the more mixed picture seen in the euro area. In 2015, the Swedish economy grew in excess of 3 per cent. In Denmark, the economy experienced firm growth in the beginning of 2015 but the growth slowed somewhat in the second half of 2015. The Norwegian economy grew in the first part of 2015 but was increasingly impacted by the accelerated deterioration in oil prices later in the year. The Finnish economy remained more subdued in 2015, with growth rates fluctuating between positive and negative over the year. In 2016, the development of the Nordic economies was characterised by divergence. In Sweden, the development continued to be strong with growth again exceeding 3 per cent. In Denmark, the economy initially grew steadily but slowed somewhat in the second half of 2016. Still, the full-year development was positive, continuing the gradual improving trend. In 2016, Norway's economy initially maintained growth but was gradually adversely impacted following the deterioration in oil prices. Even though the Finnish economy grew in 2016, the economic picture in Finland remained more muted with growth rates fluctuating between positive and negative over the quarters. In recent years, the Russian economy has been negatively impacted by the crisis in the region of Crimea and eastern Ukraine. Adverse economic developments 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.

Accommodative monetary policies, in particular low interest rate levels, in the countries where the Nordea Group operates have recently also had, and are expected to continue to have, an impact on the Nordea Group's business, financial condition and results of operations. In the last three years, the European Central Bank and local central banks have reduced interest rates to record lows, with interest rates reaching negative levels in many countries, including Denmark, Sweden and the euro countries. Any further reductions in interest rates or a prolonged period of low interest rates may result in a decrease in the net interest margin of the Nordea Group, which, in turn, could have a material adverse effect on the Nordea Group's business, financial condition and results of operations. See also "— Risks Relating to Market Exposure — The Nordea Group is exposed to structural market risk — Structural Interest Rate Risk" below.

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, the significant decline in global oil prices in the second half of 2015 and the resulting challenging operating environment negatively affected the shipping and offshore sector in 2016. The ability of the Nordea Group's borrowers may also be affected by foreign exchange risk to the extent their loans are denominated in a currency other than the currency they earn their main income in. See also "—Risks Relating to Macroeconomic Conditions— 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" above and "—Risks Relating to the Legal and Regulatory Environments in which the Nordea Group Operates—Changes in the Nordea

Group's accounting policies or in accounting standards could materially affect how it reports its financial condition and results of operations" and "—Other Risks Relating to the Nordea Group's Business—The Nordea Group is subject to a variety of risks as a result of its operations, in particular in Russia and the Baltic countries" below. 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 after 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. 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 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, equity investments, cash in various currencies, investments in private equity, hedge and credit funds, commodities and 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 uncertain and which may change over time or may 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 exposure amount, 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.

The Nordea Group is also subject to foreign exchange risk in connection with its non-euro denominated funding arrangements. While the Nordea Group generally follows a policy of hedging its foreign exchange risk, including by seeking to match the currency of its assets with the currency of the liabilities that fund them and by entering into hedging arrangements with respect to currency exposures, there can be no assurances that the Nordea Group will be able to successfully hedge some or all of this currency risk exposure or that it will in all instances be feasible for the Nordea Group to hedge such 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.

The Nordea Group is required to maintain certain capital adequacy ratios pursuant to European and Swedish legislation. The Basel Committee on Banking Supervision (the "**BCBS**") proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks, the principal elements of which are set out in its papers released on 16 December 2010 (together with a 13 January 2011 press release setting out minimum requirements for additional tier 1 and tier 2 instruments to ensure loss absorbency at the point of non-viability, "**Basel III**"). Basel III has been implemented in the European Economic Area ("**EEA**") by way of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "**Capital Requirements Directive**" or "**CRD**") and the direct application of a European Parliament and Council regulation (the "**CRR**") in each member state of the EEA (the Capital Requirements Directive together with the CRR, "**CRD IV**"). After various delays, CRD IV was adopted in June 2013. The CRR has applied in all Member States from 1 January 2014 and Swedish legislation implementing the CRD entered into force in August 2014.

Local regulators 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 concerns over global and local economic conditions or, in the case of institution-specific capital requirements, over the financial position of an institution. Any such requirements, or perception by debt and equity investors, analysts or other market professionals that the capital buffers should be higher, 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, such as changes in risk weights assigned to asset classes, fluctuations 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 REA, 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—Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes*" below.

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

There can be no assurances that Nordea or its mortgage subsidiaries will be able to maintain their current ratings, or that Nordea Holding Abp that is the future parent company of the Nordea Group upon the completion of the proposed Merger will be assigned the same credit rating that is currently assigned to Nordea, or that the Nordea Group can retain current ratings on its debt instruments. A reduction in the current long-term ratings of Nordea or one of its mortgage subsidiaries, or a lower than expected credit rating assigned to Nordea Holding Abp, may increase their 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, IT and other systems (including the implementation of new systems and platforms), licenses 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 fulfill 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.

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.

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

The Nordea Group's operations in Russia and, to a lesser extent, also in 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, the crisis in the region of Crimea and eastern Ukraine that commenced in early 2014 and related events, such as the sanctions imposed by the United States and the EU against Russia, have had an adverse effect on the economic climate in Russia. Should the crisis in these regions continue or new or escalated tensions between Russia and Ukraine or other countries emerge, or should additional economic or other sanctions in response to such crises or tensions be imposed, this could have a further adverse effect on the economies in Russia, neighboring regions and other countries. Risks related to operating in Russia and the Baltic countries 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. For a discussion of the Nordea Group's agreement to combine its operations in Estonia, Latvia and Lithuania into a new bank with DNB ASA ("**DNB**"), see "*The Nordea Group — Legal Structure*".

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. New regulatory restrictions, such as the limits on certain types of remuneration paid by credit institutions and investment firms set forth in CRD IV, could adversely affect the Nordea Group's ability to attract new employees and retain and motivate existing employees. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future could have an adverse effect on the Nordea Group's business.

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 extensive regulation that is subject to change.

The financial services industry, including the Nordea Group, operates under an extensive regulatory regime. The Nordea Group is subject to laws and regulations, administrative actions and policies as well as related oversight from the local regulators in each of the jurisdictions in which it has operations. These jurisdictions include Sweden, where the Nordea Group's parent company Nordea Bank is based, Denmark, Finland, Norway, Russia, China, Germany, Luxembourg, Poland, Singapore, the United Kingdom and the United States. The Nordea Group is classified as a global systemically important institution and will, assuming the completion of the proposed Merger, also be under the direct supervision, and subject to the regulations, of the ECB as a result of the size of its assets. These laws and regulations, administrative actions and policies are subject to change and may from time to time require significant costs to comply with. In addition, there is uncertainty with respect to the regulatory framework that will be applied to the Nordea Group following the implementation of the proposed Merger, including but not limited to the detailed regulatory capital requirements that the Nordea Group will be required to comply with.

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 and Russia, 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 Russia, 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 proposed and taken to amend or implement rules and regulations, which have had, or could likely 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 transactions tax in the euro area. Most recently, the Swedish Government has presented proposals for increases in the level of resolution fees and deposit guarantee fees payable by Swedish banks, including Nordea Bank. While the Nordea Group would not be subject to the increased Swedish resolution fees after the completion of the proposed Merger and re-domiciliation to Finland, it would be required to make Swedish resolution fee payments reflecting the increased rates for the time that Nordea Bank AB remains domiciled in Sweden.

Following a period of significant post-crisis regulatory initiatives in the United States, the U.S. government has after the recent presidential election expressed policy goals with respect to a financial regulatory reform that could reduce certain restrictions introduced in connection with the implementation of these initiatives. Should such reform take place, it could improve the competitive position of U.S. based financial institutions compared to institutions based in jurisdictions with stricter regulatory requirements.

Regulatory developments such as these or any other requirements, restrictions, limitations on the operations of financial institutions and costs involved or unexpected requirements under, or uncertainty with respect to, the regulatory framework to be applied to the Nordea Group after the proposed Merger, 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.

CRD IV sets higher capital and liquidity requirements on banks, that are required, among other things, to hold more common equity tier 1 capital. Further, the Swedish Ministry of Finance, the Swedish Financial Supervisory Authority ("**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 systemically important banks, which include the Nordea Group. These higher standards have been applicable from 1 January 2015. The higher capital requirements, continuing regulatory developments and higher demands on liquidity will likely result in the Nordea Group, similar to 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, the EU has introduced a recovery and resolution framework for credit institutions and investment firms, which includes a so-called "bail-in" system, as well as a single supervisory mechanism and a full banking union in the euro area. These new requirements, other proposals and supervisory structures may impact existing business models. See also "*—Recent regulatory actions may affect the Nordea Group's funding needs*" below.

CRD IV introduces capital requirements that are in addition to the minimum capital ratio.

The capital and regulatory framework to which the Nordea Group is, and will be, subject imposes certain requirements for the Nordea Group to hold sufficient levels of capital, including common equity tier 1 (CET1) capital and additional loss absorbing capacity (including MREL and TLAC (as defined below)). A failure to comply with such requirements, as the same may be amended from time to time, may result in restrictions on the Issuer's ability to make discretionary distributions in certain circumstances. As of the date of this Base Prospectus, there is uncertainty with respect to the regulatory framework that will be applied to the Nordea Group following the implementation of the proposed Merger discussed under "*The Nordea Group—Legal Structure—Re-domiciliation and Merger*", including but not limited to the detailed regulatory capital rules and that the Nordea Group will be required to comply with (see also "*—The Nordea Group is subject to extensive regulation that is subject to change*" above).

CRD IV imposes certain restrictions, among others, on institutions that fail to meet the "combined buffer requirement", as described in further detail below. Under the CRR, institutions are required to hold a minimum amount of regulatory capital of 8.0 per cent. of the risk exposure amount. In addition to this minimum requirement, supervisors may add extra capital to cover other risks (thereby increasing the regulatory minimum required under CRD IV) and the Nordea Group may also decide to hold an additional amount of capital. CRD IV also introduces capital buffer requirements that are in addition to the minimum capital requirement and required to be met with common equity tier 1 (CET1) capital.

As the Nordea Group is classified by the FSB (as defined below) as a globally systematically important bank ("**G-SIB**"), it is expected, following the completion of the proposed Merger, to be required by the Finnish Financial Supervisory Authority (the "**FFSA**") to comply with the buffer requirement for systematically important institutions as set out in the Finnish legislation. Pursuant to the Finnish Act on Credit Institutions (*Fi: laki (610/2014) luottolaitostoiminnasta*) (the "**Finnish Act on Credit Institutions**"), the buffer for G-SIBs is to be set at a level between 1.0 per cent. and 3.5 per cent. As of the date of this Base Prospectus, there is no systemic risk buffer in place in Finland. However, according to the recent governmental proposal, a systemic risk buffer of 1 per cent. to 5 per cent. is expected to be applicable from 1 January 2018 onwards, subject to a parliamentary approval of the proposed amendment.

Recent regulatory actions may affect the Nordea Group's funding needs.

MREL/TLAC

The Bank Recovery and Resolution Directive 2014/59/EU ("**BRRD**") was implemented in Sweden on 1 February 2016 through the Swedish Resolution Act (the "**Resolution Act**") and in Finland on 1 January 2015 through the Act on Resolution of Credit Institutions and Investment Firms (*Fi: laki (1194/2014) luottolaitosten ja sijoituspalveluyritysten kriisinratkaisusta*) (the "**Finnish Resolution Act**") and the Act on Financial Stability Authority (*Fi: laki (1195/2014) rahoitusvakausviranomaisesta*). Nordea operates under the BRRD. To ensure that banks always have sufficient loss-absorbing capacity, the Resolution Act provides for the Swedish resolution authority to set minimum requirements for own funds and eligible

liabilities ("**MREL**") for each institution, based on, among other criteria, its size, risk and business model.

Total Loss-Absorbing Capacity

On 9 November 2015, the Financial Stability Board (the "**FSB**") published its final principles for Total Loss Absorbing Capacity ("**TLAC**"), which set a standard for global systemically important banks ("**G-SIBs**") that conceptually correspond with the MREL requirements. The FSB's standard seeks to ensure that G-SIBs will have sufficient loss-absorbing capacity available in a resolution of such an entity in order to minimise any impact on financial stability, ensure the continuity of critical functions and avoid exposing taxpayers to loss. The FSB's standard also includes a specific term sheet for total loss-absorbing capacity, which attempts to define an internationally agreed standard. As of the date of this Base Prospectus, the EU is working towards implementing the TLAC standard in EU legislation. In particular, the European Commission has proposed to incorporate TLAC into the capital requirements framework as an extension to the own funds requirements and as part of the November 2016 Proposals (as defined below).

The FSB's standard requires all G-SIBs to meet a TLAC requirement of at least 16 per cent. of risk-weighted assets as from 1 January 2019 and at least 18 per cent. from 1 January 2022. This does not include any applicable regulatory capital (Basel III) buffers which must be met in addition to the TLAC minimum (see "*—CRD IV introduces capital requirements that are in addition to the minimum capital ratio*" above). The minimum TLAC must be at least 6 per cent. of the Basel III leverage ratio denominator as from 1 January 2019 and 6.75 per cent. as from 1 January 2022. The standard also requires that G-SIBs pre-position some of such loss-absorbing capacity amongst material subsidiaries on an intra-group basis. Based on the most recently updated FSB list of G-SIBs published in November 2016, Nordea constitutes a G-SIB. The TLAC standard is not directly applicable to Swedish or Finnish banks pending the EU implementation of the standards. The local resolution authority may, however, set MREL requirements aligned with the TLAC requirements.

According to the FSB standard, there is a particular need to ensure that authorities possess the necessary legal powers to expose the TLAC-eligible instruments to loss and that they can exercise their powers without material risk of successful legal challenge or giving rise to compensation costs under the "no creditor worse off than in liquidation" ("**NCWOL**") principle. Similarly, authorities must be confident that the holders of these instruments are able to absorb losses in a time of stress in the financial markets without spreading contagion and without necessitating the allocation of loss to liabilities where that would cause disruption to critical functions or significant financial instability. TLAC-eligible instruments should, therefore, not include operational liabilities on which the performance of critical functions depends, and TLAC should be subordinated in some way to those operational liabilities. Any instruments or liabilities that cannot be written down or converted into equity by the relevant resolution authority without giving rise to material risk of NCWOL claims should not be eligible as TLAC. To help ensure that there are sufficient resources available in resolution, the FSB expects that at least 33 per cent. of the minimum TLAC requirement is met by capital instruments in the form of debt liabilities plus other TLAC-eligible instruments that are not also eligible as regulatory capital.

On 23 February 2017, the SNDO, which has been assigned as the Swedish resolution authority, published a decision memorandum setting forth a final framework for MREL for Swedish banks (the "**MREL Framework**"). The MREL Framework includes, among other things, the following guidance: (i) the minimum MREL requirement shall comprise of the sum of a loss absorption amount (equivalent to the bank's total capital requirements excluding the combined buffer requirement and the pillar 2 macroprudential components) and a recapitalisation amount (equivalent to the bank's total capital requirements, excluding the combined buffer requirement) and both amounts shall be based on the applicable capital requirements for banks, (ii) the recapitalisation amount of the minimum MREL requirement should be met with eligible liabilities and not own funds, and (iii) eligible liabilities, which are used to meet the recapitalisation amount of the minimum MREL requirement, should be subordinated. Specific MREL requirements to be applied from 1 January 2018 will be set for Swedish banks in accordance with the MREL Framework during the fourth quarter of 2017. However, the subordination requirement is subject to a phasing-in period and banks will not be required to meet MREL entirely with subordinated debt until 2022.

Following the completion of the proposed Merger, the SRM Regulation (as defined below) will be applied to the Nordea Group and the SNDO will no longer have jurisdiction over Nordea as resolution authority. The SRM Regulation establishes a single European resolution board (consisting of

representatives from the ECB, the European Commission and the relevant national resolution authorities) (the "**SRB**") that has resolution powers over the institutions that are subject to the SRM Regulation and, thereby, replaces the national authorities as the relevant resolution authority with respect to such institutions. Where the SRB performs its duties and exercises powers under the SRM Regulation, the SRB is considered to operate as the relevant authority under the BRRD. The SRB will prepare and adopt a resolution plan for the entities subject to its powers, including Nordea following the completion of the proposed Merger. It will also determine, after consulting competent authorities including the ECB, an MREL requirement subject to write-down and conversion powers which Nordea will be required to meet at all times.

On 23 November 2016, the European Commission published legislative proposals for amendments to the CRR, CRD IV, the BRRD and the single resolution mechanism regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as may be amended from time to time (the "**SRM Regulation**") and proposed an amending directive to facilitate the creation of a new asset class of "non-preferred" senior debt (the "**November 2016 Proposals**"). The November 2016 Proposals cover multiple areas, including the pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macro-prudential tools, a new category of "non-preferred" senior debt, the framework for MREL and the integration of the TLAC standard into EU legislation. The November 2016 Proposals are to be considered by the European Parliament and the Council of the European Union and, therefore, remain subject to change. The final version of the new legislation may not include all elements of the November 2016 Proposals and new or amended elements may be introduced through the course of the legislative process. Until the November 2016 Proposals are in final form, it is uncertain how the November 2016 Proposals will affect the Issuer or Holders of the Notes. The November 2016 Proposals also include phase-in arrangements for the regulatory capital impact of IFRS 9 and the ongoing interaction of IFRS 9 with the regulatory framework, including potential changes to relevant accounting standards, which may in turn result in changes to the methodologies which the Nordea Group is required to adopt for the valuation of financial instruments. In addition, in March 2017, the EBA published an opinion on transitional arrangements and credit risk adjustments to mitigate the effect of the changes to IFRS 9 on prudential ratios. The EBA has indicated that it supports the progressive recognition of the initial impact of IFRS 9 but over a different timeframe, that is, from January 1, 2018 until 2021, which has increased uncertainty as to the timing of the IFRS 9 transitional arrangements. See also "*Changes in the Nordea Group's accounting policies or in accounting standards could materially affect how it reports its financial condition and results of operations*" below. On 14 December 2016, the EBA submitted a final report on the implementation and design of the MREL framework which contains a number of recommendations to amend the current MREL framework, including but not limited to the change of the reference base of MREL from total liabilities and own funds to risk weighted assets and steps towards further convergence of the MREL requirement towards the TLAC standard. Overall, and in part as a result of the proposals and recommendations discussed above, it is still uncertain how and when the MREL framework will be implemented.

Risks Relating to the TLAC and MREL Requirements

As it is difficult to predict the effect MREL and/or TLAC may have on the Nordea Group until MREL and TLAC requirements have been fully implemented, there is a risk that the requirements of MREL and/or TLAC could require the Nordea Group to issue additional MREL and TLAC eligible liabilities in order to meet the new requirements within the required timeframes and to hold additional funds and/or eligible liabilities in order to satisfy the MREL and/or TLAC requirements set for the Nordea Group, which may increase its compliance costs, delay, limit or restrict the execution of its strategy and may have a material adverse effect on the Nordea Group's capital structure as well as on its business, financial condition and results of operations. MREL and TLAC requirements are expected to have an impact across the market, including potentially adversely affecting the credit rating of the securities issued by the Nordea Group (including the Notes) and its competitors, and there is a risk that the relative impact may give rise to a reduction in the competitiveness of the Nordea Group. If the Nordea Group were to experience difficulties in raising MREL or TLAC eligible liabilities, it may have to reduce its lending or investments in other operations.

Risk Exposure Amounts

The BCBS (i.e., the Basel Committee of Banking Supervision) is reviewing the standardized approaches and internal models of the capital requirement frameworks for credit and operational risk with a view to, among other things, reducing mechanistic reliance on external ratings. In addition, the role of internal models is under review by the BCBS as it aims to improve comparability and address excessive variability in the capital requirements for credit risk. The BCBS is also working on the design of a capital floor framework based on the revised standardised approaches for all risk types. This framework will replace the current capital floor for credit institutions using internal models, which is based on the Basel I standard. The BCBS is considering the calibration of the floor alongside its other work on revising the risk-based capital framework. In addition, the BCBS has also conducted a review of trading book capital standards, resulting in new minimum capital requirements for market risk. The BCBS had intended to finalise all revisions to the Basel III framework at or around the end of 2016. However, on 3 January 2017, the BCBS announced that it had postponed the completion of this work but that it expected to finalise the revision in the near future, and has since reiterated that work to reach an agreement continues. The BCBS's final calibration of the proposed new frameworks and subsequently, how and when these will be implemented in the EU, are still uncertain. The European Commission has also published a proposal on certain aspects of ongoing reform, such as the revised market risk framework, as part of its EU Banking Reform Proposals. Given the various regulatory initiatives that are ongoing, it is currently not possible to determine the impact on the potential future capital requirements and how they will affect the capital position and capital requirements for Nordea or the Nordea Group. Also, at the end of 2015, the ECB started a targeted review of internal models to assess whether the internal models currently used by EU banks comply with regulatory requirements, and whether they are reliable and comparable. This review is expected to be finalised in 2019 and could result in an increase in risk-weighted assets and a decrease in the common equity tier 1 (CET1) capital ratio of the Issuer and the Nordea Group assuming the proposed Merger is completed.

Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes including in a manner which may result in Holders of Notes losing all or a part of the value of their instrument in the Notes or receiving a different security than the Notes.

Bank Recovery and Resolution Directive

The BRRD entered into force in July 2014. The stated aim of the BRRD 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 BRRD was implemented in Sweden on 1 February 2016 and in Finland on 1 January 2015. The European Commission has published the Commission Proposals to, among other things, amend the BRRD. The Commission Proposals are in draft form and are still subject to the EU legislative process and national implementation. Therefore, it is unclear what the effect of such proposals may be on the Nordea Group, the Issuer or the Instruments. See "*Changes in laws, regulations or administrative practice or the interpretation thereof may affect the Notes*" below.

The powers granted to the authorities designated by member states of the European Union to apply the resolution tools and exercise the resolution powers set forth in the BRRD ("**resolution authorities**") include a "bail-in power," which will give the relevant resolution authority the power to cancel all or a portion of the principal amount of, or interest on, certain other eligible liabilities (which could include the Notes), whether unsubordinated or subordinated, of a failing financial institution and/or to convert certain debt claims (which could include the Notes) into another security, including ordinary shares of the surviving group entity, if any, which may itself be written down.

The bail-in power 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. The BRRD specifies the order in which the bail-in tool should be applied, reflecting the hierarchy of capital instruments under CRD IV and otherwise respecting the hierarchy of claims in an ordinary insolvency. In addition the bail-in power contains a specific safeguard (NCWOL) with the aim that shareholders and creditors do not receive a less favorable treatment than they would have received in ordinary insolvency proceedings of the relevant entity.

The Notes could be subject to the bail-in power. The determination that all or a part of the principal amount of the Notes will be subject to bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Nordea Group's control. The application of the bail-in tool

with respect to the Notes may result in the cancellation of all or a portion of the principal amount of, or interest on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or outstanding amount payable in respect of, or interest on, the Notes into ordinary shares or other securities of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to such application of the bail-in tool. Accordingly, potential investors in the Notes should consider the risk that the bail-in tool may be applied in such a manner as to result in holders of the Notes losing all or a part of the value of their investment in the Notes or receiving a different security than the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the resolution authority may exercise its authority to apply the bail-in tool without providing any advance notice to the holders of the Notes. Holders of the Notes may also have limited or no rights to challenge any decision of the resolution authority to exercise the bail-in power or to have that decision reviewed by a judicial or administrative process or otherwise.

In addition to the bail-in power, the BRRD 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) transferring all or part of the business of the bank to a "bridge institution" (a publicly controlled entity), (iii) transferring 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. The resolution authorities will likely allow the use of financial public support only as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool and/or the statutory write-down and/or conversion powers.

In relation to Notes governed by Norwegian law, it is expected that Norway will implement legislation giving effect to the BRRD and recognising the powers of the relevant authorities in the Issuer's jurisdiction in respect of Notes issued under the programme. Because the relevant Norwegian legislation has not yet been implemented, the conditions include a contractual mechanism which is intended to recognise a "bail in" power exercised by the relevant authorities in the Issuer's jurisdiction. Holders of Notes governed by Norwegian law will therefore be subject to the risks described above.

The exercise of any actions contemplated in the BRRD or any suggestion of such exercise will likely materially adversely affect the price or value of an investment in Notes and/or the ability of the Issuer to satisfy its obligations under such Notes and could lead to the holders of the Notes losing some or all of their investment in the Notes. Prospective investors in the Notes should consult their own advisors as to the consequences of the implementation of the BRRD.

Upon the completion of the proposed Merger, the supervision of the Issuer will be transferred to the ECB and the Issuer will become subject to the European Single Resolution Mechanism.

The licensing of credit institutions and the supervision of the most significant banks and financial groups in the euro area were transferred to the European Central Bank ("ECB") as of 4 November 2014 in the context of the SSM. Furthermore, the EU has adopted the SRM Regulation, a directly applicable regulation governing the resolution of the most significant financial institutions in the euro area, and establishing a single resolution mechanism for these significant financial institutions. The SRM Regulation establishes that the SRB has resolution powers over the entities that are subject to the SRM and, thereby, replaces the national authorities as the relevant resolution authority with respect to such institutions. Following the completion of the proposed Merger, the Issuer is expected to be subject to the resolution powers of the SRB.

The SRB will have the authority to exercise the specific resolution powers pursuant to the SRM Regulation similar to those of the national resolution authorities under the BRRD. These specific resolution powers include the sale of business tool, the bridge institution tool, the asset separation tool, the bail-in tool and the mandatory write-down and conversion power in respect of capital instruments. The use of one or more of these tools will be included in a resolution scheme to be adopted by the SRB. National resolution authorities will remain responsible for the execution of the resolution scheme according to the instructions of the SRB.

The SRB will prepare and adopt a resolution plan for the entities subject to its powers, including the Issuer following the completion of the proposed Merger. It will also determine, after consulting competent authorities including the ECB, a minimum MREL requirement which the Issuer is expected to be required to meet at all times following completion of the Merger. The SRB will also have the powers of early intervention as set forth in the SRM Regulation, including the power to require the Issuer to contact potential purchasers in order to prepare for resolution of the Issuer. The SRB will have the authority to exercise the specific resolution powers under the SRM Regulation. These will be launched if the SRB assesses that the following conditions are met: (i) the Issuer is failing or is likely to fail; (ii) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures or supervisory action or the write-down or conversion of relevant capital instruments, taken in respect of the Issuer, would prevent its failure within a reasonable timeframe; and (iii) a resolution action is necessary in the public interest.

The exercise of resolution powers by the SRB with respect to the Issuer or any suggestion of such exercise will likely materially adversely affect the price or value of an investment in Notes and/or the ability of the Issuer to satisfy its obligations under such Notes and could lead to the holders of the Notes losing some or all of their investment in the Notes.

The Issuer may be subject to statutory resolution.

The powers set out in the BRRD and, following the implementation of the proposed Merger, the SRM Regulation will impact how European credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. There remains uncertainty regarding how the applicable resolution legislation will affect the Issuer, the Nordea Group and the Notes. The Notes may be subject to the bail-in powers and could be written down or converted into equity as part of a resolution process. The exercise of any power under the BRRD (as implemented in national laws) or the SRM Regulation or any suggestion of such exercise could materially adversely affect the rights of Noteholders, the price or value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. Prospective investors in the Notes should consult their own advisors as to the possible consequences of the BRRD (as implemented in national laws) and the SRM Regulation.

The Notes rank junior to preferred deposits in the insolvency hierarchy.

The BRRD and the SRM Regulation establish a preference in the ordinary insolvency hierarchy, firstly, for insured depositors and, secondly, for all other deposits of individuals and micro, small and medium-sized enterprises held in EEA or non-EEA branches of an EEA bank. In addition, the new deposit guarantee scheme directive, which has been implemented into national law and entered into force in Sweden on 1 July 2016 and in Finland on 1 January 2015, increased the volume of deposits that are insured (and thus preferred) to include a wide range of deposits, including all corporate deposits (unless the depositor is a public sector body or financial institution) and some temporary high value deposits. Therefore, these preferred deposits will rank ahead of all other unsecured senior creditors of the Issuer, including the holders of Notes, in the insolvency hierarchy. Furthermore, insured deposits are excluded from the scope of the bail-in powers.

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 regulations, including, but not limited to, regulations on conduct of business, anti-money laundering, economic and financial sanctions, payments, consumer credits, capital requirements, reporting and corporate governance, in such jurisdictions. Regulations and regulatory requirements are also continuously amended and new requirements are imposed on the Nordea Group. There can be no assurances that breaches of regulations by the Nordea Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.

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

condition and results of operations. Adverse regulatory actions against the Nordea Group or adverse judgments in litigation to which the Nordea Group is party could result in restrictions or limitations on the Nordea Group's operations or result in a material adverse effect on the Nordea Group's business, financial condition and results of operations.

The Nordea Group is exposed to risk of changes in tax legislation, including increases in tax rates and limitations on deductibility.

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. NBAB 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 other rules or administrative practice is correct, or that such rules or practice are not changed, possibly with retroactive effect. For example, on 30 March 2016, the Swedish Government presented a proposal to abolish the income tax deductibility for interest payments on capital instruments and subordinated loans qualifying as additional tier 1 capital and tier 2 capital under the CRR. The proposal derived from a wider proposal that was presented by the former Swedish Government in 2014 but never enacted. Following the approval of the proposal, the new rules entered into force on 1 January 2017 and apply to interest payments accruing from this date. Any future legislative changes or decisions by tax authorities may impair the tax position of the Nordea Group.

Changes in the Nordea Group's accounting policies or in accounting standards could materially affect how it reports its financial condition and results of operations.

From time to time, the IASB, the EU and other regulatory bodies change the financial accounting and reporting standards that govern the preparation of the Nordea Group's financial statements. These changes can be difficult to predict and can materially impact how the Nordea Group records and reports its results of operations and financial condition. In some cases, the Nordea Group could be required to apply a new or revised standard retrospectively, resulting in restating prior period financial statements or adjusting the opening balances. For example, in July 2014, the IASB issued IFRS 9 Financial Instruments, which will replace IAS 39. IFRS 9 provides principles for classification of financial instruments, provisioning for expected credit losses and the new general hedge accounting model. IFRS 9, which has not yet been adopted by the EU, will be effective from 1 January 2018. Among other provisions, under IFRS 9, provisioning for expected credit losses on financial assets recognised at amortised cost or fair value through other comprehensive income depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the provision equals 12-month expected credit losses. If the credit risk has increased significantly, the provision equals the lifetime expected credit losses. The implementation of IFRS 9 is expected lead to an increase in loan loss provisions and decrease equity in the period of initial application. As of the date of this Base Prospectus, NBAB is not in the position to determine the exact impact of IFRS 9 on capital adequacy as the new rules for the transition to IFRS 9 expected to be issued by the BCBS are not yet final and because the final impact of IFRS 9 is dependent on the exposures on Nordea's balance sheet and macro-economic forecasts when the transition takes place. Once the transitional rules cease to apply, Nordea Group anticipates the long term effects of IFRS 9 to be negative on capital adequacy as any reduction in equity is expected to reduce common equity tier 1 (CET1) capital. See also "—Recent regulatory actions may affect the Nordea Group's funding needs".

There are risks and uncertainties associated with the proposed re-domiciliation and related Merger, and a failure to complete or a significant delay in completing the proposed Merger could adversely affect the Nordea Group's business, results of operations and financial condition.

As discussed in more detail under "The Nordea Group—Legal Structure—Re-domiciliation and Merger", the Board of Directors of the Issuer has decided to initiate a re-domiciliation of the parent company of the Nordea Group from Sweden to Finland. The re-domiciliation is intended to be carried out through the Merger (as defined under "The Nordea Group—Legal Structure—Re-domiciliation and Merger"), that is, as a cross-border reversed merger by way of absorption through which the Issuer, the current parent company of the Nordea Group, will be merged into Nordea Holding Abp, a newly established subsidiary of the Issuer in Finland. The proposed Merger is subject to certain risks and uncertainties, including the potential inability of the Nordea Group to obtain the necessary shareholder and regulatory approvals, required licences or satisfactory outcomes of the discussions with regulators and authorities, including

local financial supervisory authorities and tax authorities, as well as the uncertainty related to the regulatory framework that would be applied to the Nordea Group following the implementation of the Merger (see also "*Risks Relating to the Legal and Regulatory Environments in which the Nordea Group Operates—The Nordea Group is subject to extensive regulation that is subject to change*"). Any delay in obtaining the required licences, such as a banking licence that Nordea Holding Abp will need to receive before the completion of the proposed Merger, approvals or consents may also postpone the completion of the proposed Merger, and a failure to complete the proposed Merger due to the inability to obtain the necessary licences, approvals or consents or for other reasons may result in the Nordea Group not obtaining the anticipated benefits of the Merger and re-domiciliation. The Nordea Group will also incur costs related to the proposed Merger, which must be paid by it whether or not the Merger is completed, and such costs may continue to increase if the Merger is delayed. A failure of the proposed Merger may also adversely affect the reputation of the Nordea Group and may result in a negative impression of the Nordea Group in the investment community or business community generally. In addition, the re-domiciliation and uncertainties related to the proposed Merger may cause customers and other counterparties that deal with the Nordea Group to defer doing business with the Nordea Group or cause them to seek to change their existing relationships with the Nordea Group. The efforts to satisfy the conditions of the proposed Merger may also place a significant burden on the Nordea Group's management and internal resources. In addition, it is possible that the Nordea Group may be not be able to retain certain key employees who may seek different employment either in anticipation of the completion of the proposed Merger or if the Merger were to fail.

As a result, there can be no assurances that the re-domiciliation and the proposed Merger, including a failure to complete the proposed Merger or a delay in completing the proposed Merger, would not adversely affect the Nordea Group's business, results of operations and financial condition or the interests of Noteholders, including the value of the Notes.

A failure to complete or a significant delay in completing the actions carried out as part of the remediation process related to the re-domiciliation and proposed Merger could delay the completion, or lead to the failure, of the proposed Merger and adversely affect the Nordea Group's business, results of operations and financial condition.

As discussed in more detail under "*The Nordea Group—Legal Structure—Re-domiciliation and Merger*" the Issuer has in preparation for the decision to initiate a re-domiciliation of the parent company of the Nordea Group from Sweden to Finland carried out a legal and operational due diligence review related to the proposed re-domiciliation and related Merger. Based on the results of the due diligence process, the Nordea Group has initiated a remediation process in relation to areas within the operations of the Nordea Group where actions, such as amendments to certain customer contracts, supplier contracts and funding arrangements (including obtaining any consents required for such amendments), notifications to counterparties and authorities as well as changes to selected internal systems and processes, have been deemed required or appropriate in order to facilitate the re-domiciliation and Merger. The remediation process is subject to certain risks and uncertainties, including the inability of the Nordea Group to carry out the actions identified as required or appropriate. Any delay in carrying out such actions or a failure to complete the actions as part of the remediation process, or a failure to identify actions that would have been required or appropriate in order to facilitate the re-domiciliation and proposed Merger, could result in a delay in the implementation of the Merger or, ultimately, lead to a failure to complete the Merger or to certain counterparties terminating their business with the Nordea Group. In addition, a delay or failure to complete the actions in the remediation process could result in the Nordea Group not obtaining the anticipated benefits of the Merger, adversely affect the reputation of the Nordea Group and may result in a negative impression of the Nordea Group in the investment community or business community generally.

As a result, there can be no assurances that the risks and uncertainties associated with remediation process, including a failure to complete the actions or a delay in completing the actions in the remediation process, would not adversely affect the Nordea Group's business, results of operations and financial condition or the interests of Noteholders, including the value of the Notes, or result in a delay in the Merger, or ultimately lead to a failure to complete the proposed Merger.

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.

The Notes may not be freely transferred.

The Issuer has not registered, nor will it 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, the Issuer 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 may be 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 Series 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 prevailing prices for the Reference Asset(s), 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 and it is expected that an application will be made for the registration of the Programme on the SIX Swiss Exchange, 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.

Furthermore, the Issuer may elect to issue unlisted Notes, in which case there may be not be an active trading market for such Notes. While Nordea may offer to buy-back such Notes prior to their maturity date under normal market conditions, the price at which such Notes are bought back (if at all) will depend

upon a number of factors (including the factors described in this base prospectus). In case of unstable market conditions, Nordea may suspend any buy-back of Notes, in which case the relevant investor may be unable to sell the relevant Notes until they are redeemed.

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 as of the date of this Base Prospectus), the secondary market for the Notes and instruments of this kind may be illiquid. The Issuer cannot predict when these circumstances will change.

Cancelled or scaled down issue

The Issuer reserves the right to cancel all or part of an offer of Notes prior to the end of the relevant Offer Period upon the occurrence of certain circumstances, e.g. where the subscribed amount does not reach certain levels or where variables such as participation ratios cannot be determined at a certain level. The Issuer also reserves the right, in its sole discretion, to cancel an issue upon the occurrence of economic, financial or political events which may jeopardise a successful issue of Notes.

Credit ratings may not reflect all risks.

The Issuer's credit 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 by a credit rating agency or unrated. Where a Tranche of Notes is rated at the request of the Issuer, 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. There are no guarantees that such ratings will be assigned or maintained. Any credit rating agency may lower its ratings or withdraw the rating if, in the sole judgement of the credit rating agency, the credit quality of the Notes has declined or is in question. In addition, at any time a credit rating agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to the Notes may be lowered. If any of the ratings assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced. Furthermore, the 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. Accordingly, a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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.

The Notes are subject to risks related to exchange rates and exchange controls.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Noteholders are subject to credit risk on the Issuer.

Holders of the Notes issued under the Programme take a credit risk on the Issuer and the market value of any Notes will be dependent upon the creditworthiness of 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.

In the event of the Issuer's insolvency, the holders of Notes will have an unsecured claim against the Issuer. In such a case, an investor will accordingly risk losing some or all of its investment in the Notes, regardless of the performance of any Reference Asset.

The Notes may be redeemed prior to maturity.

Unless in the case of any particular Series of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the country of incorporation of the Issuer 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 the Condition.

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.

Notes may be mandatorily redeemed prior to their scheduled maturity date for a number of reasons, such as taxation events, or in the case of Credit-Linked Notes following a Credit Event, or certain early redemption events such as a disruption events specified in the relevant Conditions for those Notes. Early redemption may result in Noteholders receiving a lower return on investment and in some circumstances may result in a loss of part or all of their investment. Prospective investors should consider reinvestment risk in light of other investments available at that time.

Meetings of Holders.

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 on a Series by Series basis. These provisions permit defined majorities to bind all Noteholders of the relevant Series including such Noteholders who did not attend and vote at the relevant meeting and Noteholders of the relevant Series who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes may be changed.

The Terms and Conditions applicable to each Series will be determined by the Issuer 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.

The Issuer has the right to correct manifest errors in the terms and conditions without the Noteholders' consent and to make any amendment which the Issuer does not consider to be materially prejudicial to the interests of Noteholders.

Changes in laws, regulations or administrative practice or the interpretation thereof may affect the Notes.

Changes in laws, regulations or administrative practice, or the interpretation thereof, after the date of this Base Prospectus may affect the Notes in general, the rights of Holders as well as the market value of the Notes. The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by English law, Finnish Law, Swedish Law, Norwegian Law or Danish Law (as specified in the applicable Final Terms) except that (i) the registration of VP Notes in the VP which will be governed by, and construed in accordance with, Danish law; (ii) the registration of VPS Notes in the VPS which will be governed by, and construed in accordance with, Norwegian law; (iii) the registration of Finnish Notes in Euroclear Finland will be governed by, and construed in accordance with, Finnish 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.

There can be no assurances as to the impact of any possible judicial decision or change to the laws or administrative practice of England and Wales, Finland, Norway or Denmark after the date of issue of the relevant Notes or the interpretation thereof. Such changes in law may impact statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on the Notes. Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described above, could have on the Notes.

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 Norway or Denmark and therefore may not apply to Norwegian or Danish investors.

Furthermore, the financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Nordea Group's business, financial performance, capital and risk management strategies. Such regulatory changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Nordea Group's, and therefore the Issuer's, performance and financial condition. As of the date of the Base Prospectus, it is not possible to predict the detail of such legislation or regulatory rulemaking or the ultimate consequences to the Nordea Group, which could be material. For example, in the Commission Proposals, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks. These proposals amend many of the existing provisions set forth in CRD IV and the BRRD. These proposals are now being submitted for consideration by the European Parliament and Council. Until such time as the proposals are formally approved by the European Parliament and Council, there can be no assurances as to whether, or when, the proposed amendments will be adopted and whether they will be adopted in the manner as currently proposed and therefore it is uncertain how they will affect the Issuer, the Nordea Group or the Holders of the Notes.

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 a 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 may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of the Notes such that its holding amounts to the minimum Specified Denomination in order to be able to trade its holding of Notes or (in the case of Bearer Notes) obtain a Definitive Note (if printed).

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

The aggregate principal amount of Notes to be issued under the Programme is subject to increase or decrease.

Payments on the Notes may be subject to U.S. withholding under FATCA.

The United States has enacted rules, commonly referred to as "FATCA," that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and after 31 December 2018 certain payments made by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with Sweden (the "**Swedish IGA**") and with Finland (the "**Finnish IGA**"). Under the Swedish IGA and the Finnish IGA, as currently drafted, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA. The Issuer would have no obligation to pay any additional amounts in relation to such withholding or deduction.

Payments under the Notes may be subject to U.S. withholding under the U.S. Tax Code

U.S. Treasury Regulations under Section 871(m) of the U.S. Internal Revenue Code require withholding of up to 30% (depending on whether an income tax treaty or other exemption applies) on payments or deemed payments made to non-U.S. persons on certain financial instruments to the extent that such payments are contingent upon or determined by reference to U.S.-source dividends. These rules differentiate between "Delta-One" and "Non-Delta-One" transactions. Withholding currently applies to Delta-One Notes and should not apply to Non-Delta-One Notes issued before 1 January 2018 ("**Grandfathered Notes**") (unless, in either case, the Notes are "significantly modified" after the relevant date). However, significant aspects of the application of these regulations to the Notes are uncertain. Payments on Notes, other than Grandfathered Notes, that are treated by the applicable Treasury regulations as being contingent upon, or determined by reference to, any U.S. source dividends may be subject to this withholding.

Withholding in respect of dividend equivalents amounts will generally be required when the relevant payment is made on a Note or upon the date of maturity, lapse or other disposition by a non-U.S. investor of the Notes. Notes may be treated as paying dividend equivalent amounts to the extent U.S. source dividends are expected to be paid on the underlying equity securities, even if no corresponding payment on the Note is explicitly linked to such dividends and even if, upon maturity, lapse or other disposition by the non-U.S. investor, the investor realises a loss. The regulations provide exceptions to withholding, in particular for certain instruments linked to certain broad-based indices. In the event any withholding would be required pursuant to Section 871(m) with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) and the applicable regulations to the Notes.

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

Investors in VP Notes, VPS Notes, Finnish Notes, Swedish Notes or Swiss Franc 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, Finnish 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, Euroclear Finland or Euroclear Sweden, as the case may be. Ownership of VP Notes, VPS Notes, Finnish Notes or Swedish Notes will be recorded and transfer effected only through the book entry system and register maintained by the VP, the VPS, Euroclear Finland or Euroclear Sweden, as the case may be.

Specific legal risks relating to certain Notes

In relation to structured Notes, it should be noted that any change in applicable laws or regulations or changes in the application thereof as well as specific events such as a moratorium, currency restriction, embargo, blockade or boycott of a central bank, the Swedish government or other sovereign such as the United Nations or the European Union, may result in (i) a substitution of Reference Assets, (ii) a change in a method for calculation of certain amounts under the Note, (iii) that certain amounts are calculated at an earlier date, (iv) a change in the calculation of yield and/or (v) amendments to the Conditions. Such events may therefore adversely affect the yield and other amounts that are payable to the investors under a structured Note, as well as the timing of payments.

In the event that a change in laws or regulations or decisions by public authorities (or in the application thereof), or any other circumstance not directly related to a downgrading of the Issuer's credit ratings, would (in the opinion of the Issuer) result in an increase in certain costs related to structured Note or increased costs for the Issuer's risk management in relation to structured Note, such event may entitle the Issuer to (i) substitute Reference Assets, (ii) change a method for calculation of certain amounts under the Note, (iii) calculate certain amounts at an earlier date, (iv) change the calculation of yield and/or (v) amend the Conditions.

Total cost

Costs are incurred by the Issuer in connection with the issuance of structured Notes due to, among other things, production, distribution, licences, exchange listing and risk management. In order to cover these costs, the Issuer charges brokerage fees and commissions. Such fees and commissions may be factored into the issue price of the Notes or may be charged separately. The amount of the commission may vary and is affected by the fluctuations in interest rates and the price of the financial instruments included in the product.

Investors should be aware that market participants have varying possibilities to influence the price of the financial instruments underlying a Note. The pricing of structured Notes is normally not made on the basis of negotiated terms but rather it is decided by the Issuer. Hence, there may be a conflict of interest between the Issuer and the investors, to the extent the Issuer is able to influence pricing and has a possibility to make a gain or to avoid a loss in relation to underlying Reference Assets, and the Issuer does not have any fiduciary or other obligation to act in the best interests of Noteholders. The transparency relating to the pricing of structured Notes may be limited.

The final coupon rate applicable in relation to any tranche of Notes may differ from the indicative coupon rate specified by the Issuer or on its behalf. The indicative coupon rate is based upon the market conditions prevailing at the time the indicative coupon rate is provided to any investor.

Alternative cost risks

The market risks vary depending on the note structure and the term to maturity for different Notes. The value of a Note varies with changes in market interest rates. A structured Note often operates as a combination of an interest-bearing investment and, for example, an investment in equities. An investor thus takes an additional risk when investing in a structured Note if the alternative had been a pure interest-bearing investment. A structured Note generates no interest or other yield if the market performance is unfavourable and it is redeemable only at the principal amount. If the Note is not principal protected, the entire invested amount may be lost. The investor in such a structured Note assumes an alternative risk corresponding to the interest that the investor would have received had the alternative been, instead, to invest the money in pure interest-bearing instruments. If the investor sells such Note prior to the expiry of the term to maturity, the investor bears the risk of receiving less than the principal amount of the Note.

Hedging activities of the Issuer and affiliates

The Issuer and/or its affiliates may carry out hedging activities related to the Notes, including purchasing the Reference Asset(s), components of the Reference Asset(s) and/or debt obligations of a Reference Entity, but will not be obliged to do so. Certain of the Issuer's affiliates may also purchase and sell the Reference Asset(s) and/or component of the Reference Asset on a regular basis as part of their securities businesses. Any of these activities could potentially affect the value or level of the Reference Asset and the debt obligations of the Reference Entity and, accordingly, the value of the Notes. In addition, the disruption of such hedging arrangements or material increase in cost of such hedging arrangements may lead to an early redemption of the Notes in whole (but not in part) as specified in the applicable Final Terms.

If the Issuer determines that there has been a change in any market standard terms or market trading conventions which affect any hedging transaction entered into by the Issuer or another member of the Nordea Group in order to hedge the Issuer's obligations in relation to the Notes, the Issuer reserves the right (without the consent of Noteholders) to amend the corresponding provisions of the Conditions in order to preserve consistency with the relevant hedging transaction.

No ownership rights

An investment in the Notes is not the same as an investment in the Reference Asset(s) and does not confer any legal or beneficial interest in the Reference Asset(s) or any component of the Reference Asset(s) or any voting rights, rights to receive dividends or other rights that a holder of the Reference Asset(s) or any component of the Reference Asset(s) would have. The Notes are unsubordinated and unsecured obligations of the Issuer. No security has been taken in respect of the Reference Asset(s) or any component of the Reference Asset(s).

Conflicts of interest

The Issuer and/or its affiliates may also purchase and sell the Reference Asset(s), components of the Reference Assets and/or debt obligations of the Reference Entities on a regular basis as part of their securities businesses or lend to Reference Entities as part of their commercial lending operations. Any of these activities could potentially affect the value or level of the Reference Asset(s) and the debt obligations of such Reference Entities and in turn the value of the Notes.

The Issuer and/or its affiliates may from time to time advise the issuers of or obligors in respect of a Reference Asset or any component of a Reference Asset and/or any Reference Entity regarding transactions to be entered into by them, or engage in transactions involving any Reference Asset and/or Reference Entity for their proprietary accounts and for other accounts under their management. Any such transactions may have a positive or negative effect on the value of such Reference Asset, the value or level of such Reference Asset and/or the value of such Reference Entity's debt obligations generally and therefore on the value of the Notes.

Accordingly, certain conflicts of interest may arise between the interests of the Issuer and the interests of holders of Notes.

Index disclaimer

Index-Linked Notes and Commodity Index-Linked Notes are not sponsored, endorsed, sold or promoted by any index to which they are indirectly linked or any sponsor of such index and such index sponsor has made no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of any index and/or the levels at which such index stands at any particular time on any particular date or otherwise. No index sponsor shall be liable (whether in negligence or otherwise) to any person for any error in any index and an index sponsor is under no obligation to advise any person of any error within an index. An index sponsor has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with such Notes. Neither the Issuer nor the Calculation Agent shall have any liability to any person for any act or failure to act by an index sponsor in connection with the calculation, adjustment or maintenance of an index. Neither the Issuer nor the Calculation Agent has any affiliation with or control over any index or index sponsor or any control over the computation, composition or dissemination of any index. Although the Issuer and the Calculation Agent will obtain information concerning an index to which the Notes are linked from publicly available sources they believe to be reliable, they will not independently verify this information.

Reform of LIBOR and EURIBOR and proposed regulation of other benchmarks

The London Inter-bank Offered Rate ("LIBOR"), the Euro Interbank Offered Rate ("EURIBOR") and other rates and indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

In particular, on 30 June 2016, regulation 2016/1011 (the "**Benchmark Regulation**") came into force, and it is expected that the Benchmark Regulation will become effective in 2018.

The Benchmark Regulation will apply to "contributors", "administrators" and "users" of "benchmarks" in the EU, and will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised) and to comply with extensive requirements in relation to the administration of "benchmarks" (or, if non-EU-based, to be subject to equivalent requirements) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of unauthorised administrators. The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices, could also potentially apply to many interest rate and foreign exchange rate indices, equity indices and other indices (including "proprietary" indices or strategies) where used to determine the amount payable under or the value or performance of certain listed financial instruments traded on a trading venue, financial contracts and investment funds. The Benchmark Regulation could have a material impact on any Notes traded on a trading venue linked to a "benchmark" index, including in any of the following circumstances:

- (a) an index which is a "benchmark" could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or register or, if based in a non-EU jurisdiction, the administrator is not otherwise recognised as equivalent; and
- (b) the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the benchmark.

Either of the above could potentially lead to the Notes being de-listed, adjusted or redeemed early or otherwise affected depending on the particular "benchmark" and the applicable terms of the Notes.

In addition, any other international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks".

Any of the above changes could have a material adverse effect on the value of, and return on, any Notes linked to a benchmark.

Risks relating to particular Reference Assets

Risks relating to the performance of the Reference Asset(s)

With structured Notes (for example, equity-linked Notes, currency-linked Notes, credit-linked Notes, fund-linked Notes, commodity-linked Notes and other possible structures) the yield, and sometimes also the repayment of principal, depends on the performance of one or more Reference Assets, such as equities, indices, interest rates, currencies, credit exposures (one or more), fund units, commodities or baskets thereof, or combinations or the relationship between assets. If the repayment of part of or an invested amount is linked to the performance of Reference Assets, the investor may risk losing the entire invested amount. Structured Notes are often designed on the basis of a combination of different types of traditional instruments such as equities, fund units or a derivative instrument. These combinations of products may have elements of different instruments. The value of a structured Note will be affected by the value of the Reference Asset or the relevant comparison figure and can fluctuate above or below the issue price of the Notes during the lifetime of the Notes. The valuations of the Reference Asset may take place both during the term and on the Redemption Date and the performance may be positive or negative for the holder. The Holder's right to yield, and where applicable repayment, thus depends on the performance of the Reference Asset and applicable performance structure. The value of a structured Note may, in addition to changes in the price of the Reference Asset, be determined by the intensity of the price fluctuations of the Reference Asset (commonly referred to as volatility), expectations regarding future volatility, market interest rates and expected dividends or other distributions on the Reference Asset.

Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency than expected;
- (d) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (e) the Reference Asset may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if the performance of the Notes contains a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- (g) the timing of changes in the value of one or more Reference Asset may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the value of one or more Reference Asset, the greater the effect on yield.

Further, Holders of Notes and prospective purchasers of such Notes should ensure that they understand the nature of such Notes and the extent of their exposure to risk and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition. A small movement in the value of one or more Reference Asset may result in a significant change in the value of such Notes. Holders of such Notes, and prospective purchasers of such Notes, should form their own views of the merits of an investment based upon such investigations. Given the highly specialised nature of structured Notes, the Issuer considers that they are only suitable for highly sophisticated investors who are able to determine for themselves the risk of an investment on which the return is determined in this way. Consequently, an investor who does not fall within the description above should not consider purchasing such Notes without taking detailed advice from a specialised professional adviser.

Risk relating to limited information in relation to certain Reference Assets

In relation to certain Reference Assets, for example, certain hedge funds or indices composed of hedge funds, there is limited access to information since, among other things, the official closing price of some of these Reference Assets is published less frequently. The composition of certain indices and funds may be confidential for strategic reasons. Other factors limiting transparency in relation to such Reference Assets may be that the Reference Asset is not subject to continuous trading, that valuation models for determination of the value of the Reference Assets are not reported to the investors and those underlying factors which affect the value of the Reference Asset are not public.

Currency fluctuations

Foreign exchange rates may be affected by complex political and economic factors, including relative rates of inflation, interest rate levels, the balance of payments between countries, the extent of any governmental surplus or deficit and the monetary, fiscal and/or trade policies pursued by the governments of the relevant currencies. Currency fluctuations may affect the value or level of the Reference Assets in complex ways. If such currency fluctuations cause the value or level of the Reference Assets to vary, the value or level of the Notes may fall. If the value or level of one or more Reference Asset(s) is denominated in a currency that is different from the currency of the Notes, investors in the Notes may be subject to increased foreign exchange risk. Previous foreign exchange rates are not necessarily indicative of future foreign exchange rates.

Risks relating to market disruption and extraordinary events

Market disruption can occur, for example, if the trading in Reference Assets is suspended or an official price for some reason is not listed. In conjunction with market disruption, the value of Reference Assets is determined at a different time than intended and, in certain cases, also by another method than intended. Certain Reference Assets such as equities, equity baskets or fund units may be affected by extraordinary events such as delisting, nationalisation, bankruptcy, liquidation or the equivalent or a share split, new share issue, bonus issue, issuance of warrants or convertibles, reverse share split or buyback in respect of such equity or equity basket which constitutes a Reference Asset. For all structured Notes, events such as changes in the law or increased costs for risk management may arise. If so, the Issuer may, at its sole discretion, make any adjustments in the composition of the assets and the calculation of the yield or value of Notes or replace one Reference Asset with another Reference Asset, to the extent that the Issuer deems necessary in order for the calculation of the yield or value of Notes to, in the Issuer's opinion, reflect the manner in which yield or value was previously calculated. It may be that the Issuer believes that such adjustments cannot procure a fair result, in which case the Issuer may make the calculation of yield prematurely and determine the Redemption Amount, Additional Amount or the yield. Interest on the principal amount shall thereafter accrue at the market rate of interest.

Reading of closing values of Reference Assets

In certain yield structures, the closing price is recorded on a number of occasions in order to calculate an average final price. The aim is to minimise the risk of single extreme values greatly affecting the final price. Investors should, however, appreciate the fact that the value on such recording occasions will affect the average final price, entailing that the final price may be lower or higher than the actual closing price on the valuation day. In some Notes however, the value is determined on the basis of a single valuation, hence, there is a risk that some extreme values could affect the final price.

Risks associated with Equities as Reference Assets

An investment in equity linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

(a) Factors affecting the performance of equities may adversely affect the value of the Notes

The performance of equities is dependent upon macroeconomic factors, such as interest rates and price levels on the capital markets, currency developments, political factors and company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

(b) No claim against the issuer of the Reference Assets or recourse to the Reference Assets

Equity linked Notes do not represent a claim against or an investment in any issuer of equity securities (an "**Equity Issuer**") to which they are linked and Noteholders will not have any right of recourse under the Notes to any such company or the equities. The Notes are not in any way sponsored, endorsed or promoted by any Equity Issuer and such companies have no obligation to take into account the consequences of their actions for any Noteholders. Accordingly, the issuer of an equity may take any actions in respect of such equity without regard to the interests of the investors in the Notes, and any of these actions could adversely affect the market value of the Notes.

In the case of Notes relating to equities, no issuer of such equities will have participated in establishing the terms of the Notes and the Issuer will not make any investigation or enquiry in connection with such offering with respect to the information concerning any such issuer of equities contained in the applicable Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant Issue Date (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any relevant Final Terms) that would affect the trading price of the equities will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of equities could affect the trading price of the equities and therefore the trading price of the Notes.

Risks associated with Indices as Reference Assets

An investment in Index Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

(a) *Factors affecting the performance of Indices may adversely affect the value of the Notes*

Indices comprise a synthetic portfolio of shares or other assets and, as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other components that comprise such Index, which may include interest rates and price levels on the capital markets, currency developments, political factors and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

(b) *Exposure to the risk that returns on the Notes do not reflect direct investment in underlying equities or other items comprising the Index*

The return payable on Notes that reference Indices may not reflect the return an investor would realise if he or she actually owned the relevant items comprising the components of the Index. For example, if the components of the Indices are shares, Noteholders will not receive any dividends paid on those shares and will not participate in the return on those dividends unless the relevant Index takes such dividends into account for purposes of calculating the relevant level. Similarly, Noteholders will not have any voting rights in the underlying equities or any other assets which may comprise the components of the relevant Index. Accordingly, investors in Notes that reference Indices as Reference Assets may receive a lower payment upon settlement or redemption of such Notes than such investor would have received if he or she had invested in the components of the Index directly.

(c) *Loss of return of dividends in respect of most Notes linked to equity Indices*

The rules governing the composition and calculation of the relevant underlying Index might stipulate that dividends distributed on its components do not lead to a rise in the index level, for example, if it is a "price" index, which may lead to a decrease in the index level if all other circumstances remain the same. As a result, in such cases, the Noteholders of Notes in respect of which a Reference Asset is such an Index will not participate in dividends or other distributions paid on the components comprising the Index. Even if the rules of the relevant underlying Index provide that distributed dividends or other distributions of the components are reinvested in the Index and therefore result in raising its level, in some circumstances, the dividends or other distributions may not be fully reinvested in such Index.

- (d) *A change in the composition or discontinuance of an Index could adversely affect the market value of the Notes*

The sponsor of any Index can add, delete or substitute the components of such Index or make other methodological changes that could change the level of one or more components. The modification of components of any Index may affect the level of such Index, as a newly added component may perform significantly worse or better than the component it replaces, which in turn may affect the payments made by the Issuer to the investors in the Notes. The sponsor of any such Index may also alter, discontinue or suspend calculation or dissemination of such Index. The sponsor of an Index will have no involvement in the offer and sale of the Notes and will have no obligation to any investor in such Notes. The sponsor of an Index may take any actions in respect of such Index without regard to the interests of the investor in the Notes, and any of these actions could adversely affect the market value of the Notes.

- (e) There are additional risks in relation to Commodity Indices, see "*Risks associated with Commodities as Reference Items*".

- (f) *Proprietary Indices*

The Nordea Group may from time to time participate in creating, structuring and maintaining indices portfolios or strategies and for which it may act as index sponsor (collectively, "**Proprietary Indices**"). These indices are calculated by an external calculation agent in accordance with rules which describe the methodology for determining the composition and the calculation of these Proprietary Indices (the "**Rules**").

In respect of Proprietary Indices to which Notes are linked, the Issuer may face a conflict of interest between its obligations as the Issuer of such Notes and its role (or the role of one or more of its affiliates) as the composer, promoter, designer or administrator of such indices, as the determination of the composition of such indices, any amendment, supplement or modification to the Rules, or any modification of certain parameters or the valuation of certain Component Securities, may have an impact on the price or value of the Notes.

The Issuer and any other Index Sponsor may, from time to time, exercise reasonable discretion as they deem appropriate in order to ensure the integrity of any Proprietary Index. They may also, in certain circumstances, apply discretionary adjustments to ensure and maintain the high quality of the index construction and calculation. The Issuer and its affiliates do not guarantee the accuracy or completeness of any Proprietary Index, or of the data used to calculate the Index or determine the Index components, or the uninterrupted or timely calculation or dissemination of any Proprietary Index. Moreover, the Issuer and its affiliates do not guarantee that any Index accurately reflects past, present, or future market performance.

The Issuer, or any of its affiliates, may also have banking or other commercial relationships with third parties in relation to a Proprietary Index, and may engage in trading in such index (including such trading as the Issuer and/or its affiliates deem appropriate in their sole and absolute discretion to hedge its market risk on any transactions that may relate to Proprietary Indices), which may adversely affect the level of such Index.

If the hedging activities of the Issuer or any of its affiliates in connection with a particular index are disrupted, the Issuer or the relevant affiliate may also decide to terminate calculations in relation to such Index sooner than another index sponsor would in comparable circumstances.

All of the above factors may result in consequences which may be adverse to Noteholders, and may have a detrimental impact on the price or value of the Notes. The Issuer does not have any duty or obligation to create, operate or maintain Proprietary Indices in a manner that is intended to promote the best interests of Noteholders.

Risks associated with Inflation Indices as Reference Assets

The performance structures may determine the interest and/or redemption amounts payable on the Notes by reference to the level of an inflation index (an "**Inflation Index**") or a basket of inflation indices, either in the form of Inflation-Linked Notes or through the use of Inflation Indices as Reference Assets.

Index Delay and Disruption Events affecting Inflation Indices

Where and there is a delay in publication of the level of an Inflation Index, the level of such Inflation Index ceases to be published, such Inflation Index is rebased, there is a material change to such Inflation Index or there has been a manifest error in the publication of the level of such Inflation Index, the Issuer may determine if such event has a material effect on the Notes and, if so, to make such addition, adjustment or amendment to the Conditions as the Issuer deems necessary.

Many economic and market factors may influence an Inflation Index and consequently the value of Notes relating to Inflation Indices, including:

- general economic, financial, political or regulatory conditions and/or events; and/or
- fluctuations in the prices of various assets, goods, services and energy resources (including in response to supply of, and demand for, any of them); and/or
- the level of inflation in the economy of the relevant country and expectations of inflation.

In particular, the level of an Inflation Index may be affected by factors unconnected with the financial markets.

Risks associated with Foreign Exchange Rates as Reference Assets or as part of the Performance Structure

An investment in currency-linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

Notes may be denominated in one currency (the "**Reference Asset Currency**") but payable in another currency (the "**Specified Currency**"). The value of the Notes could therefore be affected by fluctuations in the value of the Reference Asset Currency as compared to the Specified Currency (which may be calculated, where applicable, on a cross-currency basis). This presents certain risks that the exchange rate (or the exchange rates) used to determine the Specified Currency amount of any payments in respect of the Notes may significantly change (including changes due to devaluation or revaluation of the Specified Currency as compared to the Reference Asset Currency) and the risk that authorities with jurisdiction over such currencies could cause a decrease in (1) the Specified Currency equivalent yield on the Notes, (2) the Specified Currency equivalent value of the amount payable in respect of the relevant Redemption Amount of the Notes and (3) the Specified Currency equivalent market value of the Notes. Therefore, there is a possibility that the Specified Currency value of the Notes at the time of any sale or redemption, cancellation or exercise, as the case may be, of the Notes may be below the value of the investor's original investment in the Notes, depending on the exchange rate at the time of any such sale or redemption, cancellation or exercise, as the case may be.

- (a) *Factors affecting the performance of the relevant foreign exchange rate may adversely affect the value of the Notes*

The foreign exchange rate(s) to which the Notes are linked will affect the nature and value of the investment return on the Notes. The performance of foreign exchange rates is dependent upon the supply and demand for currencies in the international foreign exchange markets, which are subject to economic factors, including inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility and safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency.

- (b) *Nordea is a major foreign exchange dealer and is subject to conflicts of interest*

Investors should note that certain members of the Nordea Group are regular participants in the foreign exchange markets and in the ordinary course of their business may affect transactions for

their own account or for the account of their customers and hold long and short positions in currencies and related derivatives, including in the currencies that constitute Reference Assets in relation to the Notes. Such transactions may affect the relevant Reference Assets, the market price, liquidity or value of the Notes and could be adverse to the interests of Noteholders. No members of the Nordea Group has any duty to enter into such transactions in a manner which is favourable to Noteholders.

(c) *Currencies of emerging markets jurisdictions pose particular risks*

Currency-linked Notes linked to emerging market currencies may experience greater volatility and less certainty as to the future levels of such emerging market currencies or their rate of exchange as against other currencies.

Risks associated with Commodities as Reference Assets

An investment in commodity-linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

(a) *Factors affecting the performance of commodities may adversely affect the value of the Notes; commodity prices may be more volatile than other asset classes*

Trading in commodities is speculative and may be extremely volatile. Commodity prices are affected by a variety of factors that are unpredictable, including, for example, changes in supply and demand relationships, weather patterns and extreme weather conditions, governmental programmes and policies, national and international political, military, terrorist and economic events, fiscal, monetary and exchange control programmes, changes in interest and exchange rates and changes and suspensions or disruptions of market trading activities in commodities and related contracts. Commodity prices may be more volatile than other asset classes, making investments in commodities riskier than other investments.

(b) *Commodities may reference physical commodities or commodity contracts, and certain commodity contracts may be traded on unregulated or "under-regulated" exchanges*

Commodities comprise both (i) "physical" commodities, which need to be stored and transported, and which are generally traded at a "Spot" price, and (ii) commodity contracts, which are agreements either to (A) buy or sell a set amount of an underlying physical commodity at a predetermined price and delivery period (which may be referred to as a delivery month) or to (B) make and receive a cash payment based on changes in the price of the underlying commodity.

Commodity contracts may be traded on regulated specialised futures exchanges (such as futures contracts). Commodity contracts may also be traded directly between market participants "over-the-counter" on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. Accordingly, trading in such "over-the-counter" contracts may not be subject to the same provisions as, and the protections afforded to, contracts traded on regulated specialised futures exchanges, and there may therefore be additional risks related to the liquidity and price histories of the relevant contracts.

(c) *Notes which are linked to commodity futures contracts may provide a different return than Notes linked to the relevant physical commodity and will have certain other risks*

The price of a futures contract on a commodity will generally be at a premium or at a discount to the spot price of the underlying commodity. This discrepancy is due to such factors as (i) the need to adjust the spot price due to related expenses (e.g. warehousing, transport and insurance costs) and (ii) different methods being used to evaluate general factors affecting the spot and the futures markets. In addition, and depending on the commodity, there can be significant differences in the liquidity of the spot and the futures markets. Accordingly, Notes which are linked to commodity futures contracts may provide a different return than Notes linked to the relevant physical commodity.

Investments in futures contracts involve certain other risks, including potential illiquidity. A holder of a futures position may find that such position becomes illiquid because certain commodity exchanges limit fluctuations in such futures contract prices pursuant to "daily limits".

Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in the contract can neither be taken nor liquidated unless holders are willing to effect trades at or within the limit. This could prevent a holder from promptly liquidating unfavourable positions and subject it to substantial losses. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Any such losses in such circumstances could have a negative adverse effect on the return of any Notes, the Reference Asset for which is the affected futures contract.

In the case of a direct investment in commodity futures contracts, the invested capital may be applied in whole or in part by way of collateral in respect of the future claims of the respective counterparties under the commodity futures contracts. Such capital will generally bear interest, and the interest yield will increase the return of the investor making such direct investment. However, holders of Notes linked to the price of commodity futures contracts do not participate in such interest yields from the hypothetical fully collateralised investment in commodity futures contracts.

(d) *Additional risks in relation to the "rolling" of commodity futures contracts (including commodity futures contracts which are Components of a Commodity Index)*

Commodity contracts have a predetermined expiration date – i.e. a date on which trading of the commodity contract ceases. Holding a commodity contract until expiration will result in delivery of the underlying physical commodity or the requirement to make or receive a cash settlement. Alternatively, "rolling" the commodity contracts means that the commodity contracts that are nearing expiration (the "**near-dated commodity contracts**") are sold before they expire and commodity contracts that have an expiration date further in the future (the "**longer-dated commodity contracts**") are purchased. Investments in commodities apply "rolling" of the component commodity contracts in order to maintain an ongoing exposure to such commodities.

"**Rolling**" can affect the value of an investment in commodities in a number of ways, including:

(i) *The investment in commodity contracts may be increased or decreased through "rolling"*

Where the price of a near-dated commodity contract is greater than the price of the longer-dated commodity contract (the commodity is said to be in "backwardation"), then "rolling" from the former to the latter will result in exposure to a greater number of the longer-dated commodity contract being taken. Therefore, any loss or gain on the new positions for a given movement in the prices of the commodity contract will be greater than if one had synthetically held the same number of commodity contracts as before the "roll". Conversely, where the price of the near-dated commodity contract is lower than the price of the longer-dated commodity contract (the commodity is said to be in "contango"), then "rolling" will result in exposure to a smaller number of the longer-dated commodity contract being taken. Therefore, any gain or loss on the new positions for a given movement in the prices of the commodity contract will be less than if one had synthetically held the same number of commodity contracts as before the "roll".

(ii) *Where a commodity contract is in contango (or, alternatively, backwardation), such may be expected to (though it may not) have a negative (or, alternatively, positive) effect over time*

Where a commodity contract is in "contango", then the price of the longer-dated commodity contract will generally be expected to (but may not) decrease over time as it nears expiry. In such event, rolling is generally expected to have a negative effect on an investment in the commodity contract. Where a commodity contract is in "backwardation", then the price of the longer-dated commodity contract will generally be expected to (but may not) increase over time as it nears expiry. In such event, the investment in the relevant commodity contract can generally be expected to be positively affected.

In the case of Notes which are linked to a commodity contract, the referenced commodity contract will simply be changed without liquidating or entering into any positions in the commodity contracts. Accordingly, the effects of "rolling" described above do not apply directly

to the Reference Asset and the Notes. Thus, an investor will not participate directly in possible effects of "rolling". However, other market participants may act in accordance with the mechanism of "rolling" and such behaviour may have an indirect adverse impact on the value of the Reference Asset and therefore on the Notes.

Commodity indices are indices which track the performance of a basket of commodity contracts on certain commodities, depending on the particular index. The weighting of the respective commodities included in a commodity index will depend on the particular index, and is generally described in the relevant index rules of the index.

Commodity indices apply "rolling" of the component commodity contracts in order to maintain an ongoing exposure to such commodities. Specifically, as a commodity contract is required to be rolled pursuant to the relevant index rules, the commodity index is calculated as if exposure to the commodity contract was liquidated and exposure was taken to another (generally longer-dated) commodity contract for an equivalent exposure. Accordingly, the same effects as described above with regard to "rolling" on the value of a Reference Asset of the Notes also apply with regard to the index level of a Commodity index.

- (e) *Legal and regulatory changes relating to the Commodities may lead to an early redemption or cancellation*

Commodities are subject to legal and regulatory regimes that may change in ways that could affect the ability of the Issuer or any other member of the Nordea Group engaged in any underlying or hedging transactions in respect of the Issuer's obligations in relation to the Notes to hedge the Issuer's obligations under the Notes, and/or could lead to the early redemption or cancellation of the Notes.

Risks associated with Baskets comprising various constituents as Reference Assets

- (f) *Exposure to performance of basket and its underlying constituents*

Where the Notes reference one or more basket(s) of assets as Reference Assets, the investors in such Notes are exposed to the performance of such basket(s). The investors will bear the risk of the performance of each of the basket constituents.

- (g) *A high correlation of basket constituents may have a significant effect on amounts payable*

Correlation of basket constituents indicates the level of interdependence among the individual basket constituents with respect to their performance. If, for example, all of the basket constituents originate from the same sector and the same country, a high positive correlation may generally be assumed. Past rates of correlation may not be determinative of future rates of correlation: investors should be aware that, though basket constituents may not appear to be correlated based on past performance, it may be that they suffer the same adverse performance following a general downturn or other economic or political event. Where the basket constituents are subject to high correlation, any move in the performance of the basket constituents will exaggerate the performance of the Notes.

- (h) *The negative performance of a single basket constituent, or a single basket in multiple-basket structures, may outweigh a positive performance of one or more other basket constituents or baskets*

Investors in Notes must be aware that, even in the case of a positive performance of one or more basket constituents, or a single basket in multiple-basket structures, the performance of the basket or the Notes as a whole may be negative if the performance of the other basket constituents or other baskets is negative to a greater extent, subject to the terms and conditions of the relevant Notes.

- (i) *A small basket, an unequally weighted basket or a "best of" or "worst of" basket will generally leave the basket more vulnerable to changes in the value of any particular basket constituent*

The performance of a basket that includes a fewer number of basket constituents will generally, subject to the terms and conditions of the relevant Notes, be more affected by changes in the

value of any particular basket constituent included therein than a basket that includes a greater number of basket constituents.

The performance of a basket that gives greater weight to some basket constituents or bases the level of the entire basket only on the value of one of the basket constituents will generally, subject to the terms and conditions of the relevant Notes, be more affected by changes in the value of any such particular basket constituent included therein than a basket that gives relatively equal weight to each basket constituent.

- (j) *A change in composition of one or more basket(s) may have an adverse effect on Basket Return*

Where the Notes grant the Issuer or the Calculation Agent the right, in certain circumstances, to adjust the composition of the basket, investors should be aware that any replacement basket constituent may perform differently from the anticipated performance of the original basket constituent, which may have an adverse effect on the performance of the basket.

Risks related to Credit-Linked Notes

Correlation risk

An investment in credit linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include exposure to the credit risk of the particular Reference Entity or basket of Reference Entities (and, where applicable, one or more specific reference obligations) in addition to that of the Issuer. Depending on the manner in which the particular series of credit linked Notes is linked to the credit of a Reference Entity or basket of Reference Entities, a fall in the creditworthiness of a particular Reference Entity (or where perceptions worsen regarding the creditworthiness of a particular Reference Entity), may greatly reduce the market value of the related Notes and any payments of principal or interest then due. If a series of Notes is linked to a basket of Reference Entities, a credit deterioration in one reference entity may be strongly correlated with credit deterioration of other reference entities included in the basket, resulting in substantial decreases over a relatively short period of time in the market value of the related Notes and any payments of principal or interest then due. In a "Nth to Default" or "Nth and Nth + 1" to Default structure, the occurrence of a credit event in relation to particular Reference Entities will have a greater than proportionate impact on the market value and payment of principal and interest in relation to the relevant Notes.

Nature of payments of principal and/or interest

In the event of the occurrence of certain circumstances (which may include, amongst other things, Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring or another Credit Event) in relation to a Reference Entity or Reference Entities, in each case, as specified in the applicable Final Terms, the Issuer's obligation to pay principal or perform other obligations under the Notes may be replaced by an obligation to pay other amounts calculated by reference to the value of the Reference Asset(s). In addition interest bearing credit linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstances.

Potential investors in any such Notes should be aware that depending on the terms of the credit linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment.

Market price volatility

The market price of credit linked Notes may be volatile and will be affected by, amongst other things, the time remaining to the redemption date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

No need for Issuer to suffer loss with respect to any Reference Entity

The Issuer's obligations in respect of credit-linked Notes are irrespective of the existence or amount of the Issuer's and/or any affiliates' credit exposure to a Reference Entity and the Issuer and/or any affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

No information regarding Reference Entities

No investigation has been or will be made regarding any of the Reference Entities. Prospective investors in credit-linked Notes should obtain and evaluate information regarding the Reference Entities as if they were investing directly in the debt obligations of the Reference Entities. In addition, investors should understand that the historical performance of any specific debt obligation or the debt obligations of such Reference Entities generally is not predictive of future performance. As none of the Reference Entities has participated in the preparation of this Base Prospectus, there can be no assurance that all material events or information regarding the Reference Entities have been disclosed at the time the Notes are issued. Subsequent disclosure of any such events or the failure to disclose material events concerning any of the Reference Entities could affect the redemption amount payable on the Notes or the general trading price of the Notes.

Debt obligations may consist of subordinated debt

Any debt obligations for credit-linked Notes may include subordinated debt obligations. Such subordinated debt obligations will rank junior to, and the value of such subordinated debt obligations may be less than that of, senior obligations in respect of the same Reference Entity, and the value of such subordinated debt obligations may even be zero in circumstances where a Credit Event has occurred. The Issuer is under no fiduciary duty to select Reference Assets or deliverable assets of any particular value or that maximise value for Noteholders.

Notes linked to the performance of funds

The Issuer may issue Notes where the redemption amount or, if applicable, the interest amount is linked to the performance of a unit, share or other interest in a fund. Such funds may include mutual funds or any other types of fund in any jurisdiction, or any combination of the foregoing. Investments offering direct or indirect exposure to the performance of funds are generally considered to be particularly risky and may bear similar risks, including but not limited to, market risks to a direct investment in funds.

Prospective investors should note that payments on redemption or termination of Fund-Linked Notes at maturity, expiration, early redemption or early termination may be postponed, in accordance with the Conditions, up to a specified long stop date and if the specified long stop date is reached, for the purposes of determining the Redemption Amount or any other such redemption amounts, as applicable, the affected fund interest units or shares may be deemed to have a zero value. Prospective investors should also be aware that if one or more events occurs in relation to the Fund or any fund manager, including insolvency of the Fund or fund manager, then the Issuer, may in its sole and absolute discretion, determine whether the Fund-Linked Notes should be amended or should be redeemed or terminated early. If the Issuer determines that the Fund-Linked Notes will continue, this may result in the substitution of the affected interests in the fund with other shares or interests with similar characteristics or adjustments to the Conditions of the Notes to account for the occurrence of the relevant event. These actions may have an adverse effect on the return and risk profile of the relevant Fund-Linked Notes, and consequently, the value of such Fund-Linked Notes and if the Fund-Linked Notes are redeemed or terminated early the amount investors receive may be considerably less than their original investment and may even be zero.

The risks associated with investing in Fund-Linked Notes are similar to the risks attached to a direct investment in the underlying fund or funds. There are substantial risks in directly or indirectly investing in funds including, without limitation, the risks set out below. Prospective investors should note that references to funds below can refer both to the funds referenced in any Fund-Linked Notes and also to any funds in which any of those funds invests its assets from time to time:

Investments risks that prospective investors should be aware of include the following:

1. Different types of funds are subject to differing levels of regulatory supervision.
2. Funds may have varying restrictions on leverage. Leverage presents the potential for a higher rate of return but also increases the volatility of the fund and increases the risk of a total loss of the amount invested.
3. Funds may have differing investment restrictions and some funds may invest in assets which are illiquid or difficult to transfer. This may have an effect on the realisation of such assets and in turn, the value and performance of the fund. In addition, a fund's assets or investments may be

concentrated in a few markets, countries, industries, commodities, sectors of an economy or issuers. If so, adverse movements in a particular market, country, industry, commodity, economy or industry or in the value of the securities of a particular issuer could have a severely negative effect on the value of such a fund. In addition, a fund may use a single advisor or employ a single strategy, which could mean a lack of diversification and higher risk.

4. Substantial redemptions by holders of interests in a fund within a short period of time could require the fund's investment manager(s) and/or adviser(s) to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the fund's assets.
5. The performance of a fund will be heavily dependent on the performance of investments selected by its advisers or investment managers and the skill and expertise of such fund service providers in making successful and profitable investment decisions. Such skill and expertise may be concentrated in a number of the adviser's or investment manager's key personnel. Should these key personnel leave or become no longer associated with the fund's adviser or investment manager, the value or profitability of the fund's investments may be adversely affected as a result.

Risks relating to interest features

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.

Interest on floating rate Notes may fall below the margin.

A Holder of floating rate Notes is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of floating rate Notes in advance. In the event that the reference rate used to calculate the applicable interest rate turns negative, the interest rate will be below the margin, if any, and may be zero and accordingly, the Holders of floating rate Notes may not be entitled to interest payments for certain or all interest periods. Neither the current nor the historical value of the relevant floating rate should be taken as an indication of the future development of such floating rate during the term of any 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.

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 notes 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 Range Accrual Notes.

Range Accrual Notes provide for interest to be paid either (i) on interest payment dates occurring at regular intervals throughout the life of the Notes; or (ii) in a single amount at maturity.

The amount of interest that an investor in the Notes receives is linked to the performance of the Reference Asset(s) specified in the applicable Final Terms and on how many actual days during the relevant Interest Period or Valuation Period the level or value of the Reference Asset(s) remains within a certain range, (the upper and lower limit of which is specified in the applicable Final Terms). If the level or value of the Reference Asset(s) is below the lower limit or higher than the upper limit on some or all of the days in an Interest Period or Valuation Period, the investor may receive low or even zero interest payments, respectively, for the relevant Interest Period. Holders should note that no interest accrues on days when the level or value of the Reference Asset(s) is outside of the range specified. The rate at which interest accrues may be a fixed rate, floating rate or other rate specified in the applicable Final Terms. Interest payable on the Notes is therefore also linked to the volatility of the level or value of the Reference Asset(s). Range Accrual Notes may not be suitable for investors who require regular income payments.

Risks relating to particular performance structures

Risks related to the complexity of the product

The yield structure for structured Notes is sometimes complex and may contain mathematical formulae or relationships which, for the investor, may be difficult to understand and compare with other investment alternatives. The relationship between yield and risk may be difficult to assess. As to the correlation between yield and risk it can generally be said that a relatively high yield most often is associated with relatively greater levels of risk. One way of increasing the probability of a higher yield is, for example, to include leverage effects in the yield structure which results in comparatively small changes in the performance of Reference Assets that may have major effects for the value and yield on Notes. Such a structure is generally also associated with a higher risk (see Risks relating to particular Reference Assets below). The past performance of corresponding investments is only a description of the historical performance of the investment and shall not to be regarded as an indication of future yield. Information regarding past performance is not available with respect to certain reference objects; for example, with respect to certain hedge funds. Investors should carefully consider which yield structure applies to the Notes or Notes in which the investor is investing in order to obtain an understanding of how the relevant Notes operate in different scenarios and the risks an investment in the Notes entails.

Risks relating to Notes which are not principal protected

The Notes may or may not be principal protected. If the Note is not principal protected there is no guarantee that the return that an investor receives on the Notes upon their redemption will be greater than or equal to the Principal Amount. If the Redemption Amount of the Notes is not principal protected, but is to be determined solely by reference to the value or level of one or more Reference Assets, any reduction in the value of the Reference Asset (or, in the case of a "put" or "reverse convertible" structure, any increase in value) may be expected to result in a reduction in the Redemption Amount of the Notes. Accordingly, it is possible that the return on Notes linked to such Reference Asset(s) may be considerably less than the amount paid by investors for such Notes and may be zero.

Risk relating to premium and participation ratio

The relationship between the value of a structured Note and the performance of the Reference Assets or changes between them is not always linear but, rather, sometimes depends on the yield structure and a participation ratio which determines the extent to which the performance of the Reference Asset is reflected in the value of the Note. The participation ratio is set by the Issuer and determined, among other things, by term to maturity, volatility, market interest rates and expected dividends on the Reference Asset. In certain structures, the participation ratio may differ depending on whether or not the performance of the relevant Reference Assets is positive or negative. Variations in the participation ratio may increase or decrease the extent to which a Noteholder is exposed to the performance of the relevant Reference Assets. The amount that the investor risks is greater in those structured Notes that are subscribed for/purchased at a premium, i.e. when the investor pays more than the nominal amount, due to the risk that these might be redeemed only at the nominal amount.

Intensity Price fluctuations, so called volatility

If, pursuant to the relevant Final Terms, a note is designed to include variables such as multipliers or leverage factors, cap/floor, another combination of these variables or other similar elements, the market value of such Notes may be more volatile than the market value of a note without such elements.

"Best of"/"Worst of" features in respect of Baskets.

Where the return on the Notes is linked to the performance of a Basket and that the "**Best of**" feature is applicable, the value of the Basket will depend on a specified number of components comprising the Basket that have shown the best performance in comparison to the other components comprising the Basket over a specified period of time. Conversely, where the "**Worst of**" feature is applicable, the value of the Basket will depend on a specified number of components comprising the Basket that have shown the worst performance in comparison to the other components comprising the Basket over a specified period of time. As the best-performing components, or the worst-performing components, of a Basket, as applicable, are not representative of the performance of the Basket as a whole, any calculations or determinations of value that involve the "**Best of**" or "**Worst of**" feature may produce results that are very different to those that take into account the performance of the Basket as a whole. Potential investors should examine the manner in which the "**Best of**" and "**Worst of**" features affect the value of any Basket and examine the context in which the such value affects the determination of any payouts. Potential investors in any such Notes should be aware that the returns they receive (if any) on investment in Notes which have a "**Best of**" and/or "**Worst of**" feature may be substantially different from the return on investment in Notes without such features.

Caps and floors

The formula or other basis for determining the value and/or performance of the Reference Asset in respect of a Series of Notes (or of individual Basket components) may provide for a maximum value, or cap, such that any value and/or performance of the Reference Asset (or individual Basket components) in excess of the applicable cap will not be taken into account for the purposes of the relevant determination. Amounts payable on the Notes linked to such capped value and/or performance will be limited accordingly.

Risk of automatic early redemption

In relation to certain types of Notes, the Notes will be automatically redeemed prior to their maturity if certain conditions are met. Notes of this type have an uncertain maturity date. Certain types of Notes may also be automatically redeemed early if a specified trigger is breached during a specified period or on a specified date or dates. If a Reference Asset or Basket performs poorly, Noteholders may receive little or no interest during the term of the Notes and/or receive low or even zero return at maturity, and in some circumstances may result in a loss of part or all of their investment. Prospective investors should consider reinvestment risk in light of other investments available at that time.

Risks relating to Delta 1 structures

In a Delta 1 structure, the investor in the Notes receives the current value of the relevant Reference Assets on the redemption date, less any applicable fees and taxes. In order to hedge the Issuer's obligations in respect of the Notes, the Issuer or another Hedging Party will enter into one or more Hedge Transactions in order to generate the sums necessary to pay the redemption amount and any applicable interest payments in respect of the Notes. Holders are therefore exposed to the risks that there may be delays or difficulties experienced by the Hedging Party in unwinding its Hedge Transactions. The obligation of the Issuer to make payments in respect of the Notes shall never exceed the aggregate Hedge Proceeds which the Hedging Party has received (or is deemed to have received) on or prior to the relevant Back Stop Date less any applicable fees and taxes. Holders may therefore receive any redemption amounts or interest payments later than expected, or may lose all or part of their investment in the Notes if the Issuer reasonably determines that the Hedging Party will not receive all or part of the Hedge Proceeds prior to the relevant Back Stop Date.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Central Bank shall be incorporated in, and form part of, this Base Prospectus:

- (a) The Terms and Conditions of the Notes contained in the Base Prospectus dated 19 December 2016, pages 178 to 296 (inclusive) available at:

<http://www.nordea.com/Investor+Relations/Debt+rating/Prospectuses/Nordea+Bank+AB+publ+Nordea+Bank+Finland+Plc+Structure+Note+Programme/1625312.html>

- (b) The Terms and Conditions of the Notes contained in the Base Prospectus dated 18 December 2015, pages 174 to 291 (inclusive), the supplement to the Base Prospectus dated 15 April 2016, pages 3 to 4 (inclusive) and the supplement to the Base Prospectus dated 3 October 2016, pages 6 to 7 (inclusive) available at:

<http://www.nordea.com/Investor+Relations/Debt+rating/Prospectuses/Nordea+Bank+AB+publ+Nordea+Bank+Finland+Plc+Structure+Note+Programme/1625312.html>

- (c) The Terms and Conditions of the Notes contained in the Base Prospectus dated 19 December 2014, pages 170 to 278 (inclusive), the supplement to the Base Prospectus dated 11 February 2015, pages 4 to 7 (inclusive) and the supplement to the Base Prospectus dated 24 April 2015, pages 4 to 7 (inclusive) available at:

<http://www.nordea.com/Investor+Relations/Debt+rating/Prospectuses/Nordea+Bank+AB+publ+Nordea+Bank+Finland+Plc+Structure+Note+Programme/1625312.html>

- (d) The Terms and Conditions of the Notes contained in the Base Prospectus dated 20 December 2013, pages 154 to 251 (inclusive), and the supplement to the Base Prospectus dated 14 February 2014, pages 3 to 6 (inclusive), available at:

<http://www.nordea.com/Investor+Relations/Debt+rating/Prospectuses/Nordea+Bank+AB+publ+Nordea+Bank+Finland+Plc+Structure+Note+Programme/1625312.html>

- (e) The Terms and Conditions of the Notes contained in the Base Prospectus dated 16 April 2013, pages 147 to 233 (inclusive), available at:

<http://www.nordea.com/Investor+Relations/Debt+rating/Prospectuses/Nordea+Bank+AB+publ+Nordea+Bank+Finland+Plc+Structure+Note+Programme/1625312.html>

Copies of the document incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London. Information included in the previous Base Prospectus but not incorporated by reference herein is either not relevant to investors or covered elsewhere in the current Base Prospectus.

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

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

FORM OF THE NOTES

Notes may be issued as Bearer Notes (as defined below), Registered Notes (as defined below), VP Notes, VPS Notes, Finnish Notes Swedish Notes or Swiss Franc 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

Each Tranche of Notes in bearer form ("**Bearer Notes**") (except Swiss Franc Notes) will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006, the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership **provided, however, that** in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

- (a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form ("**Definitive Notes**") if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention permanently to cease business or does in fact do so.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer 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 bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 6.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or
- (c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 6.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 6.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 6.00 p.m. (London time) on such due date ((c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention permanently to cease business or does in fact do so.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer 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 bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 6.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 6.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 6.00 p.m. (London time) on such due date ((b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Rights under Deed of Covenant

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

In relation to any issue of Notes which are a "Global Note exchangeable to Definitive Notes" in circumstances other than "in the limited circumstances specified in the Global Note, such notes may only be issued in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form 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."

Form of Registered Notes

Notes of each Tranche of each Series to be issued in registered form ("**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**"), in each case as specified in the relevant Final Terms.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the new structure (the "**New Safekeeping Structure**" or "**NSS**") would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Global Registered Note will either be: (a) in the case of a Note which is not to be held under the New Safekeeping Structure, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depositary and will be exchangeable in accordance with its terms; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specifies the form of Notes as being "Global Registered Note exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention permanently to cease business or does in fact do so.

Whenever the Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Fiscal Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 6.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Note; or

- (b) any of the Notes represented by a Global Registered Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment,

then, at 6.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 6.00 p.m. (London time) on such due date (in the case of (b) above) the Global Registered Note will become void and the holder of the Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Registered Note or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Note became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below, the terms and conditions set out under "*Specific Terms and Conditions*" below (as applicable) and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

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 etc. Act (*Lov om værdipapirhandel m.v.*), as replaced, with effect from 3 January 2018, by the Danish Capital Markets Act (*Lov om kapitalmarkedet*), as amended from time to time (the "**Danish Securities Act**") and the Danish Executive Order on Book Entry, etc. of dematerialised Securities in a Central Securities Depository (*Bekendtgørelse om registrering m.v. af fondsaktiver i en værdipapircentral*) as amended from time to time. 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 Danmark, Filial af Nordea Bank AB (publ), Sverige ("**Nordea Bank AB, Danish Branch**") is, on the date of issue of a Tranche of VP Notes, entered in the VP as the account holding institute (*kontoførende institut*) 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 AB, Danish Branch 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 AB, Danish Branch as the account holding institute and the VP will be governed by the provisions of Danish Executive Order on Book Entry, etc. of dematerialised Securities in a Central Securities Depository (*Bekendtgørelse om registrering m.v. af fondsaktiver i en værdipapircentral*) as amended from time to time. 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.

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 settled through the VPS. Legal title to the VPS Notes will be evidenced by book entries in the records of the VPS.

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 Finnish Notes

Each Tranche of Finnish Notes will be issued in uncertificated and dematerialised book-entry form in accordance with the Finnish Act on the Book-Entry Securities System and Clearing Activity (Fin. *laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* (348/2017)), as amended and with the Finnish Act on Book-Entry Accounts (Fin. *laki arvo-osuustileistä* (827/1991)), as amended. No global or definitive Notes will be issued in respect thereof. The holder of a Finnish Note will be the person evidenced as such by the register for such Note maintained by Euroclear Finland on behalf of the Issuer. Where a nominee in accordance with such legislation is so evidenced it shall be treated by the Issuer as the holder of the relevant Finnish Note.

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

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

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

Form of Swedish Notes

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

Title to 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. Issuances of Swedish Notes under the Programme 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.

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 depository as may be approved by the SIX Regulatory Board of the SIX Swiss Exchange (SIS or any such intermediary an "**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 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 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.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form (except in relation to Swiss Franc Notes), references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (except in relation to Swiss Franc Notes) or a Global Registered Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Registered Note and in relation to all other rights arising under such Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Registered Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Registered Note.

Conditions applicable to Global Notes

Each Global Note (except in relation to Swiss Franc Notes) and Global Registered Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payment Business Day: In the case of a Global Note, or a Global Registered Note, the Business Day for the purposes of payments shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment 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.

Exercise of put option: In order to exercise the option contained in Condition 6(n) (*Optional Early Redemption (Put)*) the bearer of the Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 6(m) (*Optional Early Redemption (Call)*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures 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 principal amount, at their discretion).

Notices: Notwithstanding Condition 16 (*Notices*), 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 for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

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, Euroclear Finland 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 and settled 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, Euroclear Finland or, in the case of Swiss Franc Notes, the 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 depository, 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 S.A. ("**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 replaced, with effect from 3 January 2018, by the Danish Capital Markets Act (*Lov om kapitalmarkeder*), as amended from time to time and the Danish Executive Order on Book Entry, etc. of dematerialised Securities in a Central Securities Depository (*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 depository 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 S, Denmark.

VPS

VPS 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 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.

Settlement of sale and purchase transactions in respect of Notes in the VPS will take place two 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 or custodian linked to the VPS System.

The address of VPS is Norwegian Central Securities Depository, Verdipapirsentralen ASA, P.O. 1174 Sentrum, 0107 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 clearinghouse.

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.

Euroclear Finland

Euroclear Finland is a Finnish limited company which operates under the supervision of the Finnish Financial Supervisory Authority and is authorised as a central securities depository and clearinghouse.

Settlement of sale and purchase transactions in respect of Notes in Euroclear Finland will take place three Helsinki business days after the date of the relevant transaction. Notes in Euroclear Finland may be transferred between accountholders at Euroclear Finland in accordance with the procedures and regulations, for the time being, of Euroclear Finland. A transfer of Notes which are held in Euroclear

Finland through Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to Euroclear Finland.

The address of Euroclear Finland Ltd is Euroclear Finland Ltd, PB 1110, 00101 Helsinki, Finland.

SIS

SIS is a wholly owned subsidiary of SIX Group Ltd. has a bank licences 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.

NOTES – TERMS AND CONDITIONS AND STRUCTURE

The Issuer has established the Programme for the purpose of issuing Notes on the international capital markets with maturities ranging from 30 days up to perpetual maturity. The aggregate nominal amount of Notes outstanding from time to time will not exceed €15,000,000,000.

1. **What is a Note?**

Freely transferable debt instrument

Notes are freely transferable debt securities, often referred to as bonds. A Note manifests a debt owed by the Issuer to the investor and the investor is normally entitled to a cash payment from the Issuer upon maturity (and sometimes also interest payments during the term). Therefore, Notes differ from convertible debt instruments as investors in such instruments may under certain circumstances receive a physical delivery of shares instead of a payment on maturity. Once the Note has been issued and the investor in the Note has paid the issue price to the Issuer, the investor is generally entitled to receive payments from the Issuer and will not owe any further obligation to make payments to the Issuer.

Combination of instruments

The Issuer may issue structured Notes pursuant to the Programme. Structured Notes have developed in recent years and did not exist in the early bond markets. In terms of structure and economics, a structured Note often operates as a combination of different types of more traditional instruments, for example, a bond combined with a share, a fund unit or a derivative instrument. The product may be composed of and resemble several instruments. However, all structured Notes constitute a claim of the investor towards the Issuer pursuant to which the investor, subject to the terms of the Notes, is entitled to receive a cash payment from the Issuer. In this context it is important to note that, even though the Note is composed of a derivative element, the so called counterparty risk in the derivative instrument remains with the Issuer. However the market risk is transferred to the investor.

Principal protected or not

The Terms and Conditions provide that the Issuer may issue "**non-principal protected**" Notes, meaning Notes under which the investor stands the risk of losing all or part of his investment in the event of a negative performance in the Reference Asset. A Note where the terms of which are such that the investor is always entitled to receive a nominal amount (or a certain minimum amount) are normally referred to as "**principal protected**" Notes. It should be noted however that the investor also risks losing his investment where he invests in a principal protected Note, since repayment of the investment is dependent on the Issuer having sufficient funds to perform its payment obligations. The principal protection, therefore, only means that the investor is entitled to receive repayment of a certain minimum amount on the redemption date irrespective of the performance in the relevant Reference Asset of the Note. Further information with respect to different types of Reference Assets for structured Notes is provided under the heading "*Different types of Notes*" below.

Listing

Notes are often listed for trading on any of the stock exchanges or other marketplace as further specified in this Base Prospectus; however, certain Notes may be tailored specifically to suit a particular investor or group of investors that seek exposure to a specific risk or market. Such Notes will normally not be intended for public trading or frequent transfer, although the Notes will in principle be a freely transferable instrument.

Status

Notes issued under the Programme constitute direct and unsecured obligations of the Issuer and will rank *pari passu* with the Issuer's unsecured and unsubordinated obligations.

2. Terms and Conditions – Final Terms

Terms and Conditions

The Programme is one of the Issuer's platforms for borrowings in the debt capital markets and is primarily intended to be used for issuance in certain Member States of the European Economic Area. The Programme constitutes an efficient platform upon which the Issuer can relatively frequently and quickly raise funding in the aforementioned markets. One of the most important features of the Programme is the Terms and Conditions, set out in their entirety in this Base Prospectus, as these apply to all Notes issued pursuant to the Programme. The Terms and Conditions are standardised and general in nature and are intended to cover a large number of different types of Notes. The Terms and Conditions are therefore relatively extensive and complicated.

Final Terms

Final Terms are prepared for each series of Notes. A form of Final Terms is set out in this Base Prospectus. The Final Terms specifies the terms and conditions for each series of Notes and constitute the full terms and conditions for the relevant series of Notes when applied together with the Terms and Conditions. Thus, the Final Terms must always be read together with the Terms and Conditions in order to obtain a complete understanding of the terms and conditions applicable to a tranche of Notes. The Final Terms will specify, among other things, the nominal amount, denomination, type of note and method of calculation of yield or interest under the specific series of Notes. The Final Terms will also contain the relevant Issue Price, which may be an indicative value, or a range of values, pending feedback from the offering process. The Issuer will determine the final Issue Price of the Notes in its sole discretion, taking into account investor demand during the offering process. If the Issue Price is determined after publication of the final terms, the Issue Price will be announced by the Issuer through the Company Announcements Office of the Irish Stock Exchange.

Final Terms for Notes which are offered to the public or otherwise admitted to trading on an exchange are filed with the Central Bank of Ireland. Final Terms that are filed accordingly will be published and made available on the Issuer's website (www.nordea.com, www.nordea.no, www.nordea.dk or www.nordea.fi).

3. Different types of Notes

As described above, a Note represents a right to demand and receive a certain performance from the Issuer, in the form of a cash payment. A Note is usually interest bearing or carries another form of yield. Notes where the redemption amount or the yield is linked to and determined on the basis of a Reference Asset are often referred to as structured Notes (see further below). The interest or other yield under a structured Note is often variable and not guaranteed and, where also the redemption amount is linked to the Reference Asset, the investor may under certain structured Notes bear the risk of losing a significant part of the investment (or the entire investment) in certain cases of negative performance in the Reference Asset.

This section contains a presentation of the main types of Notes that the Issuer intends to issue pursuant to the Programme and the most common types of Reference Assets. The main types of Notes and their interest and repayment features, are presented immediately below.

Reference Assets and Baskets

The Redemption Amount and/or interest payments in relation to the Notes may be determined by reference to the performance of one or more Reference Assets. Reference Assets may include shares, indices, commodities, interest rates, exchange rates, fund units and/or the credit standing of one or more Reference Entities.

In a mixed portfolio Note, the yield and/or redemption amount is linked to the performance of a one or more Baskets of Reference Assets which may contain different types of asset. The assets in a Basket may be assigned different weights and will thereby influence the yield and/or redemption amount according to their respective weight. Different asset types can form part of the same Basket and there may be several Baskets with different types of assets that are compared against each other.

Coupon and zero coupon Notes

Coupon or interest-bearing Notes pay interest and/or yield on a continuing basis during the term of the Note or, alternatively, on the conditions specified for the Note.

Zero coupon Notes are non interest bearing. These Notes are normally issued at a discount, i.e. the Issuer receives an amount on the issue date which is lower than the nominal amount of the Note and pays the nominal amount on the redemption date or, alternatively, the Issuer receives the nominal amount for the Note on issue and pays the nominal amount plus an enhanced amount on the redemption date.

Notes may be issued as coupon notes or as zero coupon Notes or as a combination of both. Structured Notes under which the redemption amount is linked to the performance of various types of Reference Assets may or may not provide for payment of interest or other yield on a continuing basis.

Amortising Notes

The Issuer may issue amortising Notes, being Notes where the principal amount is repaid in instalments.

Interest bearing Notes

Interest-bearing Notes typically accrue a fixed, floating or variable interest. A floating rate of interest is often composed of a variable interest base rate such as STIBOR, EURIBOR, LIBOR or such other relevant rate as may be specified in the Final Terms, plus or minus a fixed interest margin; instruments with floating interest rates are frequently referred to as *floating rate notes*, whereas under Notes with fixed interest, the rate of interest is fixed. Under a Note with inverse floating interest, there may be a fixed rate of interest less a rate of interest based on a reference rate such as STIBOR, EURIBOR, LIBOR or such other relevant rate as may be specified in the Final Terms. The interest may be adjustable and adjusted after each interest period. There are also Notes where the interest structure is changed during the term to maturity. For example, a fixed rate may be paid initially but the interest may subsequently change to a floating rate; or the interest may, for example, be increased after a certain period of time, referred to as interest step-up.

Structured Notes may be interest and/or inflation based in the sense that they are structured with a yield based on one or more rates of interest and/or Inflation Indices. The structure of such Notes may include multipliers, caps/floors, swaptions and/or combinations thereof. The structured yield can depend on whether one or more specified interest rates or Inflation Indices move within certain predetermined ranges. The structured yield can also depend on the yield in previous periods and the structured Notes can contain interest or inflation based triggers that can alter the structure of the yield or force early redemption.

Interest Deferral

If Interest Deferral is specified as applicable to the Notes then all payments of interest that would otherwise fall due in accordance with the interest structure(s) applicable to the Notes, shall be deferred until the earlier of the Redemption Date or the Early Redemption Date on which the Notes are redeemed in full.

Inflation-linked Notes or Notes with Inflation Indices as Reference Assets

Inflation linked Notes are Notes with or without an inflation-linked rate of interest and with an inflation-linked redemption amount. The rate of interest may be fixed or floating. If Notes are not interest-bearing, an inflation-linked redemption amount is paid only upon maturity. Notes may also be issued which have one or more Inflation Indices as a Reference Asset. The calculation of inflation is based on a consumer price index or other similar measure of the relative prices of assets, goods and/or services over time. Such index may be comprised of statistics that do not necessarily reflect the actual inflation exposure of the individual investor. The interest amount and the principal amount payable in relation to the Notes will be determined by the Issuer in accordance with the Conditions and the relevant Final Terms.

Equity-linked Notes

Under an equity-linked Note, the yield and/or redemption amount depend on the performance of one or more equities (including units in exchange-traded funds), equity indices or baskets of equities, and/or

equity indices or equity markets. The risk exposure under an equity-linked Note may be directed at certain markets or certain industries. There may be Notes where the underlying index or equity/equities relate to companies with a certain credit rating, as well as Notes where the Reference Assets are shares in venture capital companies.

An equity-linked Note may (but does not always) provide for a minimum predetermined yield, normally in the form of interest, in addition to the equity-linked yield. The Issuer may structure an equity-linked Note so that the yield increases or decreases depending on the movements in the relevant equity instrument or index during the term.

Equity-linked Notes may have a variable degree of exposure to the Reference Asset. The Notes may be issued at a premium which is lost, or the right to repayment of an invested amount may be lost in whole or in part, if the Reference Asset performs disadvantageously for the investor or in relation to a relevant comparison figure (and *vice versa* if the performance of the Reference Asset is positive). Alternatively, there may be a more limited link to the value of the Reference Asset, and thus a lower exposure to the relevant equity. For example, there are Notes which pay a predetermined minimum yield despite that the Reference Asset performs negatively. However, such Notes generally provide a more limited yield in a scenario where the Reference Asset performs well, as compared to Notes without minimum yield.

Reverse Convertible Notes

In a reverse convertible Note, the Reference Asset is normally composed of a share index or a basket of shares indices, or exchange-tracked fund units. Repayment of the principal amount will depend on the performance of the underlying Reference Assets, and the Redemption Amount may be less than the principal amount of the Notes if the performance of the Reference Assets falls below a pre-determined barrier level. A reverse convertible Note may include a fixed yield element.

Credit-linked Notes

Credit linked Notes are notes where the right to receive interest and/or the redemption amount is linked to certain reference credits or credit indices. The interest and/or redemption amount depend on whether a so-called "**credit event**" occurs during the term of the Note (as further described below). The reference credits may be credits or baskets of credits related to specified companies or sovereigns such as governments, municipalities county councils, or credit indices. The reference credits may consist of existing, future, conditional or unconditional payment obligations under debt instruments, for example, loan- or credit agreements, bonds or commercial paper (irrespective of term to maturity), financing commitments, payment obligations in respect of deposits, letters of credit, guarantee or surety commitments or other undertakings in respect of the payment obligations of a third party. These payment obligations may include both subordinated and unsubordinated obligations of the relevant Reference Entity. Generally speaking, subordinated obligations will carry a higher degree of credit risk than unsubordinated obligations of the same Reference Entity.

The interest and/or the redemption amount under a credit-linked Note may thus depend on the credit risk associated with one or more companies, i.e. the companies which are obliged to perform under the relevant reference credits (the so-called reference entities). Credit-linked Notes are often issued and priced on the basis of the credit ratings of the reference credits or reference entities. The rate of interest on the Notes is higher the lower the credit rating of the Reference Asset/entity. The higher interest on the Notes is intended to compensate for the higher risk associated with a low rating of the Reference Asset/entity, i.e. an increased likelihood that a credit event may occur. A credit event normally consists of payment default, bankruptcy or other insolvency related proceeding or other event that would typically affect the likelihood of a creditor to receive repayment in full pursuant to the terms and conditions of the reference credit. A credit event may result in an investor losing the right to receive interest and/or the redemption amount (in full or in part) on the Notes. Some credit-linked Notes are structured so that the interest and/or redemption amount is determined only on the basis of the first credit event, while other structures may take several credit events into account and gradually reduce the yield/redemption amount. The relevant reference credits as well as the reference entities and the credit risk associated with those will be clearly stated in the relevant Final Terms of each series of credit-linked Notes.

Credit-linked Notes may be issued in several tranches, all of which relate to the same Reference Assets. The tranches would then generally have different ranking and risk so that credit events are allocated towards the tranches in their order of seniority (i.e. the lowest ranking would bear the first losses etc).

Fund-linked Notes

Under a fund-linked Note, the yield and/or the redemption amount depends on the performance of one or more funds, including hedge funds, so-called fund of funds (a fund of funds is a fund which invests in one or more funds), fund indices or baskets of funds. The funds may be Swedish or foreign and managed by well-known or less well known fund managers. Some of the funds are so called UCITS funds whereas other funds have not been approved by (and thus not under supervision of) any relevant supervisory authority. The funds may be organised as mutual funds or in corporate form. Examples of funds that are often organised in corporate form are the private equity funds, hedge funds and/or fund of funds. Not all funds are subject to investor protection rules similar to those that apply to mutual funds under Swedish law. Funds and fund of funds have different types of investment strategies and different risk levels and a fund index may relate to a number of different funds. The investment scope and strategy of the individual funds and other material information will be clearly stated in the relevant Final Terms. Further, it is important to note that the fund rules of many funds or funds of funds provide various restrictions with respect to redemption of fund units, for example, it may be possible to redeem units only on a limited number of times during a year or in a minimum or maximum amount and there may be circumstances under which redemption is closed entirely. Further it is important to note that in certain funds or funds of funds the liquidity might be limited or non existent. Such liquidity restrictions are generally mirrored in the fund-linked Notes and are therefore relevant to the investor in the Notes as they may result in delayed (or cancelled) redemption of the Notes.

Commodity-linked Notes

In a commodity-linked Note, the yield or redemption amount depends on the value of one or more commodities, a commodities index or a basket of commodities and/or commodities indices, or a relevant comparison figure for the Reference Asset. Commodities that may be used as Reference Assets include, but are not limited to, electricity, oil, gold, emission rights, aluminium, copper and zinc.

Currency-linked Notes

In a currency-linked Note, the yield or redemption amount depends on the value of one or more currencies or baskets thereof, or a relevant comparison figure for the underlying currency and/or rates of exchange of one or more currencies in relation to each other. The value of one or more currencies or relevant exchange rates may be determined by reference to spot or forward rates and may be generated from official sources such as the European Central Bank's fixing or similar, but also by reference to private trades on the currency market or on the basis of quotes from a number of independent banks.

Index-linked Notes

In an index-linked Note, the yield and/or redemption amount depends on the performance of one or more indices or baskets of indices. The risk exposure under an index-linked Note may be directed at certain markets, industries or certain types of assets. Examples of indices which may be relevant include property indices, commodities indices, equity indices, inflation indices and indices for other types of assets.

Proprietary Indices

The Nordea Group may from time to time participate in creating, structuring and maintaining indices portfolios or strategies and for which it may act as index sponsor (collectively, "**Proprietary Indices**"). These indices are calculated by an external calculation agent in accordance with rules which describe the methodology for determining the composition and the calculation of these Proprietary Indices (the "**Rules**").

The complete set of Rules of any such index and information on the performance of the index will be freely accessible on the Issuer's or on the Index Sponsor's website. The governing rules (including methodology of the Index for the selection and the re-balancing of the components of the Index, a description of market disruption events and any applicable adjustment rules) will be based on predetermined and objective criteria.

As at the date of this Base Prospectus, the following indices are provided by legal entities acting in association with, or on behalf of, the Issuer and its affiliates:

Index Tracker	Index Name	Index Sponsor	Currency	Website for obtaining information about the Index
NQNDMOT	NASDAQ Nordea SmartBeta Momentum TR Index	NASDAQ/Nordea	SEK	www.nasdaq.com
NQNDVOT	NASDAQ Nordea SmartBeta Volatility TR Index	NASDAQ/Nordea	SEK	www.nasdaq.com
NQNDDIT	NASDAQ Nordea SmartBeta Dividend TR Index	NASDAQ/Nordea	SEK	www.nasdaq.com
NQNDDMT	NASDAQ Nordea SmartBeta Dividend Momentum Swe TR	NASDAQ/Nordea	SEK	www.nasdaq.com
NQNDDVT	NASDAQ Nordea SmartBeta Dividend Volatility Swe TR	NASDAQ/Nordea	SEK	www.nasdaq.com
NQNDMVT	NASDAQ Nordea SmartBeta Momentum Volatility Swe TR	NASDAQ/Nordea	SEK	www.nasdaq.com
NQNDMVEU ROP	NASDAQ Nordea SmartBeta Momentum Volatility Eurozone PR	NASDAQ/Nordea	EUR	www.nasdaq.com
NQNDMVEU ROT	NASDAQ Nordea SmartBeta Momentum Volatility Eurozone TR	NASDAQ/Nordea	EUR	www.nasdaq.com
NQNDMVEU RON	NASDAQ Nordea SmartBeta Momentum Volatility Eurozone NTR	NASDAQ/Nordea	EUR	www.nasdaq.com

Index Tracker	Index Name	Index Sponsor	Currency	Website for obtaining information about the Index
NQNDDMBE UROP	NASDAQ Nordea SmartBeta Dividend Momentum Beta Eurozone PR	NASDAQ/Nordea	EUR	www.nasdaq.com
NQNDDMBE UROT	NASDAQ Nordea SmartBeta Dividend Momentum Beta Eurozone TR	NASDAQ/Nordea	EUR	www.nasdaq.com
NQNDDMBE URON	NASDAQ Nordea SmartBeta Dividend Momentum Beta Eurozone NTR	NASDAQ/Nordea	EUR	www.nasdaq.com

Nasdaq and Nordea have jointly designed the selection criteria and rebalancing rules for the Indices listed above. Nasdaq is responsible for the methodology, calculation, dissemination and administration of the Indices.

4. The performance structure – a description

The performance structures described below determine the manner in which the performance of the relevant Reference Assets (as described for each type of Note described above) affects the yield and/or the redemption amount under the Notes. The performance structures set forth below may be applied to several of the aforementioned types of Notes. Structured Notes may, in many cases, correspond in terms of risk and functionality to combinations of several types of traditional instruments, for example, a bond combined with a share, a fund unit and/or a derivative instrument. The value of a structured Note will be affected by the value of the Reference Asset or relevant comparison figure. The value of the Reference Asset is sometimes determined at a number of occasions during the term of the Notes and sometime only at maturity. The performance may be positive or negative for the investor. Thus, the investor's right to yield and, where applicable, payment of the redemption amount is a function of the performance of the Reference Asset and the applicable performance structure. Investors will be notified of the relevant performance as well as yield and redemption amount in accordance with the Terms and Conditions and Final Terms of the relevant Notes.

The performance structures described below represent a selection of the most common structures. The structures may be combined, varied and used in their entirety or only in part.

The Redemption Amount of the Notes may be a combination of a fixed amount (the "**Base Redemption Amount**") and one or more additional amounts (an "**Additional Amount**") determined in accordance with one or more of the performance structures specified below.

The Additional Amount may be added to, or subtracted from, the Base Redemption Amount for the purposes of calculating the Redemption Amount payable at maturity, and may be negative. As a result, a Noteholder may in certain circumstances receive less than the Principal Amount of the Notes upon their final redemption. The Final Terms will specify which of the performance structures is applicable to each Series of Notes.

The Additional Amount may alternatively be payable on a different date to the Redemption Date, the date on which the Additional Amount is payable being the "**Alternative Additional Amount Payment Date**" as specified in the applicable Final Terms. Notwithstanding the foregoing, the Base Redemption Amount will be payable on the Redemption Date.

"Basket Long" and "Basket Short" structures

The basic method for calculation of performance under a structured Note compares the change between the initial price and the final price of one or more Reference Assets (a group of Reference Assets being referred to as a **"Basket"**). In order to mitigate the impact of temporary value fluctuations in the Reference Asset, the performance of the Reference Asset is often determined on the basis of an average value during the term of the Notes (i.e. there are several valuation points during the term of the Notes). In some Notes however, the value is determined on the basis of a single valuation. In a **"Basket Long"** structure, the positive performance of the Reference Assets within the Basket will have a positive effect on the return on the Notes, whereas in a **"Basket Short"** structure, the positive performance of the Reference Assets will have a negative effect on the return on the Notes.

The performance of an individual Reference Asset, or the Basket as a whole, may also be subject to a floor, which acts as a minimum level of performance, or a cap, which acts as a maximum level of performance. The Basket Long and Basket Short structures are building blocks which form part of many other performance structures.

"Barrier" structures

This structure provides for a fixed return on the Basket which replaces the actual final return if the Basket Return reaches and/or exceeds a price cap (a **"Barrier Outperformance"** Structure) or is less than a price floor (a **"Barrier Underperformance"** structure). The structure may also be linked to one or more best or worst performing Reference Assets, rather than the performance of the Basket as a whole.

Autocallable Structures

The return on the Notes depends on (i) the Basket Return, (ii) different barrier levels and (iii) the Coupon (if any), as defined below.

If the Basket Return on any Observation Date is at or above a specified call barrier level, then the Notes will be called for early redemption on the Early Redemption Date immediately following that Observation Date and the whole Principal Amount of the Notes will be repaid. A pre-determined Coupon may also be payable, either on the relevant early redemption date or such other date(s) as may be specified in the Relevant Final Terms.

If the Basket Return is below the Risk Barrier Level on any Risk Barrier Observation Date, the relevant Redemption Amount will be equal to the sum of the Base Redemption Amount of the Notes and an Additional Amount equal to the Principal Amount of the Notes multiplied by the Participation Ratio and the lower of the Basket Return on the Valuation Date, and the pre-determined maximum Basket Return; and

If the Basket Return is at or above the Risk Barrier Level on all Risk Barrier Observation Dates, the relevant Redemption Amount will be equal to the sum of the Base Redemption Amount of the Notes and an Additional Amount which will be equal to the Principal Amount of the Notes multiplied by the Participation Ratio 2 and the higher of a pre-determined minimum Basket Return or the Basket Return on the Valuation Date.

Different fixing methods and different weighting methods (e.g. worst of, best of, momentum etc.) may be used for the purposes of determining whether any Barrier Level, Risk Barrier Level or Coupon Barrier Level has been breached during the term of the Notes.

If the Basket Return is above the Coupon Barrier Level on any Valuation Date, the Notes may also pay Interest (known as the **"Coupon"**). The Coupon may be structured in one of the following ways:

If the Coupon type is "Flat", the Coupon will be the Principal Amount of the Notes multiplied by the relevant Coupon Rate.

If the Coupon type is "Memory", the Coupon will depend on the number of Coupons already paid in the lifetime of the Notes. The Coupon will be the Principal Amount of the Notes multiplied by a predefined Coupon Rate and multiplied by the number of preceding Interest Payment Dates, (up to and including the current Interest Payment Date), for which a Coupon has not been paid.

If the Coupon type is "Plus Flat", the Coupon will be the Principal Amount of the Notes multiplied by the higher of the Basket Return and the Coupon Rate.

If the Coupon type is "Plus Memory", the Coupon will be equal to the Principal Amount of the Notes multiplied by the higher of: a) the Coupon Rate multiplied by the number of preceding Interest Payment Dates, (up to and including the current Interest Payment Date), for which a Coupon has not been paid; and (b) the Basket Return.

If the "*Best of/Worst of Modifier*" (as set out below) is applied to the Autocallable Structure, the Additional Amount (and any early redemption amount) will be determined by reference to the closing price of the Nth best performing Reference Asset rather than the Basket as a whole. The value of N will be specified in the applicable Final Terms.

Autocallable Rate Structure

If the value of an underlying Reference Rate either out-performs or under-performs a pre-determined risk barrier level, as specified in the relevant Final Terms (the "**Autocall Condition**"), the Notes will be subject to early redemption. If the Autocall Condition is not satisfied prior to the final Valuation Date, the Notes will be redeemed on the Redemption Date.

"Replacement Basket" structures

In a Replacement Basket structure, the return generated by certain Reference Assets is replaced with a pre-determined figure. The performance of each Reference Asset is measured separately at the end of the Notes' term, and the performances are ranked based on the relative percentage return of each Reference Asset. The returns relating to a certain number of the best ranked Reference Assets are replaced by pre-determined percentage value for the purposes of determining the overall Basket Return.

"Locally Capped Basket" structures

In a Locally Capped basket structure, the return generated by each Reference Asset is subject to a pre-determined maximum percentage value.

"Rainbow Basket" structures

For the Rainbow Basket, the weightings of each Reference Asset will be set at maturity in a pre-determined manner. All Reference Asset Returns are measured separately at the maturity and ranked based on the relative performance. The weightings for each Reference Asset are then set based on this order in the manner specified in the Final Terms. Depending on the relationship between the relative ranking of each Reference Asset and the applicable weighting within the Basket, the Rainbow Basket structure may increase or decrease the relative contribution that either the best or worst performing Reference Assets will make to the overall Redemption Amount.

"Booster" structures

Booster structures can have a positive or negative return, based on the performance of the underlying Reference Asset(s). The return will be added to, or subtracted from, the Principal Amount of the Notes for the purposes of calculating the Redemption Amount payable at maturity. As a result, a Noteholder may in certain circumstances receive less than the Principal Amount of the Notes upon their final redemption. Booster structures may also have different participation ratios depending on whether or not the performance of the Reference Assets is positive or negative, thereby increasing or decreasing the Noteholders' exposure to the performance of the relevant Reference Assets.

"Twin Win" structure

The Additional Amount is calculated in a manner similar to the Basket Long Structure – if the performance of the Basket is positive the Additional Amount will also be positive. Additionally, if the performance of the Basket is negative but above a predetermined barrier level, then the Additional Amount will also be positive. If the performance of the Basket is negative but below the relevant barrier level, then the Additional Amount will also be negative and the Redemption Amount will be less than the Principal Amount of the Notes.

Risk Barrier structures

Risk barrier structures deliver a positive or negative return depending on the performance of the Basket as compared to both: (i) the Initial Basket Level on the final Valuation Date and (ii) a pre-determined barrier level on certain other days during the lifetime of the Notes.

Bonus Booster Structures

The product is similar to the basic Booster structure described above, except that at maturity a pre-determined bonus payout may apply if the Basket Return is never below the relevant barrier level on the relevant Valuation Date(s).

Cliquet Structure

The payout in the Cliquet structure is dependent on the accumulated sum of the relative (percentage) changes in the underlying Basket for a number of pre-determined Valuation Periods during the lifetime of the Notes. The Cliquet also has some specific features that can be used:

- The relative changes in the underlying Basket can also be locally capped and/or floored for each individual Valuation Period.
- The accumulated sum of the relative changes can also be subject to a global cap or floor.

The product may also have a lock-in feature. This means that if the cumulative return on any Valuation Date has reached a predefined Lock-in Level, the final payment will be at least that Lock-in Level. There can be many different Lock-in Levels, and there can be no assurance that any given Lock-in Level will be reached during the lifetime of the Notes.

Reverse Cliquet Structure

A Reverse Cliquet structure, rather than accumulating returns, pays out a sum at maturity equivalent to a set percentage rate minus the accumulated sum of the relative changes in the underlying Basket for a number of pre-determined Valuation Periods during the lifetime of the Notes.

Replacement Cliquet Structure

Similarly to a standard Cliquet, the return generated in a Replacement Cliquet structure is equal to the cumulative sum of the Basket's periodic performances. However, whereas a standard Cliquet structure often has local caps and floors for the periodic performance, the Replacement Cliquet instead replaces the returns of a certain number of the best performing Valuation Periods with a predefined value.

Reverse Replacement Cliquet Structure

The Reverse Replacement Cliquet Structure is a variation of the basic Replacement Cliquet Structure, but it replaces the returns of a certain number of the best performing Valuation Periods with a predefined value.

Rainbow Replacement Cliquet Structure

The Rainbow Replacement Cliquet Structure describes a Note where the weight of each Reference Asset is determined after the performance of each Reference Asset is known, following the principle that the best performing underlying is given the highest weight, and so forth. The performance of each individual Reference Asset is calculated on the same basis as the basic Cliquet structure, and represents the accumulated sum of the relative changes in the underlying Reference Asset for each Valuation Period during the lifetime of the Notes.

Reverse Convertible Structure

Reverse convertibles are structured Notes offering interest payments which are not dependent on the performance of the underlying Basket. At maturity the proportion of the Principal Amount which is paid back will depend on the performance of the underlying Basket.

If the aggregate underlying performance of the Reference Assets within the Basket is positive then the Redemption Amount will be equal to the Principal Amount of the Notes.

If the aggregate underlying performance of the Reference Assets within the Basket is below a set threshold, then the Redemption Amount will be equal to the Principal Amount of the Notes, less an amount calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and the relevant Basket Return.

Reverse Convertible Risk Barrier Structure

The structure is similar to the basic Reverse Convertible structure, except that the possible negative payout is determined by reference to a pre-determined barrier level on certain days during the lifetime of the Notes.

If on any applicable Valuation Date the aggregate underlying performance of the Reference Assets within the Basket is below a certain pre-determined barrier level and is below the specified strike level on the final Valuation Date, the Principal Amount of the Notes will not be paid back in full. Instead, the Redemption Amount will be dependent on the performance of the Basket and will be equal to the Principal Amount of the Notes less an amount calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and the relevant Basket Return.

In all other circumstances, the Principal Amount of the Notes will be paid back in full.

"Best of/Worst of" Reverse Convertible Structure

The structure is the same as the basic Reverse Convertible Risk Barrier Structure, except that the possible reduced Redemption Amount is determined by reference to the worst performing Reference Asset. The performance of each Reference Asset is measured separately, and the payout on the Notes is based on the performance of the Nth best performing Reference Asset.

Worst of Digital Memory Coupon Structure

The Worst of Digital Memory Coupon structure is a memory coupon structure with a payout that is conditional on the performance of the Reference Assets exceeding certain pre-determined barrier levels on a number of consecutive Valuation Dates.

Worst of Call Option Structure

The Worst of Call Option Structure gives the Noteholder an exposure to the worst performing Reference Asset in the Basket. The additional amount payable to the Noteholder will be the greater of zero, and the performance of the worst performing Reference Asset.

Outperformance Option Structure

The Outperformance Option offers the investor the possibility of a ranked return on a Basket of underlying Reference Assets. Whereas the Additional Amount payable in relation to a normal Basket structure is dependent on the absolute performance of the relevant Basket, the pay out of an outperformance structure is dependent on the relative performance of two Baskets ("**Basket A**" and "**Basket B**"), not on the absolute performance of either Basket. The outperformance option may compare the performance of two long baskets, two short baskets, or the performance of one long basket and one short basket.

Credit Linked Notes

A credit-linked note ("CLN") is a Note where the Redemption Amount and, if relevant, Interest Payments depend on the occurrence of Credit Events in selected obligations of a number of Reference Entities. A Credit Event is a corporate event which typically makes the creditor of the Reference Entity worse off, e.g. bankruptcy, failure to pay or restructuring of the debt (e.g. a lowering of future coupon payments or an extension of maturity). In addition, the interest and redemption payments depend on ability of the Reference Entity to make payments of principal or interest on its outstanding debt obligations.

In case of a Credit Event affecting a Reference Entity, the nominal used for calculation of the Redemption Amount and, if relevant, any Interest Payments, may be reduced. The reduction of the nominal amount may be calculated using market recovery values or a predetermined fixed recovery value. If a fixed recovery value is used, the fixed recovery value may be zero.

The interest in relation to a CLN is typically paid over time, but may also be paid at maturity. The interest may or may not depend on the occurrence of Credit Events.

A distinction can be drawn between three principal types of CLN structures:

- (a) Non-tranched CLN,
- (b) Tranched CLN, and
- (c) Nth-to-Default / Nth & Nth+1-to-Default CLN.

For the tranched and non-tranched CLN, the Redemption Amount and, if relevant, Interest Payments, are based on the weighted losses in the same or different portfolios of Reference Entities as a result of the occurrence of one or more Credit Events.

For the Nth to default and Nth and Nth+1 to default CLNs, the Redemption Amount and, if relevant, Interest Payments, are based on the number and possibly order of Credit Events in the same reference portfolio.

For tranched CLNs, the occurrence of a Credit Event may have no impact or a more than proportional impact on the future redemption value and, if relevant, coupon payments depending on the specific structure.

For non-tranched CLNs, the reduction of the nominal amount due to Credit Events will affect the future redemption and, if relevant, coupon payments. Non-tranched CLN's may also be callable or puttable (i.e. redeemed at a single pre-specified point in time before scheduled maturity) at the discretion of the Issuer or the investor. In addition, Non-tranched CLN's may involve one or more additional payments.

For Nth-to-Default CLNs, the occurrence of the first N-1 Credit Events will have no impact on the future redemption value and, if relevant, coupon payments. However, the impact of the Nth Credit Event will have a more than proportional impact on the future redemption value and, if relevant, coupon payments.

Similarly, for Nth & Nth+1 to Default CLN's, the impact of the Nth and Nth+1 Credit Event will have a more than proportional impact on the future redemption value and, if relevant, coupon payments.

Option CLN Structure

The purpose of the structure is to provide exposure to the development of credit risk (i.e. the risk of Credit Events occurring) in a specific market, such as European or US investment grade entities, or high yield borrowers). The exposure is provided through the issuance of Notes which are linked to index CDS spreads. Index CDS spreads represent the cost of buying protection against the occurrence of Credit Events affecting the entities comprising the relevant index. Index CDS spreads may be viewed as proxies for the development of credit risk in specific markets as a whole, as they generally represent diversified portfolios of some of the most freely traded individual credit exposures in the relevant market. Index based credit default swaps are among the most widely traded credit derivatives, and are used by financial institutions and asset managers to manage the credit risk inherent in their investment portfolios.

Using a single option payout, the Issuer may offer structures whereby the investor will benefit from a directional movement in credit spreads, e.g. either if credit spreads increase above a specified level or decrease below a specified level over the lifetime of the CLN.

By combining two option payouts, the Issuer may offer structures where the investor would benefit both if credit spreads increase above a specified level and decrease below a specified level. The Issuer may also offer structures where the investor would benefit from a directional move in credit spreads, but where the potential benefit is limited. e.g. where the investor would benefit if credit spreads decrease down to a certain level, but where a further decrease below that level will not generate any incremental return.

By combining three or four option payouts, the Issuer may offer additional structures.

Mark to Market CDS Structure

The structure provides exposure to the mark-to-market (i.e. termination) value of one or more credit default swaps referencing the Reference Entities, or index of Reference Entities, specified in the applicable Final Terms.

Digital Long and Short Structures

In a Digital Long structure, the Additional Amount will equal the Principal Amount of the Notes multiplied by a pre-determined Coupon level if the Basket Return on the final Valuation Date exceeds a pre-determined strike level. If the Basket Return does not exceed the strike level the Additional Amount is zero.

In a Digital Short structure the position is reversed, and the Additional Amount is zero if the Basket Return on the final Valuation Date is at or above the applicable strike level.

Digital structures may also be combined with a best of/worst of feature, which means that the valuation points and Additional Amount will be determined by reference to the best or worst performing Reference Asset rather than the Basket as a whole.

Series of Digitals

The Series of Digitals pays a redemption amount that is proportionate to the number of Reference Assets within the Basket whose performance exceeds a pre-specified barrier level. Where a Reference Asset's performance does not exceed the relevant barrier level, it does not contribute to the return an investor receives on the Notes.

"Delta 1" structure

Under a "Delta 1" structure the investor in the Notes receives the current value of the Reference Asset on the redemption date, less any applicable fees and taxes. In this type of structure the investor is fully exposed to the performance of the underlying Reference Asset and the Note is not capital protected.

Volatility Target Structure

The deemed exposure to the underlying Reference Asset(s) (the "**Exposure**") is determined by comparing:

- (i) the short term historical volatility of the underlying Reference Asset(s); and
- (ii) a target volatility (the "**Target Volatility**"),

subject to a pre-determined cap or floor.

When the short-term historical volatility of the underlying Reference Asset(s) increases, the deemed exposure to the underlying Reference Asset(s) decreases, and when the short-term historical volatility of the underlying Basket decreases, the deemed exposure to the underlying Reference Asset(s) increases.

If the short-term historical volatility is greater than the Target Volatility, then the Exposure of the Notes to the underlying Reference Asset(s) will be less than 100%. If the short-term historical volatility is equal to the Target Volatility, then the Exposure of the Notes to the underlying Reference Asset(s) will be 100%. If the short-term historical volatility is less than the Target volatility, then the Exposure of the Notes to the underlying Reference Asset(s) will be greater than 100% (subject to any maximum or minimum levels as discussed above).

On each Rebalancing Date, the terms and conditions will provide for the determination of a target level of Exposure (the "**Target Exposure**") in respect of the subsequent Rebalancing Period. The Hedging Party will then endeavour to establish Hedge Transactions which replicate a physical Exposure to the Reference Assets which is as near as possible to the Target Exposure. There may however be variations in the actual level of Exposure which the Hedging Party is able to generate, and the time at which the Exposure in relation to the Notes can be adjusted, as a result of the time lag between determination of the Target

Exposure and the establishment of the relevant Hedge Transactions, and the terms and conditions applicable to the redemption, subscription and sale of the relevant Reference Assets by the Hedging Party. There will be no change in the actual Exposure in respect of the Notes until the relevant Hedge Transactions have been established by the Hedging Party. As a result of these factors, the actual Exposure in respect of the relevant Rebalancing Period may differ from the Target Exposure for such Rebalancing Period.

In and Out Options

The "**In**" and "**Out**" option structures are barrier options, which generate an Additional Amount depending on whether or not the Basket Return is above or below a predetermined barrier level specified in the Final Terms (the "**Barrier Level**"). The "**Up and In**" option structures will generate an Additional Amount linked to the performance of the relevant Basket if the Basket Return is at or above the relevant Barrier Level on any Valuation Date. In a "**Down and In**" option structure, an Additional Amount will be generated if the Basket Return is at or below the relevant Barrier Level on any Valuation Date. The Additional Amount may be positive or negative depending on whether or not the Option type is a "bought" option or a "sold" option respectively.

The "**Up and Out**" option structures generate an Additional Amount linked to the performance of the relevant Basket if the Basket return is at or below the relevant Barrier Level on all Valuation Dates. In a "**Down and Out**" option structure an Additional Amount will be generated if the Basket Return is at or above the relevant Barrier Level on all Valuation Dates. The Additional Amount may be positive or negative depending on whether or not the Option type is a "**bought**" option or a "**sold**" option respectively.

Each of the "**In**" and "**Out**" option structures may be based on either an underlying "**Basket Long**" or "**Basket Short**" structure. The "**In**" and "**Out**" option structures may also pay a fixed rate of return known as a 'coupon' or a 'rebate' in the event that they do not generate an Additional Amount linked to the performance of the relevant Basket. In a "bought" option structure the coupon or rebate will be payable to the Noteholder, whereas in a "sold" option structure the coupon or rebate will be payable by the Noteholder and may therefore result in a negative Additional Amount (which may be deducted from the Base Redemption Amount).

Booster Risk Barrier 2

The Booster Risk Barrier 2 structure is a combination of an "at the money" call option, and an "out of the money" put option. The strike price for the call option is set at the prevailing price of the Reference Asset or Basket as at the issue date of the relevant Notes. If the value of the Reference Assets or Basket exceeds a pre-determined barrier level, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return (calculated on the "**Basket Long**" basis described above). The strike price for the put option is set below the prevailing price of the Reference Asset or Basket at the issue date of the relevant Notes, and so if the value of the Reference Asset or Basket depreciates below the specified barrier level, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio 2 and the Basket Return (calculated on the "**Basket Short**" basis described above).

FX Components

The Base Redemption Amount, the Additional Amount, the Redemption Amount or the Reference Asset Return determined in accordance with one of the performance structures specified above may also be multiplied by an applicable FX factor for the purposes of determining the total amount payable to holders, which reflects the variations in an underlying exchange rate during the lifetime of the Notes.

Best of/Worst of Modifier

Each of the performance structures specified above may also be modified so that the valuations, observations, Redemption Amount and Additional Amount are all determined by reference to the Nth best (or worst) performing Reference Asset, where N shall be a pre-specified value given in the Final Terms.

Lookback Initial Price Modifier

If the Lookback Initial Price is applicable to the Notes, the Additional Amount in relation to the Notes will be calculated by reference to either the highest or the lowest initial price during the relevant observation period, as specified in the Final Terms.

Lookback Final Price Modifier

If the Lookback Final Price is applicable to the Notes, the Additional Amount in relation to the Notes will be calculated by reference to either the highest or the lowest Final Price during the relevant observation period, as specified in the Final Terms.

Lock-in Modifier

If the Lock-in Modifier is applicable to the Notes, the Basket Return shall be replaced by the Lock-in Basket Return for the purposes of calculating the Additional Amount in accordance with one or more of the foregoing performance structure(s). The "**Lock-in Basket Return**" will be the highest Basket Return on any Valuation Date.

Lock-in Basket Floor

If the Lock-in Basket Floor is applicable to the Notes, then if the Basket Return exceeds the relevant barrier level on any Valuation Date, the Basket Return will be replaced with the higher of the Basket Return and a pre-determined minimum Basket Return for the purposes of determining the Additional Amount in accordance with the relevant performance structure.

Combination of Structures

The Issuer may combine the performance structures relating to the Notes, by applying different performance structures to different Reference Assets within the Basket or to different sub-Baskets, or by applying different performance structures depending on whether or not the Basket Return has exceeded certain pre-determined barrier levels within the overall lifetime of the Notes.

5. Other factors which may affect the redemption amount or yield under a Note

The different types of Notes and the performance structures described above may be combined with one or several of the variables described below. These variables may affect the investor's risk and the yield and/or the redemption amount under the Notes.

Absolute figures or percentage changes

The reference figures which may form part of the performance structures described above for determining performance may be an absolute figure or be expressed as a percentage.

Early redemption

In a Note with an early redemption feature, the Issuer is entitled to redeem the Note before the stated maturity date if the price of a Reference Asset or Basket during the term of the Notes reaches a certain predetermined level (referred to as a call option) or for other reasons. In certain cases, a predetermined early redemption amount may be specified. There are also structures which allow the investors to demand redemption of the Note prior to maturity, for example in order to lock in and realise a positive performance in the Reference Asset (referred to as a put option). The existence of a call or put option will be clearly stated in the relevant Final Terms.

Participation ratio

The structure of the Notes may contain a participation ratio which is used to determine the exposure to the respective Reference Asset, i.e. the proportion of the change in value which accrues to the investor in each individual Note. The Participation Ratio is set by the Issuer and is determined by, among other things, the term, volatility, market interest rate and expected return on the Reference Asset. The Participation Ratio may also vary depending on the performance of the underlying Reference Asset(s).

Premium or discount

Notes may be issued at a premium or discount, which means that the investor pays on issue an amount that is higher or lower than the principal amount of the Notes. Zero coupon Notes are frequently issued at a discount. Structured Notes are often issued at a premium and the premium can be considered as the cost that the investor pays for being entitled to receive a comparatively larger part of a positive performance of the Reference Asset. The difference between the paid amount and the Notes' principal amount (the premium) is never covered by any minimum redemption feature of the Notes.

Multipliers and leverage effects

In certain structured Notes a multiplier is included against which the performance of the Reference Asset is multiplied, thereby significantly increasing the portion of the change in value which may be credited to the investor in a Note. A high multiplier often entails that the Note is issued at a higher premium. The multiplier will result in a more rapid loss of invested capital in the event of a negative performance of the Reference Asset. Notes with a multiplier always provide a floor so that a negative performance in the Reference Asset does not result in the value of the Notes becoming negative.

Leveraged structures offer a higher exposure to the Reference Asset than the amount that the invested capital would otherwise allow. The leverage is often created by the application of a participation ratio or gearing factor which gives a greater than 100 per cent. exposure to the underlying Reference Assets. The leverage can sometimes vary over time according to a predefined mechanism. Such mechanism may also serve the purpose of keeping the leverage and/or the exposure to the Reference Assets within certain limits.

Currency factors

If the currency of the Reference Asset differs from the currency of the Notes, investors may be exposed to a currency risk relating to the exchange rate between the currency of the Notes and the currency of the Reference Asset.

Alternatively, if "FX Components" are specified as being applicable to one or more performance structures set out above, the Redemption Amount, the Additional Amount, the Basket Return or the Reference Asset Return may be adjusted by multiplying them by a factor which reflects the variation in one or more foreign exchange rates during the relevant time periods being measured or observed.

"Rebalancing"

Rebalancing is a continuous adjustment of the relationship between the exposure under a risk asset and invested principal.

Averaging of Valuations

When determining the starting value (initial price) and/or closing value (final price) of each Reference Asset, they can be calculated as an average of underlying closing values on pre-determined dates specified in the Final Terms ("**Valuation Date Averaging**"). Values for the underlying observations can be taken periodically (e.g. monthly, quarterly, semi-annually or annually). The Basket return payout is then calculated based on the performance of each Reference Asset over the life of the Note, taking the relevant weightings of each Reference Asset within the Basket into account.

Strike Level

The Strike Level (as specified in the Final Terms) may be set in such a way that the initial value assigned to one or more Reference Assets within the Basket for the purposes of measuring the relative performance of that Reference Asset, does not equal the initial spot market price of the relevant Reference Asset(s), creating Notes that may be "in" or "out" of the money on their issue date. For example, where the return on a Reference Asset is calculated by dividing the Closing Price of the relevant Reference Asset by its Initial Price and subtracting the Strike Level, a Strike Level in excess of 100% will result in the investor receiving a proportionate return that is less than the relative performance of the Reference Asset. A Note which is out of the money on its issue date will result in the Noteholder potentially receiving a lower return than a direct investment in the relevant Reference Asset. Conversely a Note which is in the money

on its issue date will result in a higher potential return than a direct investment in the relevant Reference Asset. An overall strike level (the "**Basket Strike Level**") may also be applied to the Basket as a whole.

TOM Cumulative Strategy

The TOM Cumulative Strategy replicates an investment in particular Reference Assets that is only made for a limited time period in each calendar month. At other times the Notes replicate an investment in a time deposit or other fixed income investment.

Running PnL Strategy

The Issuer may (but is not obliged) to provide secondary market prices for the Notes on a regular basis under normal market conditions. If the Running PnL strategy is applicable, then the secondary market prices quoted by the Issuer in relation to the Notes may be increased by a running fee, which will be determined by the Issuer in its sole discretion from time to time.

Maximum and Minimum Redemption Amounts

If a Maximum Redemption Amount is applicable, the Redemption Amount will be the lesser of: (i) the amount calculated on the basis of one or more of the performance structures outlined above, and (ii) a pre-determined Maximum Redemption Amount as specified in the Final Terms.

If a Minimum Redemption Amount is applicable, the Redemption Amount will be the greater of (i) the amount calculated in accordance with one of the performance structures outlined above and (ii) a pre-determined Minimum Redemption Amount as specified in the Final Terms.

If both a Maximum and a Minimum Redemption Amount are applicable, the Redemption Amount will be the greater of: (i) the Minimum Redemption Amount and (ii) the lower of (x) the amount calculated on the basis of one or more of the performance structures specified above and (y) the Maximum Redemption Amount.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which (subject to completion in the relevant Final Terms) will be applicable to each Series of Notes.

PART 1: – GENERAL CONDITIONS

The Notes are issued in accordance with a fiscal agency agreement, (as amended and/or restated and/or replaced from time to time, the "**Fiscal Agency Agreement**") dated 19 December 2017 and made between Nordea Bank AB (publ), (the "**Issuer**" or "**NBAB**") Citibank N.A., London Branch in its capacity as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor to Citibank N.A., London Branch in its capacity as such), Citigroup Global Markets Deutschland AG as registrar (the "**Registrar**" in relation to any Series of Notes except Swedish Notes, which expression shall include any successor to Citigroup Global Markets Deutschland AG in its capacity as such), certain financial institutions named therein in their capacity as paying agents (the "**Paying Agents**", which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Fiscal Agency Agreement), Citibank N.A., Sioux Falls, Zurich Branch as Swiss paying agent (the "**Swiss Paying Agent**", which expression shall include any successor to, or replacement of, Citibank N.A., Sioux Falls, Zurich Branch in its capacity as such), Nordea Danmark, Filial af Nordea Bank AB (publ), Sverige in its capacity as issuing agent for VP Notes (as defined below) (the "**VP Issuing Agent**"), Nordea Bank AB, Norwegian Branch in its capacity as Norwegian paying agent for VPS Notes (the "**VPS Paying Agent**"), Nordea Bank AB (publ) in its capacity as Swedish issuing agent for Swedish Notes (the "**Swedish Issuing Agent**") and Nordea Bank AB, Finnish Branch in its capacity as Finnish issuing agent for Finnish Notes (the "**Finnish Issuing Agent**"). The Notes have the benefit of a deed of covenant (the "**Deed of Covenant**") dated 19 December 2017 (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 (each a "**Tranche**"), and each Tranche will be the subject of a final terms (each a "**Final Terms**") a copy of which, in the case of a Series in relation to which application has been made for admission to listing on the Official List of the Irish Stock Exchange and to trading on its regulated market, will be filed with the Irish Stock Exchange and will be available for inspection at the specified office of each of the Fiscal Agent or, as the case may be, the Registrar on or before the date of issue of the Notes of such Series.

Notes may be denominated in Swiss Francs and cleared through SIS ("**Swiss Franc Notes**" and the "**SIS**"), or settled through the Danish Securities Centre, VP Securities A/S ("**VP Notes**" and the "**VP**", respectively), the Norwegian Central Securities Depository which will be Verdicapirsentralen ASA ("**VPS Notes**" and the "**VPS**", respectively), the Swedish Central Securities Depository which will be the Swedish Central Securities Depository and Clearing Organisation Euroclear Sweden AB, incorporated in Sweden with Reg. No. 556112-8074 ("**Swedish Notes**" and "**Euroclear Sweden**", or through the Finnish Central Securities Depository which will be Euroclear Finland Ltd, incorporated in Finland with Reg. No. 1061446-0, ("**Finnish Notes**" and "**Euroclear Finland**").

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 depository 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 Terms and Conditions of the VP Notes shall be deemed to be incorporated by reference in, and to form part of, the Deed of Covenant by which the VP Notes are constituted.

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

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

A registrar agreement dated on or about 16 April 2013 (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 of the Swedish Notes shall be deemed to be incorporated by reference in, and to form part of, the Deed of Covenant by which the Swedish Notes are constituted.

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

As the Finnish Notes will be registered on behalf of the Holder on a securities account pursuant to the Finnish Act on the Book-Entry Securities System and Clearing Activity (Fin. *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* (348/2017)), as amended and the Finnish Act on Book-Entry Accounts (Fin. *Laki arvo-osuustileistä* (827/1991)), as amended, no physical securities will be issued. A request for a registration measure regarding Finnish Notes shall be addressed to the account operator (the "**Account Operator**") pursuant to the Finnish Act on the Book-Entry Securities System and Clearing Activity (Fin. *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* (348/2017)), as amended and the regulations of Euroclear Finland.

In respect of Notes that are denominated in Singapore dollars and issued with a denomination of less than SGD 200,000 (the "**SGD Notes**"), the SGD Notes will be booked in Sweden. The branch or office of the Issuer at which the Notes are booked is not subject to regulation or supervision in Singapore. The SGD Notes and repayment of the SGD Notes are not secured by any means (whether by mortgage, charge, guarantee or other means).

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

1. Definitions

In these Terms and Conditions the following definitions shall apply.

"2006 ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series.

"Additional Amount(s)"	means the additional amount (or additional amounts) to be added to, or subtracted from, the Base Redemption Amount for the purposes of calculating the Redemption Amount in accordance with the relevant Conditions;
"Additional Financial Centre(s)"	means the city or cities specified as such in the relevant Final Terms;
"Adjusted Calculation Amount"	means (in respect of Notes that bear credit-linked interest), the Calculation Amount as adjusted in accordance with the provisions of one of Conditions 5(h) to (k) inclusive or, in the case of all other Notes, the Original Calculation Amount.
"Affected Reference Asset"	a Reference Asset (or part thereof) that is affected by one or more of Market Disruption, Disruption, Calculation Adjustment, Corrections, Extraordinary Events, Change in Law or Increased Costs. If the Reference Asset is constituted by a basket of underlying assets, Market Disruption, Market Disruption Commodity, Disruption, Calculation Adjustment, Corrections, Extraordinary Events, Change in Law or Increased Costs shall be deemed to have occurred only for such underlying asset or assets which are affected;
"Aggregate Portfolio Exposure"	means the sum of the Portfolio Exposures in respect of each Basket;
"Autocall Condition"	has the meaning given to it in Condition 5(u) (<i>Autocallable Rate</i>);
"Averaging Dates"	the dates specified in the Final Terms (as adjusted in accordance with the Scheduled Trading Day Convention);
"Back Stop Date"	means (i) in the case of Credit Linked Notes, the date which is 365 calendar days following the relevant Scheduled Redemption Date or Early Redemption Date (as applicable), following the issue by the Issuer of a Deferred Redemption Notice, and (ii) in any other case, as specified in the Final Terms;
"Barrier Level"	means each barrier level specified in the Final Terms;
"Base CPI"	the value of the relevant Inflation Rate as determined at the Valuation Time on the Initial Valuation Date(s);
"Base Currency"	the currency in which the Reference Asset is denominated;
"Base Redemption Amount"	as specified in the Final Terms;
"Basket(s)"	means the basket(s) of Reference Assets or Reference Entities specified in the applicable Final Terms;
"Basket Participation"	means the proportionate share of the Basket represented by each Reference Asset, determined as follows: If "Fixed Basket Participation" is specified as applicable in the Final Terms, the Basket Participation will be the fixed percentage specified in the Final Terms in relation to the relevant Reference Asset. If "Rainbow Basket Participation" is specified as applicable in the Final Terms, the Basket Participation will be determined by reference to the relative Reference Asset Return. Each Reference Asset will be assigned a ranking based on the Reference Asset Return as determined by the Issuer in accordance with the relevant

performance structure specified in Condition 6(a) (*Redemption at Maturity*), and the Basket Participation of each Reference Asset will correspond to the Basket Participation shown against the relative ranking in the applicable Final Terms.

If "**Replacement Cliquet Basket Participation**" is specified as applicable in the Final Terms, the Basket Participation will be determined by reference to the relative Replacement Cliquet Performance of the relevant Reference Asset. Each Reference Asset will be assigned a ranking based on the Replacement Cliquet Performance of the relevant Reference Asset as determined by the Issuer in accordance with Condition 6(a)(xxiv) ("*Rainbow Replacement Cliquet*" structure), and the Basket Participation of each Reference Asset will correspond to the Basket Participation shown against the relative ranking in the applicable Final Terms.

If "**Momentum Basket Participation**" is specified as applicable in the relevant Final Terms, the Basket Participation of each Reference Asset will initially be the value specified in the applicable Final Terms. Thereafter, the Basket Participation will be rebalanced on each applicable Rebalancing Date by reference to the relative Rebalancing Performance of each Reference Asset. Each Reference Asset will be assigned a ranking based on the Rebalancing Performance of the relevant Reference Asset during the period from (and including) the immediately preceding Rebalancing Date to (and including) the current Rebalancing Date, and the Basket Participation of each Reference Asset for the Rebalancing Period commencing on the current Rebalancing Date will correspond to the Basket Participation shown against the relevant ranking in the applicable Final Terms.

If "**Accumulating Rainbow Basket Participation**" is specified as applicable in the Final Terms, the Basket Participation will be determined by reference to the relative Reference Asset Return. Each Reference Asset will be assigned a ranking on the Issue Date, as specified in the applicable Final Terms, and thereafter the Basket Participation will be recalculated on each Valuation Date based on the Reference Asset Return as determined by the Issuer in accordance with the relevant performance structure specified in Condition 6(a) (*Redemption at Maturity*), and the Basket Participation of each Reference Asset for the next following Valuation Period will be reset and correspond to the Basket Participation shown against the relative ranking in the applicable Final Terms.

"Basket Participation (Interest)"

means the Basket Participation of each Reference Entity (Interest), determined as follows:

If "**Fixed Basket Participation (Interest)**" is specified as applicable in the Final Terms, the Basket Participation (Interest) will be the fixed percentage specified in the Final Terms in relation to the relevant Reference Entity (Interest).

If "**Rainbow Basket Participation (Interest)**" is specified as applicable in the Final Terms, the Basket Participation (Interest) will be determined by reference to the relative Reference Entity Return. Each Reference Entity (Interest) will be assigned a ranking based on the Reference Asset Return as determined by the Issuer in accordance with the relevant performance structure specified in Condition 6(a) (*Redemption at Maturity*), and the Basket Participation (Interest) of each Reference Entity (Interest) will

correspond to the Basket Participation (Interest) shown against the relative ranking in the applicable Final Terms.

If "**Replacement Cliquet Basket Participation (Interest)**" is specified as applicable in the Final Terms, the Basket Participation (Interest) will be determined by reference to the relative Replacement Cliquet Performance of the relevant Reference Entity (Interest). Each Reference Entity (Interest) will be assigned a ranking based on the Replacement Cliquet Performance of the relevant Reference Entity (Interest) as determined by the Issuer in accordance with Condition 6(a)(xxiv) ("*Rainbow Replacement Cliquet*" structure), and the Basket Participation (Interest) of each Reference Entity (Interest) will correspond to the Basket Participation (Interest) shown against the relative ranking in the applicable Final Terms.

If "**Momentum Basket Participation (Interest)**" is specified as applicable in the relevant Final Terms, the Basket Participation (Interest) of each Reference Entity (Interest) will initially be the value specified in the applicable Final Terms. Thereafter, the Basket Participation (Interest) will be rebalanced on each applicable Rebalancing Date by reference to the relative Rebalancing Performance of each Reference Entity (Interest). Each Reference Entity (Interest) will be assigned a ranking based on the Rebalancing Performance of the relevant Reference Entity (Interest) during the period from (and including) the immediately preceding Rebalancing Date to (and including) the current Rebalancing Date, and the Basket Participation (Interest) of each Reference Entity (Interest) for the Rebalancing Period commencing on the current Rebalancing Date will correspond to the Basket Participation (Interest) shown against the relevant ranking in the applicable Final Terms.

If "**Accumulating Rainbow Basket Participation (Interest)**" is specified as applicable in the Final Terms, the Basket Participation (Interest) will be determined by reference to the relative Reference Asset Return (Interest). Each Reference Entity (Interest) will be assigned a ranking on the Issue Date, as specified in the applicable Final Terms, and thereafter the Basket Participation (Interest) will be recalculated on each Interest Determination Date based on the Reference Asset Return (Interest) as determined by the Issuer in accordance with the relevant performance structure specified in Condition 6(a) (*Redemption at Maturity*), and the Basket Participation (Interest) of each Reference Entity (Interest) for the next following Interest Period will be reset and correspond to the Basket Participation (Interest) shown against the relative ranking in the applicable Final Terms.

"Basket Strike Level"

as specified in the Final Terms;

"Business Day"

- (a) means in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Financial Centre; and
- (b) means in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Financial Centre.

"Business Day Convention"	means the convention applicable for the purposes of adjusting a relevant day where the day would otherwise occur on a day which is not a Business Day. The adjustment may be made in accordance with any of the conventions listed below, and the applicable convention in respect of each Series of Notes will be specified in the relevant Final Terms;
	Following Business Day:
	where an Interest Payment Date or another relevant date occurs on a day which is not a Business Day, it shall be deferred to the immediately following Business Day;
	Modified Following Business Day:
	where an Interest Payment Date or another relevant date occurs on a day which is not a Business Day, it shall be deferred to the immediately following Business Day unless that day would fall in the next calendar month, in which case the Interest Payment Date or another relevant date shall occur on the immediately preceding Business Day;
	Preceding Business Day:
	where an Interest Payment Date occurs on a day which is not a Business Day, it shall instead occur on the immediately preceding Business Day;
"Calculation Adjustment"	as specified in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to these Conditions;
"Calculation Agent"	the agent for the Issuer specified in the relevant Final Terms;
"Calculation Amount"	has the meaning given in the relevant Final Terms;
"Call Barrier Level"	as specified in the Final Terms;
"Cap Strike"	means the value specified in the Final Terms;
"Cap Strike 1"	means the value specified in the Final Terms;
"Cap Strike 2"	means the value specified in the Final Terms;
"Cap Strike Lower"	means the value specified in the Final Terms;
"Cap Strike Upper"	means the value specified in the Final Terms;
"Change in Law"	as specified in Condition 9 (<i>Change in Law</i>);
"CDOR"	the Interest Rate which, (1) at or about 11.00 am Toronto Time on the relevant day is published on the relevant Screen Page for the relevant period (or through such other system or on such other screen as replaces the aforementioned system or screen) or, in the absence of such quotation, the Interest Rate which (2) at the aforementioned time corresponds to (a) the arithmetic mean of the rates for deposits in CAD for the relevant period on the Toronto interbank market as quoted by the Reference Banks or, where only one or no such quotation is given – (b) the Issuer's determination of the Interest Rate offered by Canadian commercial banks for loans in CAD for the relevant period on the Toronto interbank market;

"CIBOR"	the Interest Rate which, (1) at or about 11.00 am Central European Time on the relevant day is published on the relevant Screen Page for the relevant period (or through such other system or on such other screen as replaces the aforementioned system or screen) or, in the absence of such quotation, the Interest Rate which (2) at the aforementioned time corresponds to (a) the arithmetic mean of the rates for deposits in DKK for the relevant period on the Copenhagen interbank market as quoted by the Reference Banks or, where only one or no such quotation is given – (b) the Issuer's determination of the Interest Rate offered by Danish commercial banks for loans in DKK for the relevant period on the Copenhagen interbank market;
"Clearing System"	means one or more of Euroclear, Clearstream Luxembourg, Euroclear Finland, Euroclear Sweden, VP, VPS and SIS, as specified in the applicable Final Terms;
"Closing Price"	the value of the relevant Reference Asset at the Valuation Time on the applicable Rebalancing Date(s), Valuation Date(s), Observation Date(s), Risk Barrier Observation Date(s) or Initial Valuation Date(s), as determined by the Issuer by reference to the price source specified in the Final Terms;
"Component Security"	means, in relation to an Index, each component security of the Index;
"Correction"	as specified in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to these Conditions;
"Coupon"	the value specified in the relevant Final Terms;
"Coupon 2"	the value specified in the relevant Final Terms;
"Coupon Barrier Level"	each coupon barrier level specified in the relevant Final Terms;
"Coupon Rate"	each coupon rate as specified in the relevant Final Terms;
"Credit Event"	means any of the events named as such in Part 3: <i>Additional Conditions for Credit-Linked Notes</i> to these Conditions and specified as applicable to the relevant Notes in the applicable Final Terms;
"Credit Event Ranked Weight"	means the weighting assigned to the relevant Credit Event, as specified in the Final Terms;
"Currency Business Day"	means (i) if "WM/Reuters" is specified in the relevant Final Terms, the dates on which WM/Reuters (or any successor thereto), through its currency market data services, publishes spot rates for the relevant currency pair, and (ii) if "Other" is specified in the relevant Final Terms, any day in which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant currency. In respect of any transaction where the Notes and/or Reference Asset(s) are denominated in Euro, each TARGET Settlement Day shall be a Currency Business Day;
"Currency Business Day Convention"	means the convention applicable for the purposes of adjusting a relevant day where the day would otherwise fall on a day which is not a Currency Business Day. The adjustment may be made in accordance with any of the conventions listed under "Business Day Convention" as if references therein to a "Business Day" were references to a Currency Business Day. Unless otherwise specified

in the applicable Final Terms, the Currency Business Day Convention will be the same as the Business Day Convention;

"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:

Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" 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

"**D₂**" 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:

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Day Count Fraction =

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" 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

"D₂" 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 =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" 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

"D₂" 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 Redemption 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;

"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 but excluding the Interest Commencement Date to and including the first Interest Payment Date and each successive period from but excluding one Interest Payment Date to and including 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 but excluding a Regular Date falling in any year to and including 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 but excluding a Regular Date falling in any year to and 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;
" Denomination "	the denomination of the Notes as specified in the Final Terms;
" Designated Maturity "	as specified in the Final Terms;
" Early Redemption Amount "	as specified in the Final Terms;
" Early Redemption Date "	the Interest Payment Date(s) or other such date(s) as specified in the Final Terms on which the Notes may be redeemed prior to their scheduled Redemption Date in accordance with the Conditions;
" EURIBOR "	the Interest Rate which (1) at 11:00 am Central European Time on the relevant day is published on the relevant Screen Page for the relevant period (or through such other system or on such other screen as replaces the aforementioned system or screen) or, in the absence of such quotation the Interest Rate which (2) at the aforementioned time corresponds to (a) the arithmetic mean of the rates quoted by European Reference Banks to leading commercial banks in Europe for deposits in Euro for the relevant period or, where only one or no such quotation is given, (b) the Issuing Agent's (where applicable, Calculation Agent's) or Issuer's assessment of the Interest Rate offered by leading commercial banks in Europe for loans in Euro in respect of the relevant period on the European interbank market;
" Euroclear Finland "	Euroclear Finland Ltd.;
" Euroclear Sweden "	Euroclear Sweden AB;
" European Reference Banks "	four major commercial banks which, at the time in question, quote EURIBOR and are appointed by an Issuing Agent (or, where applicable, the Calculation Agent) or the Issuer;
" Exchange Business Day "	means any Scheduled Trading Day on which each Relevant Exchange and each Options or Futures Exchange is open for trading during its regular trading sessions and (in the case of an Index), on which the Index Sponsor publishes the level of the Index;
" Extraordinary Events "	as specified in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to these Conditions;
" Final CPI "	the value of the relevant Inflation Rate as determined at the Valuation Time on the Valuation Date(s);
" Final Currency Value "	as specified in the Final Terms;
" Final FX Rate "	unless otherwise specified in the Final Terms means the FX Rate, or the average value of the FX Rate at the FX Valuation Time, on the applicable FX Valuation Date(s) specified in the Final Terms;

"Final FX Rate (Interest)"	unless otherwise specified in the Final Terms means the FX Rate (Interest), or the average value of the FX Rate (Interest) at the FX Valuation Time (Interest), on the applicable FX Valuation Date(s) (Interest) specified in the Final Terms;
"Final Lookback Observation Period"	means the dates specified in the relevant Final Terms;
"Final Price"	unless otherwise specified in the Final Terms, means the Closing Price (or, if Valuation Date Averaging is specified in the Final Terms, the average of the Closing Prices), for the relevant Reference Asset, on the Valuation Date(s) (or on the Averaging Dates applicable to the relevant Valuation Date(s)), Observation Date(s), Risk Barrier Observation Date(s) or Interest Determination Date(s), specified in the Final Terms;
"Fixed Interest Amount"	means the amount specified in the Final Terms;
"Fixed Price"	as specified in the Final Terms;
"Fixed Rate Notes"	has the meaning given to it in Condition 5(a) (<i>Interest — Fixed Rate</i>);
"Fixed Recovery Value"	as specified in the relevant Final Terms;
"Floating Rate Notes"	has the meaning given to it in Condition 5(d) (<i>Interest – FRNs (Floating Rate Notes)</i>);
"Floor Strike"	means the value specified in the applicable Final Terms;
"Floor Strike 1"	means the value specified in the applicable Final Terms;
"Floor Strike 2"	means the value specified in the applicable Final Terms;
"Floor Strike Lower"	means the value specified in the applicable Final Terms;
"Floor Strike Upper"	means the value specified in the applicable Final Terms;
"FRN Participation Ratio"	as specified in the Final Terms;
"Fund"	as specified in the Final Terms;
"Fund Event"	has the meaning specified in Part 4: <i>Additional Conditions for Fund-Linked Notes</i> to these Conditions;
"Fund-Linked Notes"	means Notes in respect of which the Reference Asset(s) consist(s) of units or shares in a fund (or funds), as further specified in the relevant Final Terms;
"FX Factor"	means, if "FX Factor-Long" is specified in the applicable Final Terms, the value obtained by dividing the Final FX Rate by the Initial FX Rate or, if "FX Factor-Short" is specified in the Final Terms, the value obtained by dividing the Initial FX Rate by the Final FX Rate;
"FX Factor (Interest)"	means, if "FX Factor (Interest) Long" is specified in the applicable Final Terms, the value obtained by dividing the Final FX Rate (Interest) by the Initial FX Rate (Interest) or, if "FX Factor (Interest) Short" is specified in the Final Terms, the value obtained by dividing the Initial FX Rate (Interest) by the Final FX Rate (Interest);

"FX Rate"	means the currency exchange rate (which may be calculated on the basis of a combination of rates) specified in the relevant Final Terms, as displayed on the price source(s) specified in such Final Terms;
"FX Rate (Interest)"	means the currency exchange rate (which may be calculated on the basis of a combination of rates) specified in the relevant Final Terms, as displayed on the price source(s) specified in such Final Terms;
"FX Valuation Date(s)"	the date(s) specified in the Final Terms, as adjusted in accordance with the Currency Business Day Convention;
"FX Valuation Date(s) (Interest)"	the date(s) specified in the Final Terms, as adjusted in accordance with the Currency Business Day Convention;
"FX Valuation Time"	as specified in the applicable Final Terms;
"FX Valuation Time (Interest)"	as specified in the applicable Final Terms;
"Hedge Proceeds"	means the amount(s) received by the Issuer or other applicable Hedging Party as a result of unwinding any hedge position entered into by the Issuer or relevant Hedging Party in order to hedge any obligation of the Issuer to make payments in respect of the Notes;
"Hedge Transaction"	means any transaction or trading position entered into or held by the Issuer and/or any of its Affiliates to hedge, directly or indirectly, the Issuer's obligations or positions (whether in whole or in part) in respect of the Notes or any hypothetical transaction or trading position relating to the Issuer's obligations or positions (whether in whole or in part) in respect of the Notes, as determined by the Issuer in its sole discretion;
"Hedging Disruption"	as specified in Condition 11 (<i>Hedging Disruption</i>);
"Hedging Party"	means the Issuer, any other entity within the Nordea Group (as selected by the Issuer from time to time in its sole discretion), or a hypothetical investor located in Denmark, Finland or Sweden, that will be deemed to hold the Reference Assets;
"Holder"	a person or entity identified as the holder of one or more Notes in accordance with these Conditions;
"Increased Costs"	has the meaning specified in Condition 10 (<i>Increased Costs of Hedging</i>);
"Index Sponsor"	means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) customarily announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day;
"Inflation-Linked Interest"	the amount of interest determined in accordance with Condition 5(e) (<i>Interest-Inflation-Linked</i>);
"Inflation-Linked Interest Notes"	Notes that bear Inflation-Linked Interest;

"Inflation Rate"	the inflation rate specified as the Reference Asset (Interest) in the Final Terms;
"Initial Basket Level"	as specified in the Final Terms;
"Initial FX Rate"	unless otherwise specified in the Final Terms means the FX Rate, or the average value of the FX Rate, at the FX Valuation Time, on the applicable Initial FX Valuation Date(s) as specified in the Final Terms;
"Initial FX Rate (Interest)"	unless otherwise specified in the Final Terms means the FX Rate (Interest), or the average value of the FX Rate (Interest), at the FX Valuation Time (Interest), on the applicable Initial FX Valuation Date(s) (Interest), as specified in the Final Terms;
"Initial FX Valuation Date(s)"	the date(s) specified in the Final Terms, as adjusted in accordance with the Currency Business Day Convention;
"Initial FX Valuation Date(s) (Interest)"	the date(s) specified in the Final Terms, as adjusted in accordance with the Currency Business Day Convention;
"Initial Lookback Observation Period"	means the dates specified in the applicable Final Terms;
"Initial Price"	unless otherwise specified in the Final Terms, means the Closing Price (or, if Initial Valuation Date Averaging is specified in the Final Terms, the average of the Closing Prices), of the relevant Reference Asset on the Initial Valuation Date(s) (or on the Averaging Dates applicable to the relevant Initial Valuation Date(s)), as specified in the Final Terms;
"Initial Valuation Date"	the date or date(s) specified in the Final Terms (as adjusted in accordance with the Scheduled Trading Day Convention) and, if Initial Valuation Date Averaging is specified as applicable in the relevant Final Terms, references in these Conditions to the Initial Valuation Date shall, where the context so admits, also include reference to any related Averaging Dates;
"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 the Calculation Agent;
"Instalment Date"	as specified in the Final Terms;
"Interest Base Rate"	EURIBOR, STIBOR, LIBOR, NIBOR, CIBOR, CDOR or the Nordea Own Funds Rate, as may be specified in the Final Terms;
"Interest Commencement Date"	as specified in the Final Terms;
"Interest Determination Date"	the day which occurs two Business Days prior to the first day in each Interest Period, or such other date(s) as may be specified in the Final Terms;
"Interest Margin"	as specified in the Final Terms;
"Interest Payment Date(s)"	the date(s) specified in the Final Terms;

"Interest Period"	(i) with respect to the first Interest Period, the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date; and (ii) with respect to subsequent Interest Periods, the period commencing on (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date provided that in the case of Swedish Notes, the period beginning on (but excluding) the Interest Commencement Date 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;
"Interest Rate"	as specified in the Final Terms in respect of Fixed Rate Notes or as specified in Condition 5(d) (<i>Interest – FRNs (Floating Rate Notes)</i>) in the case of Floating Rate Notes;
"Issue Date"	as specified in the Final Terms or if such day is not a Business Day, as determined in accordance with the applicable Business Day Convention;
"Issuing Agent"	as specified in the Final Terms;
"LIBOR"	the Interest Rate which, (1) at or about 11.00 am London Time on the relevant day is published on the relevant Screen Page for the relevant period (or through such other system or on such other screen as replaces the aforementioned system or screen) or, in the absence of such quotation, the Interest Rate which (2) at the aforementioned time corresponds to (a) the arithmetic mean of the rates for deposits in the Specified Currency for the relevant period on the London interbank market as quoted by the Reference Banks or, where only one or no such quotation is given – (b) the Issuer's determination of the Interest Rate offered by London commercial banks for loans in the Specified Currency for the relevant period on the London interbank market;
"Lock-in Level"	as specified in the Final Terms;
"Lookback Factor"	as specified in the Final Terms;
"Market Disruption"	as specified in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to these Conditions;
"Market Recovery Value"	means the final price for deliverable obligations of the relevant Reference Entity or Reference Entity (Interest), as applicable, as determined in accordance with any applicable auction process or other valuation methodology administered or endorsed by or on behalf of the International Swaps and Derivatives Association, Inc., or any successor organisation, or in the absence of such a price, the value determined by the Issuer acting in good faith and in a commercially reasonable manner;
"Maximum Basket Return"	as specified in the Final Terms;
"Maximum Interest Rate"	as specified in the Final Terms;
"Maximum Performance"	in respect of each Reference Asset, the percentage specified in the Final Terms;

"Maximum Redemption Amount"	as specified in the Final Terms;
"Minimum Basket Return"	as specified in the Final Terms;
"Minimum Interest Rate"	as specified in the Final Terms;
"Minimum Redemption Amount"	as specified in the relevant Final Terms;
"Minimum Redemption Percentage"	means the minimum redemption amount expressed as a percentage of the Principal Amount of the Notes;
"N"	as specified in the Final Terms;
"New York Banking Day"	a day on which commercial banks and foreign exchange markets are generally open for business in New York City;
"NIBOR"	the Interest Rate which, (1) at or about 12.00 pm Oslo Time on the relevant day is published on the relevant Screen Page for the relevant period (or through such other system or on such other screen as replaces the aforementioned system or screen) or, in the absence of such quotation, the Interest Rate which (2) at the aforementioned time corresponds to (a) the arithmetic mean of the rates for deposits in NOK for the relevant period on the Oslo interbank market as quoted by the Reference Banks or, where only one or no such quotation is given (b) the Issuer's determination of the Interest Rate offered by Norwegian commercial banks for loans in NOK for the relevant period on the Oslo interbank market;
"Nordea Group"	The Issuer and its subsidiaries, licensed to carry on financing business in their respective country of domicile;
"Nordea Own Funds Rate"	means the cost to the Nordea Group of obtaining funding in the Specified Currency for a term equivalent to the relevant Interest Period, as determined by the Issuer on each relevant Interest Determination Date;
"Notes"	debt instruments which form part of a Series issued by the Issuer under this Programme, with the terms and conditions specified in the relevant Final Terms and these Conditions;
"NTOM Period"	means the period from and including the Issue Date to (but excluding the initial TOM Calculation Start Date, and thereafter each period from (but excluding) a TOM Calculation End Date to (and including) the next following TOM Calculation Start Date;
"Number of Business Days"	means the Number of Business Days specified in the Final Terms;
"Number of Exchange Business Days"	means the number of Exchange Business Days specified in the Final Terms or, if the Final Terms do not specify the relevant number, three (3) Exchange Business Days;
"Observation Date"	the dates specified in the Final Terms (as adjusted in accordance with the Scheduled Trading Day Convention);
"Observation End Date"	the dates specified in the Final Terms (as adjusted in accordance with the Scheduled Trading Day Convention);

"Observation Start Date"	the dates specified in the Final Terms (as adjusted in accordance with the Scheduled Trading Day Convention);
"Options or Futures Exchange"	means each exchange or quotation system specified in the Final Terms or, if "All Exchanges" is specified in the Final Terms, each exchange or quotation system where trading has a material effect (as determined by the Issuer) on the overall market for futures or options contracts relating to the relevant Reference Asset(s);
"Original Calculation Amount"	the Calculation Amount specified in the applicable Final Terms.
"Participation Ratio"	as specified in the Final Terms;
"Participation Ratio 2"	as specified in the Final Terms;
"Participation Ratio 3"	as specified in the Final Terms;
"Portfolio Exposure"	as specified in the Final Terms;
"Principal Amount"	the nominal amount of the Notes;
"Principal Financial Centre"	means, in relation to any currency, the principal financial centre for that currency provided, however, that: (a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and (b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
"Programme Amount"	€15,000,000,000 or the equivalent thereof in other currencies;
"Rate Adjustment Notes"	has the meaning given to it in Condition 5(b) (<i>Interest – Rate Adjustment</i>);
"Rate Option"	means the provisions for determining the relevant interest rate, as specified in Section 7.1 (<i>Rate Options</i>) of the 2006 ISDA Definitions;
"Rebalancing Date(s)"	the date(s) specified in the Final Terms (subject to adjustment in accordance with the Scheduled Trading Day Convention);
"Rebalancing Performance"	is calculated by dividing the Closing Price of the relevant Reference Asset or Reference Asset (Interest) on the relevant Rebalancing Date by the Closing Price of the relevant Reference Asset or Reference Asset (Interest) on the immediately preceding Rebalancing Date or (in the case of the initial Rebalancing Date), the Start Date;
"Record Date"	the Business Day on which the entitlement of Holders to receive payment under these Conditions, is determined, as specified in Condition 8 (<i>Payments</i>);
"Redemption Amount"	the amount calculated in accordance with Condition 6 (<i>Redemption and Purchase</i>);

"Redemption Date"	as specified in the Final Terms or, if such day is not a Business Day, as determined in accordance with the applicable Business Day Convention;
"Reference Asset(s)"	as specified in the Final Terms – Reference Assets may include equities, shares (including private equity)/depository receipts, indices, interest rates, currencies, fund units, commodities, credit risks or baskets thereof, combinations or relationships between assets, the change in price or performance of which affects the size of the Redemption Amount and shall (unless the context otherwise requires) include Reference Entities and/or Reference Rates;
"Reference Banks"	four major commercial banks which, at the relevant time, quote the relevant Interest Base Rate and are appointed by the Issuing Agent (or, where applicable, the Calculation Agent) or Issuer;
"Reference Entity"	as specified in the Final Terms (and including any Replacement Reference Entity, as determined in accordance with the Conditions);
"Reference Entity (Interest)"	as specified in the Final Terms (and including any Replacement Reference Entity (Interest), as determined in accordance with the Conditions);
"Reference Rate"	as specified in the Final Terms;
"Reference Yield"	the yield specified in the Final Terms for calculation of the Redemption Amount in relation to certain Zero Coupon Notes where the Issuer or, where applicable, a Holder, is entitled to require early redemption of the Notes pursuant to the Conditions;
"Registrar Banking Day"	a day on which commercial banks and foreign exchange markets are generally open for business in place of the Registrar's specified office;
"Relevant Date"	means on Alternative Additional Amount Payment Date, an Averaging Date, Early Redemption Date, Initial FX Valuation Date, FX Valuation Date, Initial FX Valuation Date (Interest), FX Valuation Date (Interest), Initial Observation Date, Observation Date, Observation Start Date Risk Barrier Observation Date, Rebalancing Date, Start Date, Initial Valuation Date, Valuation Date, TOM Valuation Date, Twin-Win Valuation Date, Interest Determination Date (as applicable), or such other relevant date as the Issuer may (in its sole discretion) determine for the purposes of any valuation, calculation, determination or observation pursuant to these Conditions;
"Relevant Exchange"	the stock exchange(s) on which the underlying Reference Asset(s) is/are listed and/or quoted and/or traded, as specified in the Final Terms or, if none is specified, the principal exchange or quotation system for trading in the relevant Reference Asset (or, the case of a Reference Asset which is an index, each security which comprises such index), as determined by the Issuer, or any substitute exchange or quotation system to which trading in the relevant Reference Asset (or component of such Reference Asset) has temporarily located, provided that the Issuer has determined that there is comparable liquidity relative to such Reference Asset (or component of such Reference Asset) or such temporary substitute exchange or quotation system as on the original exchange;
"Relevant Jurisdiction"	means the jurisdiction in which the Issuer is incorporated at the

relevant time.

"Relevant Value"	means an FX Rate, FX Rate (Interest), Initial FX Rate, Initial FX Rate (Interest), Reference Rate, Closing Price, Initial Price and/or Final Price (as applicable) or such other relevant value as the Issuer may (in its sole discretion) determine for the purposes of any valuation, calculation, determination or observation pursuant to these Conditions;
"Replacement Factor"	as specified in the Final Terms;
"Replacement Reference Asset"	means an alternative Reference Asset, as selected by the Issuer in a commercially fair and reasonable manner;
"Risk Barrier Event"	means (unless otherwise specified in these Conditions) that the Basket Return is below the applicable Risk Barrier Level;
"Risk Barrier Level"	each risk barrier level specified in the relevant Final Terms;
"Risk Barrier Observation Date(s)"	the dates specified in the Final Terms (as adjusted in accordance with the Scheduled Trading Day Convention) and, if Risk Barrier Observation Date Averaging is specified as applicable in the relevant Final Terms, references in these Conditions to a Risk Barrier Observation Date shall, where the context so admits, include reference to any related Averaging Dates;
"Scheduled Closing Time"	means, in respect of a Relevant Exchange or an Options or Futures Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Relevant Exchange or Options or Futures Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.
"Scheduled Redemption Date"	as specified in the Final Terms;
"Scheduled Trading Day"	unless otherwise specified in the Final Terms and irrespective of whether a Market Disruption, Disruption Currency, or Fund Event has occurred, (a) with respect to each Reference Asset which is an equity depository receipts, equities index or any other type of Reference Asset which is traded on a stock exchange or market place, a day on which (i) trading is intended to take place in a Reference Asset (or, in the case of an index, any security which comprises such index) on a Relevant Exchange and on an Options or Futures Exchange and/or (ii) the relevant Index Sponsor is scheduled to publish the level of the Index; (b) with respect to Reference Assets which comprise a currency or a currency index or any other type of Reference Asset for which the price is published, a day on which the price for such Reference Asset or currency included in a Reference Asset is published or is intended to be published on the price source specified in the Final Terms; (c) with respect to a Reference Asset which is a fund or a fund index, a day on which it is intended that the value of the Reference Asset or units in the Reference Asset shall be published in accordance with the governing rules or methodology of such fund or fund index and (d) with respect to any other Reference Asset, such day as is specified in the Final Terms;
"Scheduled Trading Day Convention"	means the applicable convention for the purposes of adjusting a relevant day where the day occurs on a day which is not a Scheduled Trading Day. Adjustment may take place in accordance

with any of the following conventions:

Following Scheduled Trading Day:

where a relevant day occurs on a day which is not a Scheduled Trading Day, it shall be deferred until the Following Scheduled Trading Day;

Modified Following Scheduled Trading Day:

where a relevant day occurs on a day which is not a Scheduled Trading Day, it shall be deferred to the immediately following Scheduled Trading Day in the same calendar month unless that day would fall in the next calendar month, in which case the relevant day shall occur on the immediately preceding Scheduled Trading Day;

Preceding Scheduled Trading Day:

where a relevant day or another relevant day occurs on a day which is not a Scheduled Trading Day, it shall instead occur on the immediately preceding Scheduled Trading Day;

"Screen Page"	as specified in the Final Terms;
"Specified Currency"	SEK, EUR, DKK, NOK or such other currency as may be specified in the Final Terms;
"Specified Denomination"	as specified in the Final Terms;
"STIBOR"	the Interest Rate which, (1) at or about 11.00 am Central European Time on the relevant day is published on the relevant Screen Page for the relevant period (or through such other system or on such other screen as replaces the aforementioned system or screen) or, in the absence of such quotation, the Interest Rate which (2) at the aforementioned time corresponds to (a) the arithmetic mean of the rates for deposits in SEK for the relevant period on the Stockholm interbank market as quoted by the Reference Banks or, where only one or no such quotation is given – (b) the Issuer's determination of the Interest Rate offered by Swedish commercial banks for loans in SEK for the relevant period on the Stockholm interbank market;
"Strike Level"	as specified in the Final Terms;
"Strike Lower"	Means the value specified in the Final Terms;
"Strike Upper"	Means the value specified in the Final Terms;
"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;
"TARGET Settlement Day"	means any day on which TARGET2 is open for the settlement of payments in euro;
"Target Redemption Amount"	as specified in the Final Terms;
"TOM Calculation Start Date"	the date specified in the Final Terms (as adjusted in accordance with the Scheduled Trading Day Convention) and, if TOM Calculation Start Date Averaging is specified as applicable in the relevant Final Terms, references in these Conditions to the TOM Calculation Start Date shall, where the context so admits, also

	include reference to any related Averaging Dates;
"TOM Calculation End Date"	the date specified in the Final Terms (as adjusted in accordance with the Scheduled Trading Day Convention) and, if TOM Calculation End Date Averaging is specified as applicable in the relevant Final Terms, references in these Conditions to the TOM End Start Date shall, where the context so admits, also include reference to any related Averaging Dates;
"TOM Participation Ratio"	the value specified in the relevant Final Terms;
"TOM Commencement Date"	the date specified in the Final Terms (as adjusted in accordance with the Scheduled Trading Day Convention);
"TOM End Date"	the date specified in the Final Terms (as adjusted in accordance with the Scheduled Trading Day Convention);
"TOM Period"	means, in respect of each calendar month in the period commencing on the TOM Commencement Date and ending on the TOM End Date, the period from (and including) the TOM Calculation Start Date to (and including) the TOM Calculation End Date, provided that if the first day of the TOM Period (as the result of any applicable business day convention or adjustment provision(s)) falls on such TOM Calculation End Date, the last day of the TOM Period shall instead be the Scheduled Trading Day immediately following such TOM Calculation Start Date;
"TOM Valuation Date"	means each TOM Calculation Start Date and TOM Calculation End Date (as applicable);
"Tranche Attachment Point"	the percentage specified in the Final Terms;
"Tranche Attachment Range"	means the result obtained by subtracting the Tranche Attachment Point from the Tranche Detachment Point;
"Tranche Detachment Point"	the percentage specified in the Final Terms;
"Twin-Win Valuation Date(s)"	the Valuation Date(s) specified in the applicable Final Terms;
"Valuation Date(s)"	the date or dates specified in the Final Terms (as adjusted in accordance with the Scheduled Trading Day Convention) and, if Valuation Date Averaging is specified as applicable in the relevant Final Terms, references in these Conditions to a Valuation Date shall, where the context so admits, include reference to any related Averaging Dates;
"Valuation Period"	means the period from (but excluding) each Valuation Date (including the Initial Valuation Date), to and including the immediately following Valuation Date;
"Valuation Time"	unless otherwise specified in the Final Terms, with respect to each Reference Asset which is not an Index, the time at which its official closing price is determined or the value thereof is otherwise determined as specified in the Final Terms and in relation to a Reference Asset which is an Index: (i) for the purposes of determining whether a Market Disruption has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Relevant Exchange in respect of such Component Security

(which may be a single Relevant Exchange in respect of each Component Security), and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the relevant Options or Futures Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor;

"Weighted Asset Return" means, unless otherwise specified in these Conditions, the product of the Reference Asset Return and the Basket Participation in respect of each relevant Reference Asset; and

"Zero Coupon Notes" has the meaning given to it in Condition 5(f) (*Zero Coupon Notes*).

2. **Form and Denomination**

(a) **Form**

Notes, other than VP Notes, VPS Notes, Swedish Notes and Finnish 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 replaced, with effect from 3 January 2018, by the Danish Capital Markets Act (*Kapitalmarkedsloven*), as amended from time to time, and the Danish Executive Order on Book Entry, etc. of dematerialised Securities in a Central Securities Depository (*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 (in Norwegian: *lov om registrering av finansielle instrumenter 2002 5. juli nr. 64*).

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

Finnish Notes are issued in uncertificated and dematerialised book entry form in accordance with the Finnish Act on the Book-Entry Securities System and Clearing Activity (*Fin. laki arvo-osuusjärjestelmästä ja selvitystoiminnasta (348/2017)*), as amended, and the Finnish Act on Book-Entry Accounts (*Fin. laki arvo-osuustileistä (827/1991)*), as amended, as well as the rules and regulations of Euroclear Finland.

(b) **Form of Bearer Notes**

Notes issued in bearer form ("**Bearer Notes**"), other than Swiss Franc Notes, will be represented upon issue by either a temporary global note (a "**Temporary Global Note**") or a permanent global note (a "**Permanent Global Note**") in either case in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement.

The Temporary Global Note and/or the Permanent Global Notes will be deposited with, and held by, a common depositary or common safekeeper for and on behalf of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or 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.

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

together with the Coupons in such case and where the context so permits, the "**Coupons**") entitling the holder thereof to further Coupons and a further Talon.

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

(c) **Form of Registered Notes**

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

(d) **Form of 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. 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 3 (*Title*) 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 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.

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 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 Notes in the Holders' securities accounts.

(e) **Form of VP Notes**

A Tranche or a Series of Notes (as the case may be), if so specified in the applicable Final Terms may be cleared and settled 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 save to the extent these Conditions are inconsistent with Danish laws, regulations and VP Rules. 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 Danmark, Filial af Nordea Bank AB (publ), Sverige 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, surrender or replacement of such physical Swedish Notes or certificates shall not apply to the Swedish Notes.

(h) ***Form of Finnish Notes***

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

(i) ***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.

(j) ***Denomination of Registered Notes***

Registered Notes will be in the minimum denomination specified in the relevant Final Terms and, unless otherwise specified in the relevant Final Terms, integral multiples thereof.

(k) ***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.

(l) ***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.

(m) ***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.

(n) ***Denomination of Finnish Notes***

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

(o) **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 include Temporary Global Notes, Permanent Global Notes, Definitive Notes or, as the case may be, Registered Notes.

The Issuer may in certain circumstances consolidate the Notes with one or more further Tranches of Notes of the same Series, as described in Condition 18 (*Further Issues*) below.

3. **Title**

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

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

Title to the VP Notes shall pass by registration in the register (the "**Danish Note Register**") maintained by the VP Issuing Agent in accordance with the VP Rules. The Issuer shall be entitled to obtain information from VP in accordance with the VP Rules. Except as ordered by a court of competent jurisdiction or as required by law, the Holder (as defined below) of any VP Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it and no person shall be liable for so treating the Holder. 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 Danmark, Filial af Nordea Bank AB (publ), Sverige 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.

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.

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

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

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.

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

Registered 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 equal to, or is a permitted integral multiple in excess 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.

VP Notes

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 3(b) (*Transfer of Registered Notes, VP Notes, VPS Notes, Swedish Notes and Finnish 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>.

VPS Notes

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

Each new VPS Note to be issued pursuant to the above, shall be available for delivery within five 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 3(b) (*Transfer of Registered Notes, VP Notes, VPS Notes, Swedish Notes and Finnish 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.

Swedish Notes

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

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

All transfers of Swedish Notes are subject to any cut-off dates applicable to such Swedish Notes and are subject to any other rules and procedures for the time being of Euroclear Sweden. The Euroclear Sweden Rules may be downloaded from its website: <http://www.euroclear.com>.

Finnish Notes

One or more Finnish Notes may be transferred in accordance with Euroclear Finland Rules. Exchange and transfer of Finnish 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 Finnish 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 Finnish Issuing Agent may require).

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

All transfers of Finnish Notes are subject to any cut-off dates applicable to such Finnish Notes and are subject to any other rules and procedures for the time being of Euroclear Finland. Euroclear Finland's rules and regulations may be downloaded from its website: <http://www.euroclear.com>.

3A. Application of Swedish Bail-in Power to Norwegian law Notes

The provisions of this Condition 3A (*Application of Swedish Bail-in Power to Norwegian law Notes*) shall be applicable to all Notes which are expressed to be governed by Norwegian law in the applicable Final Terms.

- (1) For as long as any Note is outstanding, each holder irrevocably acknowledges and agrees and shall be deemed by its holding of any Note to acknowledge and agree that:
- (a) any liability of the Issuer to a holder of the Note may be subject to the exercise by the Relevant Resolution Authority of a Write-down or Conversion Power (and it consents to any such exercise);
 - (b) it is (and it consents to being) bound by any exercise by the Relevant Resolution Authority of a Write-down or Conversion Power in relation to any such liability and in particular (but without limitation) by:
 - (i) any reduction, in part or in full, in the principal amount or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability; and/or
 - (ii) the conversion of all or part of such liability into (or the transfer to it in place of all or part of that liability of) ordinary shares, other instruments of ownership or other securities or obligations of the Issuer or any other person,that may result from any such exercise;
 - (c) the terms of the Note and its rights as a holder thereunder are subject to and will be varied, to the extent necessary, to give effect to any such exercise and it will be bound by any such variation (and it consents to any such variation);
 - (d) it will accept (and it consents to accepting) in place of all or part of its rights under the Note, ordinary shares, other instruments of ownership or other securities or obligations of the Issuer or another person into which any such liability may be converted (or which may be transferred to it) as a result of any such exercise; and
 - (e) the provisions of this clause constitute (and it consents to their constituting) the entire agreement between the parties on the matters described herein to the exclusion of any other agreements, arrangements or understandings between the parties relating to the subject matter thereof.

The Issuer's obligations under the Notes may be subject to the exercise by the Relevant Resolution Authority of a Write-down or Conversion Power and no repayment of the principal amount of any Note or payment of interest on such Note shall become due and payable after any such exercise unless such repayment or payment would be consistent with any provision made or action taken pursuant to such exercise and would be permitted to be made by the Issuer under the laws and regulations of the Sweden or Finland (as applicable) and the European Union applicable to the Issuer.

As used in this Condition:

"Relevant Legislation" means any laws, orders, regulations, rules, instruments or requirements from time to time in force or applicable in the Relevant Jurisdiction relating to the resolution of banks, banking group companies, credit institutions, investment firms or financial institutions or any of their affiliates.

"Relevant Resolution Authority" means any regulatory or governmental agency, body or authority which has authority under the Relevant Legislation to exercise a Write-down or Conversion Power.

"Write-down or Conversion Power" means:

- (a) any power under the Relevant Legislation to make a bail-in provision in relation to a bank or other entity to which the Relevant Legislation applies, that is (in summary) the power to make any of the following (or any combination of the following):
 - (i) provision cancelling a liability owed by the entity (or a contract under which the entity has a liability);
 - (ii) provision modifying, or changing the form of, a liability owed by the entity (or modifying a contract under which the entity has a liability, converting or replacing an instrument, creating a new security or converting liabilities into securities issued by the entity or another person); and
 - (iii) provision that a contract under which the entity has a liability is to have effect as if a specified right had been exercised under it; or
 - (b) any other power under the Relevant Legislation:
 - (i) to reduce, in part or in full, the principal amount of or outstanding amount due (or any accrued but unpaid interest) in respect of the liability of a person under an agreement or instrument;
 - (ii) to convert, in part or in full, the liability of a person under an agreement or instrument directly or indirectly into ordinary shares, other instruments of ownership or other securities or obligations of that person or another person; or
 - (iii) to cancel any agreement or instruments issued by a person; or
 - (c) any power under the Relevant Legislation related or ancillary to any of the powers referred to above.
- (2) Upon the Issuer's becoming aware of the exercise of the Write-down or Conversion Power with respect to the Notes by the Relevant Resolution Authority, the Issuer shall notify the Fiscal Agent or cause the Fiscal Agent to be notified, in writing as soon as possible thereafter. The Fiscal Agent shall give a public notice to the Noteholders on behalf of the Issuer as soon as practicable in accordance with Condition 16 (*Notices*) of the Write-down or Conversion Power being exercised.
 - (3) Upon the exercise of the Write-down or Conversion Power with respect to the Notes by the Relevant Resolution Authority, the Issuer shall be released, unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations of the Relevant Jurisdiction and the European Union applicable to the Issuer, from its payment obligations (in relation to repayment of the principal amount, payment of interest and any other payments due) under the Notes, to the extent that outstanding principal amounts under the Notes have been subject to the exercise of the Write-down or Conversion Power by the Relevant Resolution Authority.
 - (4) Notwithstanding that the Issuer may be delayed in delivering or fail to deliver any of the notices referred to in Condition 3A(2) above, such delay or failure shall not affect the validity and enforceability of the Write-down or Conversion Power.
 - (5) Any repayment of the principal amount and payments of interest on the Notes made to the Noteholders after the exercise of the Write-down or Conversion Power in the excess of the amount permitted to be paid by the Issuer under the laws and regulations of the Relevant Jurisdiction and the European Union applicable to the Issuer, shall be null and void, and the

Noteholders who received the payments shall return the received amounts to the Issuer immediately.

- (6) No Noteholders shall be entitled, after the exercise of the Write-down or Conversion Power, to set off any of their former rights and entitlements to repayment of the principal amount or payments of interest in respect of the Notes against any other obligations which they may owe to the Issuer at that time, to the extent that those rights and entitlements in respect of the Notes have been cancelled, reduced or converted by operation of the Write-down or Conversion Power.
- (7) All expenses necessary for the procedures under this Condition 3A, including, but not limited to, those incurred by the Issuer and the Fiscal Agent shall be borne by the Issuer."

4. **Status**

The 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.

5. **Interest**

Notes may be interest bearing or non-interest bearing, as specified in the relevant Final Terms. The amount of interest payable per Calculation Amount on each Interest Payment Date, (the "**Interest Amount**") shall be calculated in accordance with one of the following alternatives as further specified in the relevant Final Terms. Unless otherwise specified in these Conditions, the Interest Amount will be an amount per Calculation Amount and (subject to Condition 8(10) (*Interest Deferral*)) will be payable in arrear on each Interest Payment Date.

(a) **Interest – Fixed Rate**

If the Notes are specified as "Fixed Rate" Notes, the Notes shall bear interest at the Interest Rate from and including the Interest Commencement Date to but excluding the Redemption Date **provided that** in the case of Swedish Notes, such Swedish Notes shall bear interest from, but excluding their Interest Commencement Date to and including the Redemption Date. Interest accrued during each Interest Period will be payable in arrear on the relevant Interest Payment Dates

If a Fixed Interest Amount is specified in the applicable Final Terms, the amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Interest Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Interest Amount in respect of the relevant Specified Denomination.

In respect of any period for which a Fixed Interest Amount is not specified, the Interest Amount in respect of each Note shall be calculated by applying the Interest Rate to the Adjusted Calculation Amount, multiplying the product by the Day Count Fraction, and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the specified Denomination of such Note divided by the Original Calculation Amount. For the purposes of this Condition 5 (*Interest*), 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.

Unless otherwise specified in the Final Terms, the Business Day Convention stated in Condition 8(8)(c) below shall apply to Fixed Rate Notes.

(b) **Interest – Rate Adjustment**

If the Notes are specified as "Rate Adjustment" Notes, the provisions of this Condition 5 (*Interest*) that are to be followed for calculation of the Interest payable on the Notes may be adjusted periodically, as specified in the applicable Final Terms.

(c) ***Interest – Combination***

If "Combination of Interest Bases" is specified as applicable in the Final Terms, Notes may also bear interest in accordance with more than one of the interest alternatives set out in this Condition 5 (*Interest*): (i) if "Single Basket Addition" is specified in the Final Terms the same underlying Basket shall be used for the calculation of each alternative Interest Amount, and the Interest Amounts so determined shall be aggregated for the purposes of determining the total amount payable to holders on the relevant Interest Payment Date, (ii) if "Multiple Basket Addition" is specified in the Final Terms a different underlying Basket shall be used for the calculation of each separate Interest Amount (as specified in the Final Terms), and the Interest Amounts shall be aggregated for the purposes of determining the total amount payable to the holders on the relevant Interest Payment Date or (iii) if "Alternative Calculation" is specified in the Final Terms, the applicable Condition for the calculation of interest will differ depending on whether or not the Basket Return on a particular Interest Determination Date has exceeded certain pre-specified Interest Barrier levels, as set out in the relevant Final Terms.

The Basket Return will be determined in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms.

(d) ***Interest – FRNs (Floating Rate Notes)***

If the Notes are specified as "Floating Rate" Notes, the Notes shall bear interest from and including the Interest Commencement Date up to but excluding the Redemption Date **provided that** in the case of Swedish Notes, such Swedish Notes shall bear interest from, but excluding their Interest Commencement Date to and including the Redemption Date. The Interest Rate applicable to each Interest Period shall be determined by the Issuing Agent (or, where applicable, the Calculation Agent) or the Issuer on the relevant Interest Determination Date as the sum of:

- (i) the Interest Base Rate multiplied by the FRN Participation Ratio; and
- (ii) the Interest Margin for the relevant period.

If a Maximum Interest Rate or a Minimum Interest Rate (or both) is specified in the applicable Final Terms, the Interest Rate shall in no circumstances be higher than the Maximum Interest Rate or lower than the Minimum Interest Rate (as applicable).

Interest for each Interest Period is paid in arrear on the relevant Interest Payment Date and is calculated by applying the Interest Rate to the Adjusted Calculation Amount, multiplying the product by the Day Count Fraction, and 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 Original Calculation Amount. For the purposes of this Condition 5 (*Interest*), 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.

If there is a long or short first or last Interest Period in respect of any Notes (an "**Irregular Interest Period**"), which is either longer or shorter than the Designated Maturity for the Interest Base Rate specified in the Final Terms, the Issuer may either specify an Alternative Designated Maturity for such Irregular Interest Period in the applicable Final Terms or, if "linear interpolation" is specified in the Final Terms, determine the Interest Base Rate by way of linear interpolation of the rates displayed for 'Alternative Maturity 1' and 'Alternative Maturity 2' in each case as specified in the Final Terms, and as shown on the applicable Screen Page.

Unless otherwise specified in the Final Terms, the Business Day Convention stated in Condition 8(8)(c) below shall apply to Floating Rate Notes.

(e) ***Interest – Inflation-Linked***

If the "Inflation-Linked Interest Note" provisions are specified as applicable in the Final Terms, the Notes shall bear Inflation-Linked Interest from and including the Interest Commencement Date to but excluding the Redemption Date **provided that** in the case of Swedish Notes, such Swedish Notes shall bear interest from, but excluding their Interest Commencement Date to and

including the Redemption Date. The Interest Rate may be fixed or floating and the amount of interest for each Interest Period shall be calculated in the manner stated in Condition 5(a) (*Interest – Fixed Rate*) or Condition 5(d) (*Interest – FRNs*) respectively and multiplied by a figure corresponding to the ratio calculated by dividing the Final CPI by the Base CPI.

Unless otherwise specified in the Final Terms, the Business Day Convention specified in Condition 8(8)(c) below shall apply to Inflation-Linked Interest Notes.

(f) **Zero Coupon Notes**

If the Notes are specified as "Zero Coupon Notes", the Notes shall not bear interest. Zero coupon Notes may be issued at a discount and redeemed at their Principal Amount. Alternatively, zero coupon Notes may be issued at their Principal Amount and redeemed at a higher Redemption Amount as specified in the applicable Final Terms and which, in any such case, shall be paid on the Redemption Date.

Unless otherwise stated in the Final Terms, the Business Day Convention specified in Condition 8(8)(c) below shall apply to zero coupon Notes.

Unless otherwise stated in the Final Terms, Notes shall not be Zero Coupon Notes and on redemption of the Notes, any payment of Redemption Amount over or below the Principal Amount shall be considered as interest or yield.

(g) **Coupon Bearing Notes**

If the Notes are specified as "Coupon Bearing Notes": (x) if a Coupon Event occurs on any Valuation Date, then the Notes will pay interest (the "**Coupon**") on the immediately succeeding Interest Payment Date, or (y) if "Automatic Coupon Payment" is specified in the relevant Final Terms, the Notes will pay interest (the "**Coupon**") on each Interest Payment Date. In either case, the amount of any such Coupon payment will be determined as follows:

- (i) If "**Flat Coupon**" is specified in the Final Terms, the Coupon payment will be equal to the Principal Amount of the Notes multiplied by the relevant Coupon Rate;
- (ii) If "**Memory Coupon**" is specified in the Final Terms the Coupon payment will be equal to the Principal Amount of the Notes multiplied by the relevant Coupon Rate and multiplied by the number of preceding Interest Payment Dates (up to and including the Interest Payment Date immediately following the applicable Valuation Date) for which a Coupon has not been paid;
- (iii) If "**Plus Flat Coupon**" is specified in the Final Terms the Coupon payment will be equal to the Principal Amount of the Notes multiplied by the higher of: (a) the relevant Coupon Rate and (b) the Basket Return; and
- (iv) If "**Plus Memory Coupon**" is specified in the Final Terms the Coupon payment will be equal to the Principal Amount of the Notes, multiplied by the higher of: (a) the relevant Coupon Rate multiplied by the number of preceding Interest Payment Dates (up to and including the Interest Payment Date immediately following the applicable Valuation Date) for which a Coupon has not been paid and (b) the Basket Return.

A "**Coupon Event**" will occur if the Basket Return is at or above one or more specified Coupon Barrier Level(s) for the relevant Valuation Date.

The "**Basket Return**" will be determined as follows:

- (i) if "**Basket Rate**" is specified in the Final Terms, the "Basket Return" will be calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) ("*Basket Long*" structure) or the "Basket Short" structure set out in Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms; or
- (ii) if "**Best of/Worst of Rate**" is specified in the Final Terms, the "Basket Return" will be the Reference Asset Return of the Nth best performing Reference Asset.

The "**Nth best performing**" Reference Asset shall be the Reference Asset with the Nth highest Reference Asset Return where for the purposes of this Condition 5(g) (*Coupon Bearing Notes*), "N" shall be the value specified in the Final Terms under the heading "**Coupon Bearing Note Provisions**".

The "**Reference Asset Return**" will be calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) ("*Basket Long*" structure) or the "Basket Short" structure set out in Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms.

If no Coupon Event has occurred on any given Valuation Date, no interest will be payable on the immediately succeeding Interest Payment Date.

(h) **Non-Tranched CLN Interest**

If the Notes are specified as bearing "Non-Tranched CLN Interest", the Interest Rate may be fixed or floating and the amount of interest for each Interest Period shall be calculated in the manner specified in one of the other provisions of this Condition 5 (*Interest*), save that the Calculation Amount which is used to determine the Interest Amount payable in accordance with such other Condition (the "**Adjusted Calculation Amount**") shall be adjusted as follows:

- (i) if "**Determination Date Exposure**" is specified in the Final Terms, the Calculation Amount specified in the Final Terms shall be multiplied by the Adjusted Portfolio Return (Interest) as at the Observation Date falling the Number of Business Days prior to the relevant Interest Payment Date **provided however that**, in the case of any Interest Payment Date which falls after the final Observation Date, the Adjusted Portfolio Return (Interest) shall be determined as at the final Observation Date, or
- (ii) if "**Weighted Average Exposure**" is specified in the Final Terms, the Calculation Amount specified in the Final Terms shall be multiplied by the weighted average of the Adjusted Portfolio Return (Interest) on each calendar day from and including the preceding Observation Date to (but excluding) the Observation Date on or immediately preceding the relevant Interest Payment Date, as determined by the Issuer in its sole discretion **provided however that**, in the case of any Interest Period which commences on or after the final Observation Date, the weighted average of the Adjusted Portfolio Return (Interest) for each calendar day during the relevant Interest Period shall be equal to the Adjusted Portfolio Return (Interest) on the final Observation Date, as determined by the Issuer in its sole discretion.

The "**Adjusted Portfolio Return (Interest)**" shall be the difference between 1 and the Adjusted Portfolio Loss (Interest).

The "**Adjusted Portfolio Loss (Interest)**" will mean the sum of the Default Weighting for each Reference Entity (Interest) within the Basket.

The "**Default Weighting**" shall be either:

- (i) If "**Credit Event Ranked Basket Participation (Interest)**" is specified as applicable in the relevant Final Terms, calculated by multiplying the Basket Participation (Interest) by the Default Value in respect of each Reference Entity (Interest) as follows:
 - (A) for the Reference Entities (Interest) which have been subject to a Credit Event, the relevant Credit Event Ranked Weight is used as the Basket Participation (Interest); or
 - (B) for the remaining Reference Entities (Interest) which have not been subject to a Credit Event, the relevant Reference Entities shall be listed in alphabetical order and the remaining Credit Event Ranked Weights will be assigned in numerical order for the purposes of determining the Basket Participation (Interest), following the principle that the first Reference Entity (Interest) in alphabetical order shall be assigned the first available Credit Event Ranked Weight in numerical order and so forth.

- (ii) If "**Credit Event Ranked Basket Participation (Interest)**" is specified as not applicable, calculated by multiplying the Basket Participation (Interest) by the Default Value in respect of each Reference Entity (Interest).

The "**Default Value**" in respect of each Reference Entity (Interest) will be the difference between 100% and the Recovery Value.

The "**Recovery Value**" will be 100 per cent. if a Credit Event (as defined in Part 3; *Additional Conditions for Credit-Linked Notes*) has not occurred in relation to that Reference Entity (Interest) since the Observation Start Date or, if such a Credit Event has occurred, it will be either a Fixed Recovery Value (as specified in the Final Terms) or a Market Recovery Value, in each case specified as a percentage.

(i) **Tranched CLN Interest**

If the Notes are specified as bearing "Tranched CLN Interest", the Interest Rate may be fixed or floating and the amount of interest for each Interest Period shall be calculated in the manner specified in one of the other provisions of this Condition 5 (*Interest*), save that the Calculation Amount which is used to determine the Interest Amount payable in accordance with such other Condition (the "**Adjusted Calculation Amount**") shall be adjusted as follows:

- (i) if "**Determination Date Exposure**" is specified in the Final Terms, the Calculation Amount specified in the Final Terms shall be multiplied by the Adjusted Portfolio Return (Interest) as at the Observation Date falling the Number of Business Days prior to the relevant Interest Payment Date **provided however that**, in the case of any Interest Payment Date which falls after the final Observation Date, the Adjusted Portfolio Return (Interest) shall be determined as at the final Observation Date, or
- (ii) if "**Weighted Average Exposure**" is specified in the Final Terms, the Calculation Amount specified in the Final Terms shall be multiplied by the weighted average of the Adjusted Portfolio Return (Interest) on each calendar day from and including the preceding Observation Date to (but excluding) the Observation Date on or immediately preceding the relevant Interest Payment Date, as determined by the Issuer in its sole discretion **provided however that**, in the case of any Interest Period which commences on or after the final Observation Date, the weighted average of the Adjusted Portfolio Return (Interest) for each calendar day during the relevant Interest Period shall be equal to the Adjusted Portfolio Return (Interest) on the final Observation Date, as determined by the Issuer in its sole discretion.

The "**Adjusted Portfolio Return (Interest)**" shall be the result obtained by subtracting the Adjusted Tranche Loss (Interest) from 1.

The "**Adjusted Tranche Loss (Interest)**" will be the result obtained by dividing the lower of a) the Tranche Attachment Range and b) the Tranche Loss (Interest), by the Tranche Attachment Range.

The "**Tranche Loss (Interest)**" will be the higher of:

- (i) zero and
- (ii) the sum of:
 - (a) the higher of (x) zero and (y) the result obtained by subtracting the Tranche Attachment Point from the sum of the Weighted Asset Loss (Interest) for each Reference Entity (Interest) within the relevant Basket; and
 - (b) the Coupon Risk Factor.

"**Weighted Asset Loss (Interest)**" means the product of the Basket Participation (Interest) and the Reference Entity Loss (Interest) for the relevant Reference Entity (Interest).

The "**Reference Entity Loss (Interest)**" will be the result obtained by subtracting the Recovery Value in respect of the relevant Reference Entity (Interest) from 1.

The "**Recovery Value**" will be 100 per cent. if a Credit Event (as defined in Part 3; *Additional Conditions for Credit-Linked Notes*) has not occurred in relation to that Reference Entity (Interest) since the Observation Start Date or, if such a Credit Event has occurred, it will be either a Fixed Recovery Value (as specified in the Final Terms) or a Market Recovery Value, in each case specified as a percentage.

The "**Coupon Risk Factor**" will mean the greater of (i) zero and (ii) the sum of the Weighted Asset Recovery (Interest) for those Reference Entities (Interest) for which a Credit Event has occurred since the Observation Start Date, less the result obtained by subtracting the Tranche Detachment Point from 1.

The "**Weighted Asset Recovery (Interest)**" means the product of the Basket Participation (Interest) and the Recovery Value for the relevant Reference Entity (Interest).

(j) ***Nth to Default CLN Interest***

If the Notes are specified as bearing "Nth to Default CLN Interest", the Interest Rate may be fixed or floating and the amount of interest for each Interest Period shall be calculated in the manner specified in one of the other provisions of this Condition 5 (*Interest*), save that the Calculation Amount which is used to determine the Interest Amount payable in accordance with such other Condition (the "**Adjusted Calculation Amount**") shall be adjusted as follows:

- (i) if "**Determination Date Exposure**" is specified in the Final Terms, the Calculation Amount specified in the Final Terms shall be multiplied by the Adjusted Portfolio Return (Interest) as at the Observation Date falling the Number of Business Days prior to the relevant Interest Payment Date **provided however that**, in the case of any Interest Payment Date which falls after the final Observation Date, the Adjusted Portfolio Return (Interest) shall be determined as at the final Observation Date, or
- (ii) if "**Weighted Average Exposure**" is specified in the Final Terms, the Calculation Amount specified in the Final Terms shall be multiplied by the weighted average of the Adjusted Portfolio Return (Interest) on each calendar day from and including the preceding Observation Date to (but excluding) the Observation Date on or preceding the relevant Interest Payment Date, as determined by the Issuer in its sole discretion **provided however that**, in the case of any Interest Period which commences on or after the final Observation Date, the weighted average of the Adjusted Portfolio Return (Interest) for each calendar day during the relevant Interest Period shall be equal to the Adjusted Portfolio Return (Interest) on the final Observation Date, as determined by the Issuer in its sole discretion.

The "**Adjusted Portfolio Return (Interest)**" shall be the result obtained by subtracting the Adjusted Portfolio Loss (Interest) from 1.

The "**Adjusted Portfolio Loss (Interest)**" will mean a) if the number of Credit Events that have occurred in relation to any Reference Entity (Interest) within the Basket during the period commencing on the Observation Start Date and ending on the Observation Date immediately preceding the relevant Interest Payment Date, is greater than or equal to N, 1; or b) if the number of Credit Events that have occurred in relation to any Reference Entity (Interest) within the Basket during the period commencing on the Observation Start Date and ending on the Observation Date immediately preceding the relevant Interest Payment Date, is less than N, zero.

"N" shall be the figure specified in the Final Terms under the heading "CLN Interest Provisions".

(k) ***Nth and Nth+1 to Default CLN Interest***

If the Notes are specified as bearing "Nth and Nth+1 to Default CLN Interest", the Interest Rate may be fixed or floating and the amount of interest for each Interest Period shall be calculated in the manner specified in one of the other provisions of this Condition 5 (*Interest*), save that the

Calculation Amount which is used to determine the Interest Amount payable in accordance with such other Condition (the "**Adjusted Calculation Amount**") shall be adjusted as follows:

- (i) if "**Determination Date Exposure**" is specified in the Final Terms, the Calculation Amount specified in the Final Terms shall be multiplied by the Adjusted Portfolio Return (Interest) as at the Observation Date falling the Number of Business Days prior to the relevant Interest Payment Date **provided however that**, in the case of any Interest Payment Date which falls after the final Observation Date, the Adjusted Portfolio Return (Interest) shall be determined as at the final Observation Date, or
- (ii) if "**Weighted Average Exposure**" is specified in the Final Terms, the Calculation Amount specified in the Final Terms shall be multiplied by the weighted average of the Adjusted Portfolio Return (Interest) on each calendar day from and including the preceding Interest Payment Date to (but excluding) the Observation Date on or preceding the relevant Interest Payment Date, as determined by the Issuer in its sole discretion **provided however that**, in the case of any Interest Period which commences on or after the final Observation Date, the weighted average of the Adjusted Portfolio Return (Interest) for each calendar day during the relevant Interest Period shall be equal to the Adjusted Portfolio Return (Interest) on the final Observation Date, as determined by the Issuer in its sole discretion.

The "**Adjusted Portfolio Return (Interest)**" shall be the result obtained by subtracting the Adjusted Portfolio Loss (Interest) from 1.

The "**Adjusted Portfolio Loss (Interest)**" will mean:

- (i) if the number of Credit Events that have occurred in relation to any Reference Entity (Interest) within the Basket during the period commencing on the Observation Start Date and ending on the Observation Date immediately preceding the relevant Interest Payment Date is greater than N, the sum of the Basket Participation of the Nth Reference Entity (Interest) to default and the Nth plus 1 (i.e. the immediately succeeding) Reference Entity (Interest) to default within the Basket; or
- (ii) if the number of Credit Events that have occurred in relation to any Reference Entity (Interest) within the Basket during the period commencing on the Observation Start Date and ending on the Observation Date immediately preceding the relevant Interest Payment Date is equal to N, an amount equal to the Basket Participation of the Nth Reference Entity (Interest) in respect of which a Credit Event occurs; or
- (iii) if the number of Credit Events that have occurred in relation to any Reference Entity (Interest) within the Basket during the period commencing on the Observation Start Date and ending on the Observation Date immediately preceding the relevant Interest Payment Date, is less than N, zero.

"N" shall be the figure specified in the Final Terms under the heading "CLN Interest Provisions".

(l) ***Capped Floor Float***

If this Condition 5(l) (*Capped Floor Float*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the Calculation Amount multiplied by:

- (a) the lower of the Cap Strike and the Adjusted Reference Rate Return; and
- (b) the Day Count Fraction.

The "**Adjusted Reference Rate Return**" will be the higher of:

- (a) the Gearing multiplied by the sum of the Reference Rate and the applicable Spread; and
- (b) the Floor Strike.

The "**Spread**" will be the value specified in the applicable Final Terms.

The "**Gearing**" means the value specified in the applicable Final Terms.

(m) **Cap Floor**

If this Condition 5(m) (*Cap Floor*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the sum of Cap Amount 1, Cap Amount 2, Floor Amount 1 and Floor Amount 2.

The "**Cap Amount 1**" will be equal to the Calculation Amount multiplied by:

- (a) the Cap Value 1;
- (b) the Leverage (Cap) 1;
- (c) the Cap Return 1; and
- (d) the Day Count Fraction.

The "**Cap Value 1**" will be either 1, minus 1 or zero, as specified in the applicable Final Terms.

The "**Leverage (Cap) 1**" will be the value(s) in respect of the relevant Interest Period(s) specified in the applicable Final Terms.

The "**Cap Return 1**" will be the higher of (x) the result obtained by subtracting the Cap Strike 1 from the Reference Rate; and (y) zero.

The "**Cap Amount 2**" will be equal to the Calculation Amount multiplied by:

- (a) the Cap Value 2;
- (b) the Leverage (Cap) 2;
- (c) the Cap Return 2; and
- (d) the Day Count Fraction.

The "**Cap Value 2**" will be either 1, minus 1 or zero, as specified in the applicable Final Terms.

The "**Leverage (Cap) 2**" will be the value(s) in respect of the relevant Interest Period(s) specified in the applicable Final Terms.

The "**Cap Return 2**" will be the higher of (x) the result obtained by subtracting the Cap Strike 2 from the Reference Rate; and (y) zero.

The "**Floor Amount 1**" will be equal to the Calculation Amount multiplied by:

- (a) The Floor Value 1;
- (b) the Leverage (Floor) 1;
- (c) the Floor Return 1; and
- (d) the Day Count Fraction.

The "**Floor Value 1**" will be either 1, minus 1 or zero, as specified in the applicable Final Terms.

The "**Leverage (Floor) 1**" will be the value(s) in respect of the relevant Interest Period(s) specified in the applicable Final Terms.

The "**Floor Return 1**" will be the higher of (x) the result obtained by subtracting the Reference Rate from the Floor Strike 1 and (y) zero.

The "**Floor Amount 2**" will be equal to the Calculation Amount multiplied by:

- (a) The Floor Value 2;
- (b) the Leverage (Floor) 2;
- (c) the Floor Return 2; and
- (d) the Day Count Fraction.

The "**Floor Value 2**" will be either 1, minus 1 or zero, as specified in the applicable Final Terms.

The "**Leverage (Floor) 2**" will be the value(s) in respect of the relevant Interest Period(s) specified in the applicable Final Terms.

The "**Floor Return 2**" will be the higher of (x) the result obtained by subtracting the Reference Rate from the Floor Strike 2 and (y) zero.

(n) **Cap Floor Spread**

If this Condition 5(n) (*Cap Floor Spread*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the sum of Cap Spread Amount 1, Cap Spread Amount 2, Floor Spread Amount 1 and Floor Spread Amount 2.

The "**Cap Spread Amount 1**" will be equal to the Calculation Amount multiplied by:

- (a) The Cap Value 1;
- (b) the Leverage (Cap) 1;
- (c) the Cap Return 1; and
- (d) the Day Count Fraction.

The "**Cap Value 1**" will be either 1, minus 1 or zero, as specified in the applicable Final Terms.

The "**Leverage (Cap) 1**" will be the value(s) in respect of the relevant Interest Period(s) specified in the applicable Final Terms.

The "**Cap Return 1**" will be the lower of:

- (a) the result obtained by subtracting the Cap Strike Lower 1 from the Cap Strike Upper 1; and
- (b) the higher of (x) the result obtained by subtracting the Cap Strike Lower 1 from the Reference Rate; and (y) zero.

The "**Cap Spread Amount 2**" will be equal to the Calculation Amount multiplied by:

- (a) The Cap Value 2;
- (b) the Leverage (Cap) 2;
- (c) the Cap Return 2; and
- (d) the Day Count Fraction.

The "**Cap Value 2**" will be either 1, minus 1 or zero, as specified in the applicable Final Terms.

The "**Leverage (Cap) 2**" will be the value(s) in respect of the relevant Interest Period(s) specified in the applicable Final Terms.

The "**Cap Return 2**" will be the lower of:

- (a) the result obtained by subtracting the Cap Strike Lower 2 from the Cap Strike Upper 2; and
- (b) the higher of (x) the result obtained by subtracting the Cap Strike Lower 2 from the Reference Rate; and (y) zero.

The "**Floor Spread Amount 1**" will be equal to the Calculation Amount multiplied by:

- (a) The Floor Value 1;
- (b) the Leverage (Floor) 1;
- (c) the Floor Return 1; and
- (d) the Day Count Fraction.

The "**Floor Value 1**" will be either 1, minus 1 or zero, as specified in the applicable Final Terms.

The "**Leverage (Floor) 1**" will be the value(s) in respect of the relevant Interest Period(s) specified in the applicable Final Terms.

The "**Floor Return 1**" will be the lower of:

- (a) the result obtained by subtracting the Floor Strike Lower 1 from the Floor Strike Upper 1; and
- (b) the higher of (x) the result obtained by subtracting the Reference Rate from the Floor Strike Upper 1 and (y) zero.

The "**Floor Spread Amount 2**" will be equal to the Calculation Amount multiplied by:

- (a) The Floor Value 2;
- (b) the Leverage (Floor) 2;
- (c) the Floor Return 2; and
- (d) the Day Count Fraction.

The "**Floor Value 2**" will be either 1, minus 1 or zero, as specified in the applicable Final Terms.

The "**Leverage (Floor) 2**" will be the value(s) in respect of the relevant Interest Period(s) specified in the applicable Final Terms.

The "**Floor Return 2**" will be the lower of:

- (a) the result obtained by subtracting the Floor Strike Lower 2 from the Floor Strike Upper 2; and
- (b) the higher of (x) the result obtained by subtracting the Reference Rate from the Floor Strike Upper 2 and (y) zero.

(o) ***Range Accrual***

If this Condition 5(o) (*Range Accrual*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the Calculation Amount multiplied by:

- (a) X
- (b) the Relevant Proportion; and

(c) the Day Count Fraction.

"X" shall be the value specified in the applicable Final Terms

The "**Relevant Proportion**" shall be calculated by dividing the number of days during the relevant Interest Period on which the Reference Rate, Reference Asset or Basket is lower than or equal to Strike Upper and greater than or equal to the Strike Lower, by the total number of days during the applicable Interest Period.

(p) ***Range Accrual In/Out***

If this Condition 5(p) (*Range Accrual In/Out*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the Calculation Amount multiplied by:

- (a) the Adjusted Range Performance; and
- (b) the Day Count Fraction.

The "**Adjusted Range Performance**" will be the higher of the Floor Strike and the Range Performance.

The "**Range Performance**" will be calculated by subtracting the Range Failure Value from the Range Success Value, and dividing the result by the total number of days during the applicable Interest Period.

The "**Range Success Value**" will be the product of X and the number of days during the relevant Interest Period where the Reference Rate is lower than Strike Upper and greater than the Strike Lower.

The "**Range Failure Value**" will be the product of Y and the number of days during the relevant Interest Period where the Reference Rate is greater than Strike Upper or lower than the Strike Lower.

"X" and "Y" will be the values specified in the applicable Final Terms.

(q) ***Knockout Range Accrual***

If this Condition 5(q) (*Knockout Range Accrual*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the Calculation Amount multiplied by:

- (a) X
- (b) the Relevant Proportion; and
- (c) the Day Count Fraction.

"X" shall be the value specified in the applicable Final Terms.

The "**Relevant Proportion**" shall mean, in relation to each applicable Interest Period:

- (a) if no Knock Out Event has occurred in previous Interest Periods or in the current Interest Period, the Relevant Proportion shall be 1 (one)
- (b) if a Knock Out Event occurs for the first time in the current Interest Period, the Relevant Proportion shall be calculated by dividing the number of Observation Dates in the current Interest Period occurring prior to the Knock Out Event by the total number of Observation Dates in the applicable Interest Period
- (c) if a Knock Out Event has occurred in a previous Interest Period, the Relevant Proportion shall be 0 (zero)

The "**Knock Out Event**" is defined as any Observation Date where the Reference Rate is greater than Strike Upper or lower than Strike Lower.

(r) **Binary Cap/Floor**

If this Condition 5(r) (*Binary Cap/Floor*) is specified as applicable in the relevant Final Terms then:

If the Reference Rate is greater than or equal to the Cap Strike, the Interest Amount for the applicable Interest Period will be equal to the Calculation Amount multiplied by:

- (a) X; and
- (b) the Day Count Fraction.

If the Reference Rate is less than the Cap Strike, the Interest Amount for the applicable Interest Period will be equal to the Calculation Amount multiplied by:

- (a) Z; and
- (b) the Day Count Fraction.

If the Reference Rate is less than or equal to the Floor Strike, the Interest Amount will be equal to the Calculation Amount multiplied by:

- (a) Y; and
- (b) the Day Count Fraction.

If the Reference Rate is greater than the Floor Strike, the Interest Amount will be equal to the Calculation Amount multiplied by:

- (a) W; and
- (b) the Day Count Fraction.

"W", "X", "Y" and "Z" will be the values specified in the applicable Final Terms.

(s) **Binary Zero Coupon**

If this Condition 5(s) (*Binary Zero Coupon*) is specified as applicable in the relevant Final Terms, the Interest Amount will only be payable on the Redemption Date, and will be equal to:

- (a) the product of the Calculation Amount and the Periodic Return, less
- (b) the Calculation Amount.

The "**Periodic Return**" will be the product of the Reference Rate Return.

The "**Reference Rate Return**" for each applicable Reference Rate will be the sum of:

- (a) 1; and
- (b) the Rate Value multiplied by the applicable Day Count Fraction.

The "**Rate Value**" will be X if the Reference Rate is greater than K, or Y if the Reference Rate is less than or equal to K.

"K", "X" and "Y" will be the values specified in the applicable Final Terms.

(t) ***Inverse Floater***

If this Condition 5(t) (*Inverse Floater*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Reference Rate Return and the applicable Day Count Fraction.

The "**Reference Rate Return**" will be the sum of Y and the lower of

- (a) Z and
- (b) the higher of: (x) zero; and (y) k multiplied by the result of subtracting the Reference Rate from X.

"k", "X", "Y" and "Z" will be the values specified in the applicable Final Terms.

(u) ***Autocallable Rate***

If this Condition 5(u) (*Autocallable Rate*) is specified as applicable in the relevant Final Terms, then if the Autocall Condition is satisfied on any applicable Valuation Date during the relevant Interest Period, the Interest Amount for the relevant Interest Period will be equal to the Calculation Amount, multiplied by X, multiplied by N, and multiplied by the applicable Day Count Fraction.

If the Autocall Condition is not satisfied on any applicable Valuation Date during the relevant Interest Period, the Interest Amount for the relevant Interest Period will be zero.

"N" means the number of Interest Periods that have passed up to and including the Interest Period during which the Autocall Condition is satisfied, or such other value as may be specified in the applicable Final Terms.

"X" will be the value specified in the applicable Final Terms.

The "**Autocall Condition**" means that the Reference Rate exceeds the Coupon Barrier Level, equals the Coupon Barrier Level, or is below the Coupon Barrier Level, as specified in the applicable Final Terms.

(v) ***Digital Long***

If this Condition 5(v) (*Digital Long*) is specified as applicable in the relevant Final Terms, then if the Basket Return on any Interest Determination Date is equal to or greater than the Basket Strike Level, the Interest Amount will be the Calculation Amount multiplied by the Coupon.

The Basket Return will be determined in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms.

If the Basket Return is not equal to or greater than the Basket Strike Level on any Interest Determination Date, the Interest Amount will be zero.

(w) ***Digital Short***

If this Condition 5(w) (*Digital Short*) is specified as applicable in the relevant Final Terms, then if the Basket Return on any Interest Determination Date is equal to or below the Basket Strike Level, the Interest Amount for the relevant Interest Period will be the Calculation Amount multiplied by the Coupon.

If the Basket Return is above the Basket Strike Level on any Interest Determination Date, the Interest Amount for the relevant Interest Period will be zero.

The Basket Return will be determined in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms.

(x) **Best of/Worst of Digital Long**

If this Condition 5(x) (*Best of/Worst of Digital Long*) is specified as applicable in the relevant Final Terms, then if the Reference Asset Return of the Nth best performing Reference Asset on any Interest Determination Date is equal to or greater than the Barrier Level, the Interest Amount for the relevant Interest Period will be the Calculation Amount multiplied by the Coupon.

If the Reference Asset Return of the Nth best performing Reference Asset is below the Barrier Level on any Interest Determination Date, the Interest Amount for the relevant Interest Period will be zero.

The "**Nth best performing**" Reference Asset will be the Reference Asset with the Nth highest Reference Asset Return, as determined in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms, where "N" shall be the value specified in the Final Terms.

(y) **Best of/Worst of Digital Short**

If this Condition 5(y) (*Best of/Worst of Digital Short*) is specified as applicable in the relevant Final Terms, then:

If the Reference Asset Return of the Nth best performing Reference Asset on any Interest Determination Date is equal to or below the Barrier Level, the Interest Amount for the relevant Interest Period will be the Calculation Amount multiplied by the Coupon.

If the Reference Asset Return of the Nth best performing Reference Asset is above the Barrier Level on any Interest Determination Date, the Interest Amount for the relevant Interest Period will be zero.

The "**Nth best performing**" Reference Asset will be the Reference Asset with the Nth highest Reference Asset Return, as determined in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms, where "N" shall be the value specified in the Final Terms.

(z) **Worst of Digital Memory Coupon 2**

If this Condition 5(z) (*Worst of Digital Memory Coupon 2*) is specified as applicable in the relevant Final Terms, then the Interest Amount for the relevant Interest Period will be calculated by multiplying the Calculation Amount by the higher of: (i) the Coupon Level less the Paid Coupon and (ii) zero.

The "**Coupon Level**" means, on any Interest Determination Date, the product of N, the Coupon Barrier Level and the Coupon.

"N" will be the number of the relevant Valuation Date where the first Valuation Date has the value N=1, the second Valuation Date has the Value N=2, and so forth.

The "**Coupon**" will be the value specified in the applicable Final Terms, and

The "**Coupon Barrier Level**" will be 1 if the Reference Asset Return (as determined in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms) for every Reference Asset within the Basket is greater than, or equal to, the Barrier Level on each Interest Determination Date, otherwise it will be zero.

The "**Paid Coupon**" means the sum of all coupons which have been paid up to (but excluding) the relevant Interest Determination Date.

(aa) **Digital Podium Long**

If this Condition 5(aa) (*Digital Podium Long*) is specified as applicable in the relevant Final Terms, then:

If the Reference Asset Return for each Reference Asset on any Interest Determination Date is equal to or greater than the relevant Barrier Level, the Interest Amount for the relevant Interest Period will be the Calculation Amount multiplied by the Coupon.

If the Reference Asset Return for each of the N best performing Reference Assets equal to or greater than the relevant Barrier Level on any Interest Determination Date, the Interest Amount for the relevant Interest Period will be the Calculation Amount multiplied by the Coupon 2.

The "**N best performing**" Reference Assets will be the pre-specified number of Reference Assets with the highest Reference Asset Return, as determined in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms, where "N" shall be the value specified in the Final Terms.

If the Reference Asset Return for each of the N best performing Reference Assets is not equal to or greater than the relevant Barrier Level on any Interest Determination Date, the Interest Amount for the relevant Interest Period will be zero.

(bb) **Digital Podium Short**

If this Condition 5(bb) (*Digital Podium Short*) is specified as applicable in the relevant Final Terms, then:

If the Reference Asset Return for each Reference Asset on any Interest Determination Date is equal to or below the relevant Barrier Level, the Interest Amount for the relevant Interest Period will be the Calculation Amount multiplied by the Coupon.

If the Reference Asset Return for each of the N worst performing Reference Assets is equal to or below the relevant Barrier Level on any Interest Determination Date, the Interest Amount for the relevant Interest Period will be the Calculation Amount multiplied by the Coupon 2.

The "**N worst performing**" Reference Assets will be the pre-specified number of Reference Assets with the lowest Reference Asset Return, as determined in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms, where "N" shall be the value specified in the Final Terms.

If the Reference Asset Return for each of the N worst performing Reference Assets is not equal to or below the relevant Barrier Level on any Interest Determination Date, the Interest Amount for the relevant Interest Period will be zero.

(cc) **Series of Digitals**

If this Condition 5(cc) (*Series of Digitals*) is specified as applicable in the relevant Final Terms, then the Interest Amount for the relevant Interest Period will be equal to the Adjusted Calculation Amount multiplied by the Coupon.

"The "**Adjusted Calculation Amount**" will be the Calculation Amount multiplied by the fraction of which the numerator is the number of Reference Assets with a Closing Price which is equal to or above the relevant Barrier Level on each Observation Date during the relevant Interest Period, and the denominator is the number of Reference Assets within the Basket.

(dd) **Cash Settled Swaption Straddle**

If this Condition 5(dd) (*Cash Settled Swaption Straddle*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be the sum of the Cash Settled Payer Swaption and the Cash Settled Receiver Swaption.

The "**Cash Settled Payer Swaption**" means an amount equal to the Calculation Amount multiplied by:

- (a) the Gearing Payer;
- (b) the higher of zero and the result obtained by subtracting the Payer Strike from the Reference Rate on the relevant Valuation Date; and
- (c) the Payer Annuity (Cash).

The "**Gearing Payer**" means the value specified in the applicable Final Terms.

The "**Payer Strike**" means the value specified in the applicable Final Terms.

The "**Payer Annuity (Cash)**" means the present value of an annuity payment of 1 based on the same payment dates and conventions as the fixed rate leg in the underlying swap of the swaption and calculated by the Calculation Agent on the Valuation Date using the Reference Rate as discount rate.

The "**Cash Settled Receiver Swaption**" means an amount equal to the Calculation Amount multiplied by:

- (a) the Gearing Receiver;
- (b) the higher of zero and the result obtained by subtracting the Reference Rate at the Valuation Time on the relevant Valuation Date from the Receiver Strike; and
- (c) the Receiver Annuity (Cash).

The "**Gearing Receiver**" means the value specified in the applicable Final Terms.

The "**Receiver Strike**" means the value specified in the applicable Final Terms.

The "**Receiver Annuity (Cash)**" means the present value of an annuity payment of 1 based on the same payment dates and conventions as the fixed rate leg in the underlying swap of the swaption and calculated by the Calculation Agent on the Valuation Date using the Reference Rate as discount rate.

(ee) ***Power Cap/Floor***

If this Condition 5(ee) (*Power Cap/Floor*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the Calculation Amount multiplied by:

- (a) the Interest Rate;
- (b) the Day Count Fraction.

The "**Interest Rate**" is the lower of the Maximum Interest Rate and the Power Return.

The "**Power Return**" means the higher of: i) zero and ii) the Adjusted Reference Rate, in either case raised to the power of the Power Factor.

The "**Adjusted Reference Rate Return**" means the product of the Gearing and the result obtained by subtracting the Strike Level from the Reference Rate at the Valuation Time on the relevant Valuation Date.

The "**Gearing**" means the value specified in the applicable Final Terms.

The "**Power Factor**" means the value specified in the applicable Final Terms.

(ff) **Compounding Floater**

If this Condition 5(ff) (*Compounding Floater*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be paid on the Redemption Date and will be equal to the Calculation Amount multiplied by the Compounded Interest Rate.

The "**Compounded Interest Rate**" is the periodically compounded Interest Rate, taking the applicable day count fraction into account.

The "**Interest Rate**" is the lower of the Maximum Interest Rate and the Adjusted Reference Rate Return.

The "**Adjusted Reference Rate Return**" means the higher of:

- (i) the Floor Value; and
- (ii) the Gearing multiplied by the sum of the Reference Rate on the applicable Valuation Date(s) and the Spread.

The "**Floor Value**" means the value specified in the applicable Final Terms.

The "**Spread**" means the value specified in the applicable Final Terms.

The "**Gearing**" means the value specified in the applicable Final Terms.

(gg) **Lock-In 1**

If this Condition 5(gg) (*Lock-In 1*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Interest Rate and the applicable Day Count Fraction.

The "**Interest Rate**" means:

- (a) if the Reference Rate has fulfilled the Lock in Condition at the Valuation Time on any Valuation Date, then the Interest Rate will be equal to the Fixed Rate;
- (b) if the Reference Rate has not fulfilled the Lock in Condition at the Valuation Time on any Valuation Date, the Interest Rate will be the lower of the Maximum Interest Rate and the Adjusted Reference Rate Return.

The "**Lock in Condition**" is fulfilled if the Reference Rate is either greater than the Strike Upper or lower than the Strike Lower.

The "**Fixed Rate**" means the value specified in the applicable Final Terms.

The "**Adjusted Reference Rate Return**" means the higher of:

- (i) the Floor Value; and
- (ii) the sum of the Reference Rate at the Valuation Time on the relevant Valuation Date and the Spread, less the Strike Level.

The "**Floor Value**" means the value specified in the applicable Final Terms.

The "**Spread**" means the value specified in the applicable Final Terms.

(hh) **Lock-In 2**

If this Condition 5(hh) (*Lock-In 2*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Interest Rate and the applicable Day Count Fraction.

The "**Interest Rate**" means:

- (a) if the Reference Rate has not fulfilled the Lock in Condition at the Valuation Time on any Valuation Date, then the Interest Rate will be equal to the Fixed Rate;
- (b) if the Reference Rate has fulfilled the Lock in Condition at the Valuation Time on any Valuation Date, the Interest Rate will be the lower of the Maximum Interest Rate and the Adjusted Reference Rate Return.

The "**Lock in Condition**" is fulfilled if the Reference Rate is either greater than the Strike Upper or lower than the Strike Lower.

The "**Fixed Rate**" means the value specified in the applicable Final Terms.

The "**Adjusted Reference Rate Return**" means the higher of:

- (i) the Floor Value; and
- (ii) the sum of the Reference Rate at the Valuation Time on any Valuation Date and the Spread, less the Strike Level.

The "**Floor Value**" means the value specified in the applicable Final Terms.

The "**Spread**" means the value specified in the applicable Final Terms.

(ii) ***Snowball***

If this Condition 5(ii) (*Snowball*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Interest Rate and the applicable Day Count Fraction.

The "**Interest Rate**" will be equal to the sum of the Coupon Return for each applicable Valuation Period.

The "**Coupon Return**" will be:

- (i) on the Initial Valuation Date, the Coupon;
- (ii) on each subsequent Valuation Date, the Adjusted Coupon.

The "**Adjusted Coupon**" will be the higher of:

- (i) zero; and
- (ii) the sum of:
 - (a) Coupon Return on the immediately preceding Valuation Date; and
 - (b) the product of (X) the result obtained by subtracting the Reference Rate at the Valuation Time on the applicable Valuation Date from the Strike Level, and (Y) K.

"K" means the value specified in the applicable Final Terms.

(jj) ***Accumulator***

If this Condition 5(jj) (*Accumulator*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Interest Rate and the applicable Day Count Fraction.

The "**Interest Rate**" will be equal to the Coupon Return for each applicable Valuation Period.

The "**Coupon Return**" will be:

- (i) on the Initial Valuation Date, the Initial Coupon;
- (ii) on each subsequent Valuation Date, the sum of:
 - (a) the Coupon Return on the immediately preceding Valuation Date; and
 - (b) the Adjusted Coupon

The "**Adjusted Coupon**" will be the Gearing multiplied by the higher of:

- (i) the Floor Value; and
- (ii) the result obtained by subtracting the Strike Level from the Reference Rate at the Valuation Time on the applicable Valuation Date.

"**Gearing**" means the value specified in the applicable Final Terms.

"**Floor Value**" means the value specified in the applicable Final Terms.

(kk) ***Binary Accumulator***

If this Condition 5(kk) (*Binary Accumulator*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Interest Rate and the applicable Day Count Fraction.

The "**Interest Rate**" will be equal to the Coupon Return for each applicable Valuation Period.

The "**Coupon Return**" will be:

- (i) on the Initial Valuation Date, the Initial Coupon;
- (ii) on each subsequent Valuation Date, the sum of:
 - (a) the Coupon Return on the immediately preceding Valuation Date; and
 - (b) the Adjusted Coupon.

The "**Adjusted Coupon**" will be the higher of:

- (i) the Floor Value; and
- (ii) the Coupon Rate.

"**Floor Value**" means the value specified in the applicable Final Terms.

"**Coupon Rate**" means:

- (a) if the Reference Rate at the Valuation Time on the applicable Valuation Date is less than or equal to X and greater than or equal to Y, the Coupon; or
- (b) otherwise, zero.

(ll) ***Contingent Cap/Floor***

If this Condition 5(ll) (*Contingent Cap/Floor*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Interest Rate and the applicable Day Count Fraction.

The "**Interest Rate**" will be:

- (a) if the Reference Rate 2 at the Valuation Time on the applicable Valuation Date is greater than or equal to Strike 2 the higher of:
 - (i) zero; and
 - (ii) the Gearing multiplied by the result obtained by subtracting the Strike Level from the Reference Rate on the applicable Valuation Date;
- (b) if the Reference Rate 2 on the applicable Valuation Date is less than Strike 2, zero.

"**Reference Rate 2**" means the value specified in the applicable Final Terms.

"**Strike 2**" means the value specified in the applicable Final Terms.

The "**Gearing**" means the value specified in the applicable Final Terms.

(mm) ***Dual Digital Cap***

If this Condition 5(mm) (*Dual Digital Cap*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Interest Rate and the applicable Day Count Fraction.

The "**Interest Rate**" will be:

- (a) if the Reference Rate at the Valuation Time on the applicable Valuation Date is greater than or equal to the Strike Level and the Reference Rate 2 at the Valuation Time on the applicable Valuation Date is greater than or equal to Strike 2, the Coupon;
- (b) if the Reference Rate at the Valuation Time on the applicable Valuation Date is lower than the Strike Level and/or the Reference Rate 2 at the Valuation Time on the applicable Valuation Date is lower than Strike 2, zero.

"**Reference Rate 2**" means the value specified in the applicable Final Terms.

"**Strike 2**" means the value specified in the applicable Final Terms.

(nn) ***Dual Digital Floor***

If this Condition 5(nn) (*Dual Digital Floor*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Interest Rate and the applicable Day Count Fraction.

The "**Interest Rate**" will be:

- (a) if the Reference Rate at the Valuation Time on the applicable Valuation Date is less than or equal to the Strike Level and the Reference Rate 2 at the Valuation Time on the applicable Valuation Date is less than or equal to Strike 2, the Coupon;
- (b) if the Reference Rate at the Valuation Time on the applicable Valuation Date is greater than the Strike Level and/or the Reference Rate 2 at the Valuation Time on the applicable Valuation Date is greater than Strike 2, zero.

"**Reference Rate 2**" means the value specified in the applicable Final Terms.

"**Strike 2**" means the value specified in the applicable Final Terms.

(oo) ***Binary Inflation Cap***

If this Condition 5(oo) (*Binary Inflation Cap*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Interest Rate and the applicable Day Count Fraction.

The "**Interest Rate**" will be:

If the Inflation Rate is greater than or equal to the Strike Level as at the Valuation Time on the applicable Valuation Date, the Interest Rate will be equal to the Coupon, otherwise the Interest Rate will be zero.

(pp) ***Binary Inflation Floor***

If this Condition 5(pp) (*Binary Inflation Floor*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Interest Rate and the applicable Day Count Fraction.

The "**Interest Rate**" will be:

If the Inflation Rate is less than or equal to the Strike Level as at the Valuation Time on the applicable Valuation Date, the Interest Rate will be equal to the Coupon, otherwise the Interest Rate will be zero.

(qq) ***Binary Inflation Range***

If this Condition 5(qq) (*Binary Inflation Range*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Interest Rate and the applicable Day Count Fraction.

The "**Interest Rate**" will be:

If the Inflation Rate is greater than or equal to the Strike Lower and less than or equal to the Strike Upper as at the Valuation Time on the applicable Valuation Date, the Interest Rate will be equal to the Coupon, otherwise the Interest Rate will be zero.

(rr) ***Inflation Range Accrual***

If this Condition 5(rr) (*Inflation Range Accrual*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Interest Rate and the applicable Day Count Fraction.

The "**Interest Rate**" will be equal to the Coupon multiplied by the result of the fraction where the numerator is the number of Valuation Periods that satisfy the Range Accrual Condition, and the denominator is the total number of Valuation Periods.

The "**Range Accrual Condition**" means that the Inflation Rate is greater than or equal to the Strike Lower and less than or equal to the Strike Upper as at the Valuation Time on the applicable Valuation Date.

(ss) ***Inflation Cap/Floor***

If this Condition 5(ss) (*Inflation Cap/Floor*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Gearing, the Inflation Return and the applicable Day Count Fraction.

The "**Gearing**" will be the value specified in the applicable Final Terms.

The "**Inflation Return**" will be the higher of:

- (a) zero; and
- (b) the product of the Flag and the result of subtracting the Strike Level from the Inflation Rate as at the Valuation Time on the applicable Valuation Date.

The "**Flag**" will be the value specified in the applicable Final Terms.

(tt) ***Inflation Straddle***

If this Condition 5(tt) (*Inflation Straddle*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the sum of the Inflation Cap and the Inflation Floor, the Calculation Amount and the applicable Day Count Fraction.

The "**Inflation Cap**" will be equal to the product of the Gearing (Cap) and the higher of:

- (a) the result obtained by subtracting the Strike Upper from the Inflation Rate at the Valuation Time on the on the applicable Valuation Date; and
- (b) zero.

The "**Inflation Floor**" will be equal to the product of the Gearing (Floor) and the higher of:

- (a) the result obtained by subtracting the Strike Lower from the Inflation Rate at the Valuation Time on the on the applicable Valuation Date; and
- (b) zero.

"**Gearing (Cap)**" means the value specified in the applicable Final Terms.

"**Gearing (Floor)**" means the value specified in the applicable Final Terms.

"**Strike Upper**" means the value specified in the applicable Final Terms.

"**Strike Lower**" means the value specified in the applicable Final Terms.

(uu) ***Inflation Cap Floor Spread***

If this Condition 5(uu) (*Inflation Cap Floor Spread*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the sum of the Inflation Cap Spread and the Inflation Floor Spread, the Calculation Amount and the applicable Day Count Fraction.

The "**Inflation Cap Spread**" will be equal to the product of:

- (a) The Cap Value;
- (b) the Leverage (Cap); and
- (c) the Cap Return.

The "**Cap Value**" will be either 1, minus 1 or zero, as specified in the applicable Final Terms.

The "**Leverage (Cap)**" will be the value specified in the applicable Final Terms.

The "**Cap Return**" will be the lower of:

- (a) the result obtained by subtracting the Cap Strike Lower from the Cap Strike Upper; and
- (b) the higher of (x) the result obtained by subtracting the Cap Strike Lower from the Inflation Rate as at the Valuation Time on the applicable Valuation Date; and (y) zero).

The "**Inflation Floor Spread**" will be equal to the product of:

- (a) The Floor Value;
- (b) the Leverage (Floor); and
- (c) the Floor Return.

The "**Floor Value**" will be either 1, minus 1 or zero, as specified in the applicable Final Terms.

The "**Leverage (Floor)**" will be the value specified in the applicable Final Terms.

The "**Floor Return**" will be the lower of:

- (a) the result obtained by subtracting the Floor Strike Lower from the Floor Strike Upper; and
- (b) the higher of (x) the result obtained by subtracting the Inflation Rate as at the Valuation Time on the applicable Valuation Date from the Floor Strike Upper and (y) zero).

(vv) ***ZC Inflation Cap Floor***

If this Condition 5(vv) (*ZC Inflation Cap Floor*) is specified as applicable in the relevant Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Gearing and the higher of:

- (a) zero; and
- (b) the Inflation Return.

The "**Gearing**" will be the value specified in the applicable Final Terms.

The "**Inflation Return**" means the product of:

- (i) the Flag; and
- (ii) the result of subtracting the Strike Deductible from the Inflation Rate as at the Valuation Time on the applicable Valuation Date.

The "**Strike Deductible**" means:

- (i) the sum of 1 and the Strike Level;
- (ii) raised to the power of the Tenor;
- (iii) less 1.

The "**Flag**" will be the value specified in the applicable Final Terms.

The "**Tenor**" means the value specified in the applicable Final Terms.

(ww) ***Inflation Linker 1***

If this Condition 5(ww) (*Inflation Linker 1*) is specified as applicable in the relevant Final Terms the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Gearing and the Inflation Return.

The "**Gearing**" will be the value specified in the applicable Final Terms.

The "**Inflation Return**" will be the higher of:

- (i) zero; and
- (ii) the sum of the Inflation Rate as at the Valuation Time on the applicable Valuation Time on the relevant Valuation Date and the Spread.

The "**Spread**" will be the value specified in the applicable Final Terms.

(xx) ***Inflation Linker 2***

If this Condition 5(xx) (*Inflation Linker 2*) is specified as applicable in the relevant Final Terms the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount, the Coupon and the Inflation Adjustment.

The "**Inflation Adjustment**" will be the result obtained by dividing the Inflation Index as at the Valuation Time on the applicable Valuation Date by the Inflation Index on the Initial Valuation Date.

The "**Inflation Index**" will be the value specified in the applicable Final Terms.

(yy) ***Strip of Call Spreads***

If this Condition 5(yy) (*Strip of Call Spreads*) is specified as applicable in the Final Terms, the Interest Amount for the applicable Interest Period will be equal to the product of the Calculation Amount and the higher of:

- (a) the Minimum Basket Return; and
- (b) the lower of: (i) the Coupon and (ii) the Basket Return (Interest).

The "**Basket Return (Interest)**" will be the sum of the Weighted Asset Return (Interest) for each Reference Asset (Interest) in the Basket.

The "**Weighted Asset Return (Interest)**" is the average of the Reference Asset Return (Interest) multiplied by the applicable Basket Participation (Interest) for the relevant Reference Asset (Interest) on each Interest Determination Date.

The "**Reference Asset Return (Interest)**" will be the result obtained by dividing the Final Price for the relevant Reference Asset (Interest) on the applicable Interest Determination Date by the Initial Price and subtracting the Strike Level.

(zz) ***General Conditions relating to Interest***

If an Interest Rate cannot be determined for any reason, whether due to an inability to value a particular Reference Asset, due to an event referred to in the first paragraph of Condition 22 (*Limitation of liability etc.*), or for any other reason, interest shall continue to accrue on the Notes at the rate applicable to the then current Interest Period. The Issuing Agent (or, where applicable, the Calculation Agent) or the Issuer shall, as soon as the relevant event has ceased, calculate the new Interest Rate which shall apply from the second Business Day after the date of calculation until the expiry of the then current Interest Period.

The Issuer may appoint another person or entity to perform calculations pursuant to these Terms and Conditions (the "**Calculation Agent**"). The name of any such Calculation Agent shall be specified in the applicable Final Terms.

If the Issuer determines, in its sole and absolute discretion, that the amount of interest actually paid to Noteholders on any Interest Payment Date was in excess of the amount of interest due and payable to Noteholders on such Interest Payment Date, as calculated in accordance with this Condition 5 (*Interest*) (such amount an "**Overpayment**"), the Issuer may reduce the amount of interest payable on any subsequent Interest Payment Date in order to compensate the Issuer for such Overpayment. The amount of interest to be deducted on any Interest Payment Date shall not exceed the aggregate of all Overpayment in respect of the relevant Notes, less any previous deductions in accordance with this Condition 5(zz) (*General Conditions relating to Interest*). The Issuer shall notify Noteholders of any reduction in the amount of interest scheduled to be paid on an Interest Payment Date, and the reasons therefor, at least 2 Business Days prior to that Interest Payment Date. Such notice shall be given to Noteholders in accordance with the provisions of Condition 16 (*Notices*).

(aaa) ***FX Component (Interest)***

If "FX Component (Interest)" is specified as applicable to one or more Interest Amounts payable on certain Interest Payment Date(s) specified in the relevant Final Terms, then the relevant Interest Amount(s) for the relevant Interest Payment Date(s), (as determined in accordance with whichever of the foregoing provisions of this Condition 5 (*Interest*) is specified as applicable in the relevant Final Terms), will be further multiplied by the applicable FX Factor (Interest) for the

purposes of determining the overall Interest Amount payable to the Holders on the relevant Interest Payment Date.

6. **Redemption and Purchase**

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

Unless otherwise specified in these Conditions and the relevant Final Terms, the Issuer shall redeem the Notes at their Redemption Amount on the Redemption Date specified in the Final Terms. The Redemption Amount will be determined as follows, subject always to the other provisions of this Condition 6 (*Redemption and Purchase*), if applicable:

If "**Additional Amounts**" are specified as applicable in the relevant Final Terms, the Redemption Amount will be either: (i) the sum of the Base Redemption Amount and the Additional Amount or (ii) the result obtained by subtracting the Additional Amount from the Base Redemption Amount, as specified in the applicable Final Terms. The Additional Amount will be calculated in accordance with one of the performance structures set out below, as specified in the relevant Final Terms or, if Condition 6(g) (*Combination of Structures*) is applicable, the Additional Amount will be determined in accordance with Condition 6(g) (*Combination of Structures*) on the basis of a combination of the performance structures set out below, in each case as specified in the relevant Final Terms; or

If "**Additional Amounts**" are not specified as applicable in the relevant Final Terms, the Redemption Amount will equal the Base Redemption Amount, or be determined in accordance with one of the other performance structures set out in this Condition 6(a) (*Redemption at Maturity*), in each case as specified in the relevant Final Terms.

The Final Terms will specify which of the following performance structures is applicable to each Series of Notes. If the Interest Amount payable on the Redemption Date is a negative number, then it will be deducted from the Redemption Amount determined in accordance with this Condition 6 (*Redemption and Purchase*), but subject to the proviso that the Redemption Amount shall never be less than zero.

If the performance structure specified in the Final Terms is the:

(i) "*Basket Long*" structure

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and the Basket Return.

The "**Basket Return**" will be the sum of the Weighted Asset Return for each Reference Asset in the Basket **provided that:**

- (A) if "Basket Floor" is specified as applicable in the relevant Final Terms, the Basket Return shall be the higher of a) the Minimum Basket Return, and b) the sum of the Weighted Asset Return for each Reference Asset in the Basket; or
- (B) if "Basket Cap" is specified as applicable in the relevant Final Terms, the Basket Return shall be the lower of a) the Maximum Basket Return, and b) the sum of the Weighted Asset Return for each Reference Asset in the Basket.

The "**Weighted Asset Return**" is the Reference Asset Return multiplied by the applicable Basket Participation.

The "**Reference Asset Return**" will be the result obtained by dividing the Final Price for each Reference Asset by the Initial Price and subtracting the Strike Level **provided that:**

- (A) if "Reference Asset Floor" is specified as applicable in the relevant Final Terms, the Reference Asset Return shall be the higher of a) the Minimum Reference Asset Return for the relevant Reference Asset, and b) the Reference Asset Return calculated in the manner described in the preceding part of this definition; or

- (B) if "Reference Asset Cap" is specified as applicable in the relevant Final Terms, the Basket Return shall be the lower of a) the Maximum Reference Asset Return for the relevant Reference Asset, and b) the Reference Asset Return calculated in the manner described in the preceding part of this definition.

(ii) *"Basket Short" structure*

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return.

The **"Basket Return"** will be the sum of the Weighted Asset Return for each Reference Asset in the Basket **provided that:**

- (A) if "Basket Floor" is specified as applicable in the relevant Final Terms, the Basket Return shall be the higher of a) the Minimum Basket Return, and b) the sum of the Weighted Asset Return for each Reference Asset in the Basket; or
- (B) if "Basket Cap" is specified as applicable in the relevant Final Terms, the Basket Return shall be the lower of a) the Maximum Basket Return, and b) the sum of the Weighted Asset Return for each Reference Asset in the Basket.

The **"Weighted Asset Return"** is the Reference Asset Return multiplied by the applicable Basket Participation.

The **"Reference Asset Return"** will be determined by subtracting from the Strike Level the result obtained by dividing the Final Price for each Reference Asset by the Initial Price **provided that:**

- (A) if "Reference Asset Floor" is specified as applicable in the relevant Final Terms, the Reference Asset Return shall be the higher of a) the Minimum Reference Asset Return for the relevant Reference Asset, and b) the Reference Asset Return calculated in the manner described in the preceding part of this definition; or
- (B) if "Reference Asset Cap" is specified as applicable in the relevant Final Terms, the Basket Return shall be the lower of a) the Maximum Reference Asset Return for the relevant Reference Asset, and b) the Reference Asset Return calculated in the manner described in the preceding part of this definition.

(iii) *"Barrier outperformance" structure*

If the Basket Return (as determined in accordance with Condition 6(a)(i) (*"Basket Long" structure*) or Condition 6(a)(ii) (*"Basket Short" structure*)), as specified in the Final Terms, on any Valuation Date exceeds the Barrier Level, the Additional Amount will be the Maximum Basket Return. If the Basket Return does not exceed the Barrier Level on any Valuation Date, the Additional Amount will be zero.

(iv) *"Barrier Underperformance" structure*

If the Basket Return (as determined in accordance with Condition 6(a)(i) (*"Basket Long" structure*) or Condition 6(a)(ii) (*"Basket Short" structure*)), as specified in the Final Terms, on any Valuation Date falls below the Barrier Level, the Additional Amount will be the Maximum Basket Return. If the Basket Return does not fall below the Barrier Level on any Valuation Date, the Additional Amount will be zero.

(v) *"Best of/Worst of Barrier Outperformance" structure*

If the Reference Asset Return of the Nth best performing Reference Asset (as determined in accordance with Condition 6(a)(i) (*"Basket Long" structure*) or Condition 6(a)(ii) (*"Basket Short" structure*)), as specified in the Final Terms, on any Valuation Date exceeds the Barrier Level, the Additional Amount will be the Maximum Basket

Return. If the Reference Asset Return of the Nth best performing Reference Asset does not exceed the Barrier Level on any Valuation Date, the Additional Amount will be zero.

The "**Nth best performing**" Reference Asset shall be the Reference Asset with the Nth highest Reference Asset Return, where "**N**" shall be the value specified in the Final Terms.

(vi) "*Best of/Worst of Barrier Underperformance*" structure

If the Reference Asset Return of the Nth best performing Reference Asset (as determined in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure)), as specified in the Final Terms, on any Valuation Date falls below the Barrier Level, the Additional Amount will be the Maximum Basket Return. If the Reference Asset Return of the Nth best performing Reference Asset does not fall below the Barrier Level on any Valuation Date, the Additional Amount will be zero.

The "**Nth best performing**" Reference Asset shall be the Reference Asset with the Nth highest Reference Asset Return, where "**N**" shall be the value specified in the Final Terms.

(vii) "*Autocallable Structure Long*"

If the Notes have not been subject to early redemption in accordance with Condition 6(p) (*Early Redemption of Notes with Autocallable performance structure*), then the Additional Amount will be calculated as follows:

- (A) If a Risk Barrier Event has occurred on any Risk Barrier Observation Date, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes with the Participation Ratio and the lower of: (i) the Basket Return on the Valuation Date and (ii) the Maximum Basket Return; or
- (B) If a Risk Barrier Event has not occurred on any Risk Barrier Observation Date, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes with the Participation Ratio 2 and the higher of: (i) the Basket Return on the Valuation Date, and (ii) the Minimum Basket Return.

The "**Basket Return**" will be determined in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) ("*Basket Long*" structure) unless Condition 6(c) (*Best of/Worst of Modifier*) is specified as applicable in the relevant Final Terms, in which case the Basket Return shall be replaced with the Reference Asset Return of the Nth Best Performing Reference Asset in accordance with the aforementioned Condition 6(a)(i) ("*Basket Long*" structure).

(viii) "*Autocallable Structure – Short*"

If the Notes have not been subject to early redemption in accordance with Condition 6(p) (*Early Redemption of Notes with Autocallable Performance Structure*), then the Additional Amount will be calculated in the same manner as Condition 6(a)(vii) (*Autocallable Structure Long*) above, save that the "**Basket Return**" and the "**Reference Asset Return**" will be determined in the same manner as for the "**Basket Short**" structure set out in Condition 6(a)(ii) ("*Basket Short*" structure).

(ix) "*Replacement Basket*" structure

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and the Basket Return.

The "**Basket Return**" will be the sum of the Weighted Asset Return for each Reference Asset in the Basket.

The "**Weighted Asset Return**" is the Reference Asset Return multiplied by the applicable Basket Participation, **provided that** the Reference Asset Return of the N Best Performing Reference Assets, will be replaced with the Replacement Factor for the purposes of determining the Weighted Asset Return.

The "**N Best Performing Reference Assets**" will be the number "N" of Reference Assets (as specified in the Final Terms) with the highest Reference Asset Return.

The "**Reference Asset Return**" will be the result obtained by dividing the Final Price for each Reference Asset by the Initial Price and subtracting the Strike Level.

(x) *"Locally Capped Basket" structure*

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return.

The "**Basket Return**" will be the sum of the Weighted Asset Return for each Reference Asset in the Basket.

The "**Weighted Asset Return**" is the lower of: (i) the Reference Asset Return and (ii) the Maximum Performance, multiplied in either case by the applicable Basket Participation.

The "**Reference Asset Return**" will be the result obtained by dividing the Final Price for each Reference Asset by the Initial Price and subtracting the Strike Level.

(xi) *"Rainbow Basket" structure*

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return.

The "**Basket Return**" will be calculated in accordance with either the "Basket Long Structure" set out in Condition 6(a)(i) ("*Basket Long*" structure) or the "Basket Short" Structure set out in Condition 6(a)(ii) ("*Basket Short*" structure), in either case as specified in the Final Terms.

The "**Basket Participation**" will be determined on the basis of the Rainbow Basket Participation.

(xii) *"Booster Short" structure*

If the Basket Return is greater than or equal to the Initial Basket Level, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return.

If the Basket Return less than the Initial Basket Level, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio 2 and the Basket Return (which may result in a Redemption Amount of less than the Principal Amount of the Notes).

The "**Basket Return**" will be calculated in the same manner as for the "Basket Short" structure set out in Condition 6(a)(ii) ("*Basket Short*" structure).

For the purposes of calculating the Basket Return, the "**Reference Asset Return**" will be the result obtained by subtracting from the Strike Level the result obtained by dividing the Final Price for each Reference Asset by the Initial Price.

(xiii) *"Booster Long" structure*

If the Basket Return is greater than or equal to the Initial Basket Level, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return.

If the Basket Return is less than the Initial Basket Level, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio 2 and the Basket Return (which may result in a Redemption Amount of less than the Principal Amount of the Notes).

The "**Basket Return**" will be calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) ("*Basket Long*" structure).

(xiv) "*Booster Long Minimum Redemption*" structure

If the Basket Return is greater than or equal to the Initial Basket Level, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return.

If the Basket Return is less than the Initial Basket Level, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio 2 and the Basket Return (which may result in a Redemption Amount of less than the Principal Amount of the Notes), *provided, however*, that the Redemption Amount shall not be less than the Minimum Redemption Amount.

The "**Basket Return**" will be calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) ("*Basket Long*" structure).

(xv) "*Booster Risk Barrier Short*" structure

If the Basket Return is at or above the Initial Basket Level on the final Valuation Date, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return on the final Valuation Date.

If the Basket Return is at or above the Barrier Level on each Valuation Date but below the Initial Basket Level on the final Valuation Date, the Additional Amount will be zero.

If the Basket Return is below the Barrier Level on any Valuation Date and below the Initial Basket Level on the final Valuation Date, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio 2 and the Basket Return on the final Valuation Date (which may result in a Redemption Amount of less than the Principal Amount of the Notes).

The "**Basket Return**" will be calculated in the same manner as for the "Basket Short" structure set out in Condition 6(a)(ii) ("*Basket Short*" structure).

(xvi) "*Booster Risk Barrier Long*" structure

If the Basket Return is at or above the Initial Basket Level on the final Valuation Date, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return on the final Valuation Date.

If the Basket Return is at or above the Barrier Level on each Valuation Date but below the Initial Basket Level on the final Valuation Date, the Additional Amount will be zero.

If the Basket Return is below the Barrier Level on any Valuation Date and below the Initial Basket Level on the final Valuation Date, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio 2 and the Basket Return on the final Valuation Date (which may result in a Redemption Amount of less than the Principal Amount of the Notes).

The "**Basket Return**" will be calculated in the same manner as for the "Basket Long" Structure set out in Condition 6(a)(i) ("*Basket Long*" structure).

For the purposes of calculating the Basket Return, the "**Reference Asset Return**" will be the result obtained by dividing the Final Price for each Reference Asset by the Initial Price, and subtracting the Strike Level.

(xvii) *"Twin-Win"*

If the Basket Return calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) (*"Basket Long" structure*) is at or above the Barrier Level 2 on the relevant Valuation Date(s), the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return on the Twin-Win Valuation Date calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) (*"Basket Long" structure*).

If the Basket Return calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) (*"Basket Long" structure*) is at or above the Barrier Level 1 on the relevant Valuation Date(s) but below the Barrier Level 2 on the relevant Valuation Date(s), the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio 2 and by the Basket Return on the Twin-Win Valuation Date, calculated in the same manner as for the "Basket Short" structure set out in Condition 6(a)(ii) (*"Basket Short" structure*).

If the Basket Return calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) (*"Basket Long" structure*) is below the Barrier Level 1 on the relevant Valuation Date(s) and below the Barrier Level 2 on the relevant Valuation Date(s), the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio 3 and the Basket Return on the Twin-Win Valuation Date, calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) (*"Basket Long" structure*) (which will result in a Redemption Amount of less than the Principal Amount of the Notes).

(xviii) *"Bonus Booster Short" structure*

If the Basket Return is at or above the Initial Basket Level on the final Valuation Date and below the Barrier Level on any Valuation Date, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return on the final Valuation Date.

If the Basket Return is below the Barrier Level on any Valuation Date and below the Initial Basket Level on the final Valuation Date, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio 2 and the Basket Return on the final Valuation Date (which may result in a Redemption Amount of less than the Principal Amount of the Notes).

If the Basket Return is never below the Barrier Level on any Valuation Date, the Additional Amount will be equal to the higher of:

- (A) the Principal Amount of the Notes multiplied by the Coupon; and
- (B) the amount calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return on the final Valuation Date.

The "**Basket Return**" will be calculated in the same manner as for the "Basket Short" structure set out in Condition 6(a)(ii) (*"Basket Short" structure*).

For the purposes of calculating the Basket Return, the "**Reference Asset Return**" will be the result obtained by subtracting from the Strike Level the result obtained by dividing the Final Price for each Reference Asset by the Initial Price.

(xix) *"Bonus Booster Long" structure*

If the Basket Return is at or above the Initial Basket Level on the final Valuation Date and below the Barrier Level on any Valuation Date, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return on the final Valuation Date.

If the Basket Return is below the Barrier Level on any Valuation Date and below the Initial Basket Level on the final Valuation Date, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio 2 and the Basket Return on the final Valuation Date (which may result in a Redemption Amount of less than the Principal Amount of the Notes).

If the Basket Return is never below the Barrier Level on any Valuation Date, the Additional Amount will be equal to the higher of:

- (A) the Principal Amount of the Notes multiplied by the Coupon; and
- (B) the amount calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return on the final Valuation Date.

The "**Basket Return**" will be calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) ("*Basket Long*" Structure).

For the purposes of calculating the Basket Return, the "Reference Asset Return" will be the result obtained by dividing the Final Price for each Reference Asset by the Initial Price, and subtracting the Strike Level.

(xx) "*Cliquet*" structure

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and the highest of:

- (i) the Final Lock-in Level;
- (ii) the Cliquet Return; and
- (iii) the Global Floor.

The "**Final Lock-in Level**" means the highest Lock-in Level which is reached or exceeded by the Aggregate Basket Return on any Valuation Date.

"**Lock-in Level**" means each level specified as such in the applicable Final Terms.

The "**Cliquet Return**" means the lower of:

- (i) the Global Cap; and
- (ii) the Adjusted Coupon.

The "**Adjusted Coupon**" means the Initial Coupon plus the Aggregate Basket Return as at the most recently occurring Valuation Date.

The "**Global Cap**" means the value specified in the applicable Final Terms. If the Global Cap is specified as not applicable in the Final Terms, the Global Cap shall be ascribed a notional value of infinity for the purposes of calculating the Redemption Amount.

The "**Global Floor**" means the value specified in the applicable Final Terms. If the Global Floor is specified as not applicable in the Final Terms, the Global Floor shall be ascribed a notional value of zero for the purposes of calculating the Redemption Amount.

The "**Initial Coupon**" means the value specified in the applicable Final Terms.

The "**Aggregate Basket Return**" for each Valuation Period (the "**relevant Valuation Period**") will be the sum of the Adjusted Periodic Basket Returns for each Valuation Period up to and including the relevant Valuation Period.

The "**Adjusted Periodic Basket Return**" for each applicable Valuation Period will be the higher of:

- (A) The Local Floor; and
- (B) the lower of: (a) the Local Cap and (b) the Unadjusted Periodic Basket Return.

The "**Local Cap**" means the value specified in the applicable Final Terms. If the Local Cap is specified as not applicable in the Final Terms, the Local Cap shall be ascribed a notional value of infinity for the purposes of calculating the Redemption Amount.

The "**Local Floor**" means the value specified in the applicable Final Terms. If the Local Floor is specified as not applicable in the Final Terms, the Local Floor shall be ascribed a notional value of zero for the purposes of calculating the Redemption Amount.

The "**Unadjusted Periodic Basket Return**" is the result obtained by taking the sum of the Weighted Asset Returns as at the applicable Valuation Date, and subtracting the sum of the Weighted Asset Returns as at the immediately preceding Valuation Date, and expressing that result as a percentage of the sum of the Weighted Asset Returns as at the immediately preceding Valuation Date.

The "**Weighted Asset Return**" is the Reference Asset Return multiplied by the applicable Basket Participation.

The "**Reference Asset Return**" will be the result obtained by dividing the Final Price for each Reference Asset by the Initial Price and subtracting the Strike Level.

(xxi) *"Reverse Cliquet" structure*

The Additional Amount will be calculated in the same manner as for the "*Cliquet*" structure set out in Condition 6(a)(xx), save that the definition of "Adjusted Coupon" shall read as follows:

The "**Adjusted Coupon**" means the Initial Coupon less the Aggregate Basket Return as at the most recently occurring Valuation Date.

(xxii) *"Replacement Cliquet" structure*

The Additional Amount will be calculated in the same manner as for the "*Cliquet*" structure set out in Condition 6(a)(xx), save that the definition of "Adjusted Periodic Basket Return" shall read as follows:

The "**Adjusted Periodic Basket Return**" for each applicable Valuation Period will be the Unadjusted Periodic Basket Return, save that in respect of the Valuation Periods with the N highest Unadjusted Periodic Basket Returns, the Unadjusted Periodic Basket Return shall be replaced with the relevant Fixed Periodic Basket Return specified in the Final Terms.

"N" shall have the value given to it in the applicable Final Terms.

"**Fixed Periodic Basket Return**" shall be as specified in the applicable Final Terms.

(xxiii) *"Reverse Replacement Cliquet" structure*

The Additional Amount will be calculated in the same manner as for the "*Reverse Cliquet*" structure set out in Condition 6(a)(xxi), save that the definition of "*Adjusted Periodic Basket Return*" shall read as follows:

The "**Adjusted Periodic Basket Return**" for each applicable Valuation Period will be the Unadjusted Periodic Basket Return, save that in respect of the Valuation Periods with the N highest Unadjusted Periodic Basket Returns, the Unadjusted Periodic Basket Return shall be replaced with the relevant Fixed Periodic Basket Return specified in the Final Terms.

"N" shall have the value given to it in the applicable Final Terms.

"**Fixed Periodic Basket Return**" shall be as specified in the applicable Final Terms

(xxiv) *"Rainbow Replacement Cliquet" structure*

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and the higher of:

- (i) the Minimum Basket Return; and
- (ii) the sum of the Weighted Replacement Cliquet Performance of each Reference Asset in the Basket.

The "**Weighted Replacement Cliquet Performance**" will be the Replacement Cliquet Performance of the relevant Reference Asset multiplied by the applicable Basket Participation.

The "**Basket Participation**" will be determined on the basis of the Replacement Cliquet Basket Participation.

The "**Replacement Cliquet Performance**" will be the sum of the Adjusted Periodic Reference Asset Returns of the relevant Reference Asset for each Valuation Period.

The "**Adjusted Periodic Reference Asset Return**" for each applicable Valuation Period will be the Periodic Reference Asset Return, save that in respect of the Valuation Periods with the N highest Periodic Reference Asset Returns, the Reference Asset Return shall be replaced with the relevant Fixed Reference Asset Return specified in the Final Terms.

"N" shall have the value given to it in the applicable Final Terms.

"**Fixed Reference Asset Return**" shall be as specified in the applicable Final Terms.

The "**Periodic Reference Asset Return**" will be the result (expressed as a percentage) obtained by dividing the Final Price for each Reference Asset by the Start Price and subtracting 100 per cent.

The "**Start Price**" will be the Closing Price of the relevant Reference Asset on the Valuation Date immediately preceding the start of the application Valuation Period.

The "**Final Price**" will be the Closing Price of the relevant Reference Asset on the Valuation Date at the end of the applicable Valuation Period.

(xxv) *Reverse Convertible structure*

If the Basket Return is equal to or above the Initial Basket Level, the Redemption Amount will be equal to the Principal Amount of the Notes.

If the Basket Return is below the Initial Basket Level, the Redemption Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and the Basket Return and adding the resulting negative amount to the Principal Amount of the Notes (in this case the Redemption Amount will be less than the Principal Amount of the Notes).

The "**Basket Return**" will be calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) ("*Basket Long*" structure) or the "Basket Short" structure set out in Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms.

(xxvi) *Reverse Convertible Risk Barrier structure*

If the Basket Return is below the Barrier Level on any Valuation Date, and on the final Valuation Date the Basket Return is below the Initial Basket Level, the Redemption

Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and the Basket Return and adding the resulting negative amount to the Principal Amount of the Notes (in this case the Redemption Amount will be less than the Principal Amount of the Notes). Otherwise the Redemption Amount will be equal to the Principal Amount of the Notes.

The "**Basket Return**" will be calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) ("*Basket Long*" structure) or the "Basket Short" structure set out in Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms.

(xxvii) *"Best of/Worst of" Reverse Convertible structure*

If the Nth Best Reference Asset Return is below the Barrier Level on any Valuation Date, and below the Initial Basket Level on the final Valuation Date, the Redemption Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and the Nth Best Reference Asset Return and adding the resulting negative amount to the Principal Amount of the Notes. In this case the Redemption Amount will be less than the Principal Amount. Otherwise, the Redemption Amount will be equal to the Principal Amount of the Notes.

The "**Nth Best Reference Asset Return**" is the Reference Asset Return in respect of which the Reference Asset Return is the Nth highest, where "N" shall be the value specified in the Final Terms.

The "**Reference Asset Return**" is the result obtained by dividing the Final Price for each Reference Asset by the Initial Price and subtracting the Strike Level.

(xxviii) *Worst of Digital Memory Coupon 1*

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the higher of: (i) zero, and (ii) the Coupon Level.

The "**Coupon Level**" means, on any Valuation Date, the higher of: (i) the Coupon Level on the immediately preceding Valuation Date (or, in the case of the Initial Valuation Date, the Initial Coupon) and (ii) the product of N, the Coupon Barrier Level and the Coupon.

"N" will be the number of the relevant Valuation Date, where the first Valuation Date has the value N=1, the second Valuation Date has the Value N=2, and so forth.

The "**Coupon Barrier Level**" will be 1 if the Reference Asset Return (as determined in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms) for every Reference Asset within the Basket is greater than, or equal to, the Barrier Level on each Valuation Date, otherwise it will be zero.

(xxix) *Worst of Call Option*

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio, and the higher of: (i) the Minimum Performance and (ii) zero.

The "**Minimum Performance**" means the lowest Reference Asset Performance of all Reference Assets within the Basket

The "**Reference Asset Performance**" means the result of dividing:

- (A) the Closing Price of the relevant Reference Asset on the applicable Valuation Date, as specified in the Final Terms, by

- (B) the average of the Closing Prices of the relevant Reference Asset on each Initial Valuation Date.

and subtracting the Strike Level.

(xxx) *Outperformance Option*

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio, and the lower of:

- (A) the Maximum Performance (if applicable), and
- (B) the higher of the Minimum Performance (if applicable) and the Performance Differential.

The "**Maximum Performance**" will be the value specified in the applicable Final Terms.

The "**Minimum Performance**" will be the value specified in the applicable Final Terms.

The "**Performance Differential**" will be calculated by subtracting the B Performance from the A Performance, **provided however that**, if "Outperformance Option" is specified as applicable in the Final Terms and the A Performance is negative, the Performance Differential shall be zero.

The "**A Performance**" will be calculated in the same manner as "Basket Return" for the "Basket Long" structure set out in Condition 6(a)(i) ("*Basket Long*" structure) or the "Basket Short" structure set out in Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the applicable Final Terms; and

The "**B Performance**" will be calculated in the same manner as "Basket Return" for the "Basket Long" structure set out in Condition 6(a)(i) ("*Basket Long*" structure), or the "Basket Short" structure set out in Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the applicable Final Terms.

The Reference Assets used for the purposes of calculating the A Performance and the B Performance will be grouped into two separate Baskets ("**Basket A**" and "**Basket B**" respectively, and each a "**Basket**"), as specified in the applicable Final Terms.

(xxxi) *Non-Tranched CLN Structure*

The Redemption Amount will be equal to the Principal Amount of the Notes multiplied by the sum of:

- (A) 1 minus the Portfolio Exposure; and
- (B) the product of the Target Redemption Amount and the Portfolio Return.

The "**Portfolio Return**" means the difference between 1 and the Portfolio Loss.

The "**Portfolio Loss**" means the sum of the Weighted Asset Loss for each Reference Entity within the Basket.

The "**Weighted Asset Loss**" shall be either:

- (C) If "**Credit Event Ranked Basket Participation**" is specified as applicable in the relevant Final Terms, calculated by multiplying the Basket Participation and the Reference Entity Loss for each Reference Entity as follows:
 - (1) for the Reference Entities which have been subject to a Credit Event, the relevant Credit Event Ranked Weight is used as the Basket Participation; or

- (2) for the remaining Reference Entities which have not been subject to a Credit Event (in alphabetical order), the relevant Reference Entities shall be listed in alphabetical order and the remaining Credit Event Ranked Weights will be assigned in numerical order for the purposes of determining the Basket Participation (Interest), following the principle that the first Reference Entity in alphabetical order shall be assigned the first available Credit Event Ranked Weight in numerical order and so forth.

- (D) If "**Credit Event Ranked Basket Participation**" is specified as not being applicable, the product of the Basket Participation and the Reference Entity Loss for the relevant Reference Entity.

The "**Reference Entity Loss**" will be determined by subtracting the Recovery Value in respect of the relevant Reference Entity from 1.

The "**Recovery Value**" will be 100 per cent. if a Credit Event (as defined in Part 3: *Additional Conditions for Credit-Linked Notes*) has not occurred in relation to that Reference Entity during the period commencing on the Observation Start Date and ending on the Observation End Date, or if such a Credit Event has occurred, it will be either a Fixed Recovery Value or a Market Recovery Value, as specified in the applicable Final Terms.

(xxxii) *Tranched CLN Structure*

The Redemption Amount will be equal to the Principal Amount of the Notes multiplied by the sum of:

- (A) 1 minus the Aggregate Portfolio Exposure; and
- (B) the sum of the Credit Linked Exposure in respect of each Basket.

The "**Credit Linked Exposure**" means the product of the applicable Target Redemption Amount and the Portfolio Return for each Basket.

The "**Portfolio Return**" means the result obtained by subtracting the Adjusted Tranche Loss from 1.

The "**Adjusted Tranche Loss**" means the result obtained by dividing the lower of a) the Tranche Attachment Range and b) the Tranche Loss, by the Tranche Attachment Range.

The "**Tranche Loss**" means the higher of:

- (A) zero and
- (B) the result obtained by subtracting the Tranche Attachment Point from the sum of the Weighted Asset Loss for each Reference Entity within the relevant Basket.

The "**Weighted Asset Loss**" means the product of the Basket Participation and the Reference Entity Loss for the relevant Reference Entity.

The "**Reference Entity Loss**" will be the result obtained by subtracting the Recovery Value in respect of the relevant Reference Entity from 1.

The "**Recovery Value**" will be 100 per cent. if a Credit Event (as defined in Part 3: *Additional Conditions for Credit-Linked Notes*) has not occurred in relation to that Reference Entity during the period commencing on the Observation Start Date and ending on the Observation End Date, or if such a Credit Event has occurred, it will be either a Fixed Recovery Value or a Market Recovery Value, as specified in the applicable Final Terms.

(xxxiii) *Nth to Default CLN Structure*

The Redemption Amount will be equal to the Principal Amount of the Notes multiplied by the sum of:

- (A) 1 minus the Portfolio Exposure; and
- (B) the product of the Portfolio Exposure, the Target Redemption Amount and the Portfolio Return.

The "**Portfolio Return**" means the difference between 1 and the Portfolio Loss.

The "**Portfolio Loss**" means:

- (A) if the number of Credit Events that have occurred in relation to any Reference Entity within the Basket during the period commencing on the Observation Start Date and ending on the Observation End Date, is greater than or equal to N, the Reference Entity Loss for the Nth Reference Entity within the Basket in respect of which a Credit Event occurs; or
- (B) if the number of Credit Events that have occurred in relation to any Reference Entity within the Basket during the period commencing on the Observation Start Date and ending on the Observation End Date, is less than N, zero.

"N" shall be the figure specified in the Final Terms under the heading "Performance Structure-related items".

The "**Reference Entity Loss**" will be the difference between 1 and the Recovery Value in respect of the relevant Reference Entity.

The "**Recovery Value**" will be 100 per cent. if a Credit Event (as defined in Part 3: *Additional Conditions for Credit-Linked Notes*) has not occurred in relation to that Reference Entity during the period commencing on the Observation Start Date and ending on the Observation End Date, or if such a Credit Event has occurred, it will be either a Fixed Recovery Value or a Market Recovery Value, as specified in the applicable Final Terms.

(xxxiv) *Nth and Nth+1 to Default CLN Structure*

The Redemption Amount will be equal to the Principal Amount of the Notes multiplied by the sum of:

- (A) 1 minus the Portfolio Exposure; and
- (B) the product of the Portfolio Exposure, the Target Redemption Amount and the Portfolio Return.

The "**Portfolio Return**" means the result obtained by subtracting the Portfolio Loss from 1.

The "**Portfolio Loss**" means:

- (A) if the number of Credit Events that have occurred in relation to any Reference Entity within the Basket during the period commencing on the Observation Start Date and ending on the Observation End Date, is greater than N the sum of the Weighted Asset Loss for the Nth Reference Entity to default and the Nth plus 1 (i.e. the immediately succeeding) Reference Entity to default within the Basket; or
- (B) if the number of Credit Events that have occurred in relation to any Reference Entity within the Basket during the period commencing on the Observation Start Date and ending on the Observation End Date is equal N, an amount equal to

the Weighted Asset Loss of the Nth Reference Entity in respect of which a Credit Event occurs;

- (C) if the number of Credit Events that have occurred in relation to any Reference Entity within the Basket during the period commencing on the Observation Start Date and ending on the Observation End Date, is less than N, zero.

"N" shall be the figure specified in the Final Terms under the heading "Performance Structure-related items".

The "**Weighted Asset Loss**" means the product of the Basket Participation and the Reference Entity Loss for the relevant Reference Entity.

The "**Reference Entity Loss**" will be the result obtained by subtracting the Recovery Value in respect of the relevant Reference Entity from 1.

The "**Recovery Value**" will be 100 per cent. if a Credit Event (as defined in Part 3: *Additional Conditions for Credit-Linked Notes*) has not occurred in relation to that Reference Entity during the period commencing on the Observation Start Date and ending on the Observation End Date, or if such a Credit Event has occurred, it will be either a Fixed Recovery Value or a Market Recovery Value, as specified in the applicable Final Terms.

(xxxv) *Option CLN structure*

The Redemption Amount will be equal to the sum of:

- (i) the Principal Amount of the Notes; and
- (ii) the product of: (x) the Principal Amount of the Notes, and (y) the sum of K, Option Amount 1, Option Amount 2, Option Amount 3 and Option Amount 4.

The value of "**K**" will be as specified in the relevant Final Terms.

The "**Option Amount 1**" will be calculated as the product of Factor1 and the higher of:

- (A) 0; and
- (B) the sum of:
 - (1) the product of:
 - (a) Indicator1;
 - (b) the CDS Mark to Market 1; and
 - (c) 1 minus the Portfolio Loss 1; and
 - (2) the product of:
 - (a) Indicator 1; and
 - (b) Portfolio Loss 2.

The "**CDS Mark to Market 1**" will be calculated as the sum of:

- (A) the product of:
 - (1) Spread Difference1A; and
 - (2) Annuity1A; and

(B) the product of:

(1) Spread Difference1B; and

(2) Annuity1B.

The "**Factor1**" will be the value specified in the relevant Final Terms.

The "**Indicator1**" will be either -1 or 1 as specified in the relevant Final Terms.

The "**Spread Difference1A**" means the relevant CDS Spread on the Observation Date less the CDS Convention Spread.

The "**Spread Difference1B**" means the relevant CDS Convention Spread less the Strike 1.

"**Strike 1**" will be the value specified in the relevant Final Terms.

The "**Annuity1A**" means the present value of an annuity payment of 1, based on the relevant CDS spread on the Observation Date and the same payment dates and conventions as the fixed amount in the relevant CDS and determined by the Calculation Agent on the Valuation Date in its sole discretion.

The "**Annuity1B**" means the present value of an annuity payment of 1, based on the Strike 1 and the same payment dates and conventions as the fixed amount in the relevant CDS and determined by the Calculation Agent on the Valuation Date in its sole discretion.

The relevant "**CDS**" means a credit default swap referencing the Reference Entity or index of Reference Entities specified in the applicable Final Terms, with the maturity and CDS Convention Spread specified in the applicable Final Terms and otherwise containing terms and conditions that observe standard market conventions, as determined by the Calculation Agent in its sole discretion.

The "**CDS Spread**" means the spread or premium payable in order to purchase the relevant CDS (if the Indicator is negative) or sell the relevant CDS (if the Indicator is positive), as determined by the Calculation Agent in its sole discretion.

The "**CDS Convention Spread**" means the fixed coupon received by the Seller of the relevant CDS or paid by the purchaser of the relevant CDS (as the case may be), and specified in the relevant Final Terms.

The "**Portfolio Loss 1**" means the sum of the Weighted Asset Loss 1 for each Reference Entity within the relevant CDS.

The "**Weighted Asset Loss 1**" means the product of the Basket Participation and the Reference Entity Loss 1 for the relevant Reference Entity.

The "**Reference Entity Loss 1**" will be the result obtained by subtracting the Recovery Value 1 in respect of the relevant Reference Entity from 1.

The "**Recovery Value 1**" will be 100 per cent. if a Credit Event (as defined in Part 3: *Additional Conditions for Credit-Linked Notes*) has not occurred in relation to that Reference Entity during the period commencing on the Observation Start Date and ending on the Observation End Date, or if such a Credit Event has occurred, it will be a Fixed Recovery Value of 0 per cent.

The "**Portfolio Loss 2**" means the sum of the Weighted Asset Loss 2 for each Reference Entity within the CDS.

The "**Weighted Asset Loss 2**" means the product of the Basket Participation and the Reference Entity Loss 2 for the relevant Reference Entity.

The "**Reference Entity Loss 2**" will be the result obtained by subtracting the Recovery Value 2 in respect of the relevant Reference Entity from 1.

The "**Recovery Value 2**" will be 100 per cent. if a Credit Event (as defined in Part 3: *Additional Conditions for Credit-Linked Notes*) has not occurred in relation to that Reference Entity during the period commencing on the Observation Start Date and ending on the Observation End Date, or if such a Credit Event has occurred, it will be a Market Recovery Value.

The "**Option Amount2**" will be calculated as the product of Factor2 and the higher of:

- (A) 0; and
- (B) the sum of:
 - (1) the product of:
 - (a) Indicator2;
 - (b) The CDS Mark to Market 2; and
 - (c) 1 minus the Portfolio Loss 1; and
 - (2) the product of:
 - (a) Indicator 2; and
 - (b) Portfolio Loss 2;

The "**CDS Mark to Market 2**" will be calculated as the sum of:

- (A) The product of:
 - (1) Spread Difference2A; and
 - (2) Annuity2A; and
- (B) The product of:
 - (1) Spread Difference2B; and
 - (2) Annuity2B.

The "**Factor2**" will be the value specified in the relevant Final Terms.

The "**Indicator2**" will be either -1, 0 or 1 as specified in the relevant Final Terms.

The "**Spread Difference2A**" means the relevant CDS Spread on the Observation Date less the CDS Convention Spread.

The "**Spread Difference2B**" means the relevant CDS Convention Spread less the Strike 2.

"**Strike 2**" will be the value specified in the relevant Final Terms.

The "**Annuity2A**" means the present value of an annuity payment of 1, based on the relevant CDS spread on the Observation Date and the same payment dates and conventions as the fixed amount in the relevant CDS and determined by the Calculation Agent on the Valuation Date in its sole discretion.

The "**Annuity2B**" means the present value of an annuity payment of 1, based on the Strike 2 and the same payment dates and conventions as the fixed amount in the relevant

CDS and determined by the Calculation Agent on the Valuation Date in its sole discretion.

The "**Option Amount 3**" will be calculated as the product of Factor3 and the higher of:

- (A) 0; and
- (B) the sum of:
 - (1) the product of:
 - (a) Indicator3;
 - (b) The CDS Mark to Market 3; and
 - (c) 1 minus the Portfolio Loss 1; and
 - (2) the product of:
 - (a) Indicator 3; and
 - (b) Portfolio Loss 2;

The "**CDS Mark to Market 3**" will be calculated as the sum of:

- (A) The product of:
 - (1) Spread Difference3A; and
 - (2) Annuity3A; and
- (B) The product of:
 - (1) Spread Difference3B; and
 - (2) Annuity3B.

The "**Factor3**" will be the value specified in the relevant Final Terms.

The "**Indicator3**" will be either -1,0 or 1 as specified in the relevant Final Terms.

The "**Spread Difference3A**" means the relevant CDS Spread on the Observation Date less the relevant CDS Convention Spread.

The "**Spread Difference3B**" means the relevant CDS Convention Spread less the Strike 3.

"**Strike 3**" will be the value specified in the relevant Final Terms.

The "**Annuity3A**" means the present value of an annuity payment of 1, based on the relevant CDS spread on the Observation Date and the same payment dates and conventions as the fixed amount in the relevant CDS and determined by the Calculation Agent on the Valuation Date in its sole discretion.

The "**Annuity3B**" means the present value of an annuity payment of 1, based on the Strike 3 and the same payment dates and conventions as the fixed amount in the relevant CDS and determined by the Calculation Agent on the Valuation Date in its sole discretion.

The "**Option Amount 4**" will be calculated as the product of Factor4 and the higher of:

- (A) 0; and

- (B) the sum of:
 - (1) the product of:
 - (a) Indicator₄;
 - (b) The CDS Mark to Market₄; and
 - (c) 1 minus the Portfolio Loss 1; and
 - (2) the product of:
 - (a) Indicator 4; and
 - (b) Portfolio Loss 2;

The "**CDS Mark to Market 4**" will be calculated as the sum of:

- (A) The product of:
 - (1) Spread Difference_{4A}; and
 - (2) Annuity_{4A}; and
- (B) The product of:
 - (1) Spread Difference_{4B}; and
 - (2) Annuity_{4B}.

The "**Factor₄**" will be the value specified in the relevant Final Terms.

The "**Indicator₄**" will be either -1 or 1 as specified in the relevant Final Terms.

The "**Spread Difference_{4A}**" means the relevant CDS Spread on the Observation Date less the relevant CDS Convention Spread.

The "**Spread Difference_{4B}**" means the relevant CDS Convention Spread less the Strike 4.

"**Strike 4**" will be the value specified in the relevant Final Terms.

The "**Annuity_{4A}**" means the present value of an annuity payment of 1, based on the relevant CDS spread on the Observation Date and the same payment dates and conventions as the fixed amount in the relevant CDS and determined by the Calculation Agent on the Valuation Date in its sole discretion.

The "**Annuity_{4B}**" means the present value of an annuity payment of 1, based on the Strike 4 and the same payment dates and conventions as the fixed amount in the relevant CDS and determined by the Calculation Agent on the Valuation Date in its sole discretion.

(xxxvi) *Mark to Market CDS*

The Redemption Amount will be equal to the sum of:

- (i) the Principal Amount of the Notes; and
- (ii) the product of:
 - (x) the Principal Amount of the Notes, and

- (y) the sum of, in respect of each CDS, the product of the relevant Mark to Market value and the applicable CDS Factor specified in the Final Terms.

The "**Mark to Market**" of the relevant CDS will be calculated as the sum of:

- (A) the product of:
 - (1) The Indicator 1
 - (2) The CDS Spread Difference;
 - (3) The Annuity; and
 - (4) 1 minus the Portfolio Loss 1; and
- (B) the product of:
 - (1) The Indicator 2
 - (2) The Accrued Interest; and
- (C) The product of:
 - (1) The Indicator 3
 - (2) The Portfolio Loss 2.

The "**Indicator 1**" will be either -1 or 1 as specified in the relevant Final Terms.

The "**Indicator 2**" will be either 1, 0 or -1 as specified in the relevant Final Terms.

The "**Indicator 3**" will be either 1, 0 or -1 as specified in the relevant Final Terms.

The "**Accrued Interest**" will be the accrued interest from the last coupon payment date of the relevant CDS, as determined by the Calculation Agent in its sole discretion on the Observation Date.

The "**Annuity**" means the present value of an annuity payment of 1, based on the same payment dates and conventions as the fixed amount in the CDS and determined by the Calculation Agent on the Valuation Date in its sole discretion.

The "**CDS**" means a credit default swap referencing the Reference Entity or index of Reference Entities specified in the applicable Final Terms, with the maturity and CDS Convention Spread specified in the applicable Final Terms and otherwise containing terms and conditions that observe standard market conventions, as determined by the Calculation Agent in its sole discretion.

The "**CDS Spread Difference**" means the CDS Spread on the Observation Date less the CDS Convention Spread on the Observation Date.

The "**CDS Spread**" means the spread or premium payable in order to purchase the relevant CDS (if the Indicator is negative) or sell the relevant CDS (if the Indicator is positive), as determined by the Calculation Agent in its sole discretion on the Observation Date.

The "**CDS Convention Spread**" means the fixed coupon received by the seller of the relevant CDS or paid by the purchaser of the relevant CDS (as applicable) and specified in the relevant Final Terms.

The "**Portfolio Loss 1**" means the sum of the Weighted Asset Loss 1 for each Reference Entity within the Basket.

The "**Weighted Asset Loss 1**" means the product of the Basket Participation and the Reference Entity Loss 1 for the relevant Reference Entity.

The "**Reference Entity Loss 1**" will be the result obtained by subtracting the Recovery Value 1 in respect of the relevant Reference Entity from 1.

The "**Recovery Value 1**" will be 100 per cent. if a Credit Event has not occurred in relation to that Reference Entity during the period commencing on the Observation Start Date and ending on the Observation End Date, or if such a Credit Event has occurred, it will be a Fixed Recovery Value of 0 per cent.

The "**Portfolio Loss 2**" means the sum of the Weighted Asset Loss 2 for each Reference Entity within the Basket.

The "**Weighted Asset Loss 2**" means the product of the Basket Participation and the Reference Entity Loss 2 for the relevant Reference Entity.

The "**Reference Entity Loss 2**" will be the result obtained by subtracting the Recovery Value 2 in respect of the relevant Reference Entity from 1.

The "**Recovery Value 2**" will be 100 per cent. if a Credit Event has not occurred in relation to that Reference Entity during the period commencing on the Observation Start Date and ending on the Observation End Date, or if such a Credit Event has occurred, it will be either a Fixed Recovery Value or a Market Recovery Value, as specified in the applicable Final Terms.

(xxxvii) *Digital Long*

If the Basket Return on the final Valuation Date is greater than or equal to the Basket Strike Level, the Additional Amount will be equal to the Principal Amount of the Notes multiplied by the Coupon.

If the Basket Return is not greater than or equal to the Basket Strike Level on the final Valuation Date, the Additional Amount will be zero.

The Basket Return will be calculated on the basis of the "Basket Long" structure in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or the "Basket Short" structure set out in Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms.

(xxxviii) *Digital Short*

If the Basket Return on the final Valuation Date is less than or equal to the Basket Strike Level, the Additional Amount will be equal to the Principal Amount of the Notes multiplied by the Coupon.

If the Basket Return on the final Valuation Date is not less than or equal to the Basket Strike Level, the Additional Amount will be zero.

The Basket Return will be calculated on the basis of the "Basket Long" Structure in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or the "Basket Short" structure set out in Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms.

(xxxix) *Best of/Worst of Digital Long*

If the Reference Asset Return of the Nth best performing Reference Asset on the final Valuation Date is greater than or equal to the relevant Barrier Level, the Additional Amount will be equal to the Principal Amount of the Notes multiplied by the Coupon.

If the Reference Asset Return of the Nth best performing Reference Asset on the final Valuation Date is not greater than or equal to the relevant Barrier Level, the Additional Amount will be zero.

The "**Nth best performing**" Reference Asset will be the Reference Asset with the Nth highest Reference Asset Return (as defined in Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms), where "N" shall be the value specified in the relevant Final Terms.

(xl) *Best of/Worst of Digital Short*

If the Reference Asset Return of the Nth best performing Reference Asset on the final Valuation Date is less than or equal to the relevant Barrier Level, the Additional Amount will be equal to the Principal Amount of the Notes multiplied by the Coupon.

If the Reference Asset Return of the Nth best performing Reference Asset on the final Valuation Date is less than or equal to the relevant Barrier Level the Additional Amount will be zero.

The "**Nth best performing**" Reference Asset will be the Reference Asset with the Nth highest Reference Asset Return (as defined in Condition 6(a)(i) ("*Basket Long*" Structure) or Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms), where "N" shall be the value specified in the relevant Final Terms.

(xli) *"Series of Digitals"*

The Redemption Amount will be equal to the Principal Amount of the Notes multiplied by the fraction of which the numerator is the number of Reference Assets with a Closing Price which is at or above the relevant Barrier Level on each Valuation Date and the denominator is the number of Reference Assets within the Basket.

(xlii) *Delta 1 Structures*

The Redemption Amount will payable on the Scheduled Redemption Date and will be an amount equal to the Hedge Proceeds in relation to the relevant Reference Asset(s), less the Fee Amount and less any applicable Taxes.

The "**Fee Amount**" means a structuring fee payable to the Issuer in an amount calculated as a percentage per annum. of the aggregate Principal Amount of the Notes specified in the applicable Final Terms multiplied by the relevant Day Count Fraction.

"**Taxes**" means all taxes, fees or other deductions relating to a Hedging Party's purchase, ownership, redemption or transfer of the Reference Assets, any dividends pertaining to the Reference Assets, or any currency conversion in respect of the exchange of the Note proceeds for the currency of the relevant Reference Asset(s).

If it is not possible for the Hedging Party to redeem Reference Assets or otherwise unwind its Hedge Transaction(s) before the Scheduled Redemption Date or Early Redemption Date (as applicable) for any reason, or if the Hedging Party determines that it will not receive the full amount of any Hedge Proceeds on or before the Scheduled Redemption Date or the Early Redemption Date (as applicable) (each such event a "**Deferred Redemption**"), then the Issuer shall promptly notify the Holders of such event (a "**Deferred Redemption Notice**").

Following a Deferred Redemption Notice the Issuer may make a partial redemption of the Notes at any time on or prior to the Back Stop Date, by giving no fewer than three Business Days' notice to Holders in accordance with Condition 16 (*Notices*) in the event that the Hedging Party receives (or is deemed to have received) all or part of the Hedge Proceeds (each such date, a "**Deferred Redemption Date**").

The sum of all partial redemption payments shall never exceed the aggregate Hedge Proceeds which the Hedging Party has received (or is deemed to have received) on or

prior to the Back Stop Date less (i) the aggregate Fee Amount and less (ii) the aggregate amount of all Taxes.

If the Issuer has determined that a Deferred Redemption has occurred and is continuing and that it can be reasonably expected that any amount of the Hedge Proceeds will not be received by the Hedging Party on or prior to the Back Stop Date, then the Issuer (i) may extend the Back Stop Date in order for it to be in alignment with expected future receipts of Hedge Proceeds as determined by the Issuer, or (ii) by notice to the Holders and to the relevant Clearing System(s) cancel the Notes with immediate effect, whereupon the Issuer shall not be obliged to make, and no Holder shall be entitled to receive, any redemption payment or other amount in respect of the Notes.

Any Hedge Proceeds received by the Issuer or the Hedging Party after the Back Stop Date shall not be payable to Holders and the Holders shall have no claim to receive any such remaining part of the Redemption Amount after the Back Stop Date.

(xliii) *Inflation Linker*

The Redemption Amount will be the Principal Amount of the Notes multiplied by the higher of:

- (A) The Minimum Redemption Percentage; and
- (B) the result (expressed as a percentage) obtained by dividing the value of the Inflation Rate at the Valuation Time on the Final Valuation Date (as displayed on the price source specified in the relevant Final Terms) by the value of the Inflation Rate at the Valuation Time on the Initial Valuation Date (as displayed on the price source specified in the relevant Final Terms).

(xliv) *"Barrier outperformance" structure 2*

If the Basket Return (as determined in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure)), as specified in the Final Terms, on any Valuation Date exceeds the Barrier Level, the Additional Amount will be calculated as the Principal Amount of the Notes multiplied by the Participation Ratio and multiplied by the higher of the Coupon and the Basket Return. If the Basket Return does not exceed the Barrier Level on any Valuation Date, the Additional Amount will be zero.

(xlv) *"Barrier Underperformance" structure 2*

If the Basket Return (as determined in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or Condition 6(a)(ii) ("*Basket Short*" structure)), as specified in the Final Terms, on any Valuation Date falls below the Barrier Level, the Additional Amount will be calculated as the Principal Amount of the Notes multiplied by the Participation Ratio and multiplied by the higher of the Coupon and the Basket Return. If the Basket Return does not fall below the Barrier Level on any Valuation Date, the Additional Amount will be zero.

(xlvi) *"Target Volatility" structure*

The Additional Amount will be the product of the Principal Amount of the Notes, the Participation Ratio and the Synthetic Index Return.

The "**Synthetic Index Return**" means the higher of a) the Minimum Synthetic Index Return, and b) the result obtained by dividing the Synthetic Index Value on the final Valuation Date (or, if Valuation Date Averaging is applicable, the average of the Synthetic Index Value on the relevant Averaging Dates) by the Synthetic Index Value on the Initial Valuation Date, and subtracting the Synthetic Index Strike Level.

The "**Minimum Synthetic Index Return**" shall mean the value specified in the applicable Final Terms.

The "**Synthetic Index Value**" will be recalculated at the end of each Valuation Period (the "**relevant Valuation Period**") as the product of:

- (i) the Synthetic Index Value on the immediately preceding Valuation Date (or in the case of the Initial Valuation Date, the Initial Synthetic Index Value); and
- (ii) the sum of: (x) 1, and (y) the product of:
 - (A) the relevant Exposure on the immediately preceding Valuation Date; and
 - (B) the relevant Excess Return for the applicable Valuation Period.

The "**Exposure**" will be recalculated on each Rebalancing Date, or as soon as practicable thereafter (as determined by the Issuer, in its sole discretion after taking into account the time required by the Hedging Party in order to establish the relevant Hedge Transactions), and will be the higher of:

- (a) the Minimum Exposure; and
- (b) the lower of:
 - (i) the Maximum Exposure; and
 - (ii) the Adjusted Exposure,

provided however that if the recalculation of the Exposure in the manner described above would result in an adjustment of less than the Minimum Adjustment Threshold, the Issuer will not be required to adjust the Exposure on such Rebalancing Date, and the Exposure with effect from such Rebalancing Date will be deemed to be the same as the Exposure on the immediately preceding Rebalancing Date.

"**Adjusted Exposure**" means, in respect of a Rebalancing Date, the level of exposure to the relevant Basket that can, in the sole discretion of the Issuer, be achieved by the Hedging Party (after deducting any applicable Hedging Costs) in establishing one or more Hedge Transactions that are intended to generate the Target Exposure on the relevant Rebalancing Date.

"**Target Exposure**" means, in respect of a Rebalancing Date, the lower of:

- (a) the result of dividing the Target Volatility by the Historic Volatility; and
- (b) if specified as applicable in the relevant Final Terms, the result of dividing the Target Volatility by the Second Historic Volatility.

"**Hedging Costs**" means an amount equal to any tax, duty, expenses, fee or other costs which the Issuer determines in its sole discretion would be incurred by a Hedging Party as a result of establishing any Hedge Transaction(s) entered into by such Hedging Party in order to hedge any obligation of the Issuer to make payments in respect of the Notes.

"**Minimum Adjustment Threshold**" has the meaning given to it in the relevant Final Terms.

"**Minimum Exposure**" means, in respect of a Rebalancing Date, the minimum percentage specified in the applicable Final Terms;

"**Maximum Exposure**" means, in respect of a Rebalancing Date, the maximum percentage specified in the applicable Final Terms;

"**Target Volatility**" means, in respect of Rebalancing Date, the target volatility, expressed as a percentage, specified in the applicable Final Terms;

"Historic Volatility" means, in respect of a Rebalancing Date (the **"Relevant Rebalancing Date"**), a number determined as:

- (a) the square root of the Annualising Factor multiplied by,
- (b) the square root of:
 - (i) $1/(N-1)$ multiplied by:
 - (ii)
 - (x) the sum of the Log Squared Basket Return as calculated on each Rebalancing Date during the Lookback Rebalancing Period, less
 - (y) the sum of the Log Basket Return as calculated on each Rebalancing Date during the Lookback Rebalancing Period, raised to the power of 2 and then multiplied by $1/N$.

The **"Annualising Factor"** shall mean the value specified in the Final Terms;

"Second Historic Volatility" means, in respect of a Rebalancing Date (the **"Relevant Rebalancing Date"**), a number determined as:

- (a) the square root of the Second Annualising Factor multiplied by:
- (b) the square root of:
 - (i) $1/(K-1)$ multiplied by:
 - (ii)
 - (x) the sum of the Log Squared Basket Return as calculated on each Rebalancing Date during the Second Lookback Rebalancing Period, less
 - (y) the sum of the Log Basket Return as calculated on each Rebalancing Date during the Second Lookback Rebalancing Period, raised to the power of 2 and then multiplied by $1/K$.

The **"Second Annualising Factor"** shall mean the value specified in the Final Terms;

The **"Log Squared Basket Return"** means the natural logarithm of the Rebalancing Basket Return on the relevant Rebalancing Date, raised to the power of 2;

The **"Log Basket Return"** means the natural logarithm of the Rebalancing Basket Return on the relevant Rebalancing Date;

The **"Lookback Rebalancing Period"** means each of the N Rebalancing Dates up to and including the relevant Rebalancing Date, where "N" is the value specified in the applicable Final Terms;

The **"Second Lookback Rebalancing Period"** means each of the K Rebalancing Dates up to and including the relevant Rebalancing Date, where "K" is the value specified in the applicable Final Terms;

The **"Rebalancing Basket Return"** means the sum of:

- (a) 1; and
- (b) the sum of the Weighted Rebalancing Performance in respect of each Reference Asset on the relevant Rebalancing Date;

The "**Weighted Rebalancing Performance**" in respect of the relevant Reference Asset is equal to:

- (a) the Rebalancing Performance (as defined in Condition 1 (*Definitions*)) less 1, multiplied by,
- (b) the applicable Basket Participation;

The "**Basket Return**" will be calculated on the basis of either the "Basket Long" Structure in accordance with Condition 6(a)(i) ("*Basket Long*" structure) or the "Basket Short" Structure in accordance with Condition 6(a)(ii) ("*Basket Short*" structure), as specified in the Final Terms;

The "**Excess Return**" for any period will be equal to the Basket Return less the Cash Return for such period;

The "**Cash Return**" for any Valuation Period means the Cash Rate on the Valuation Date at the start of the relevant Valuation Period (as determined by the Issuer in its sole discretion), multiplied by the Cash Return Day Count Fraction;

The "**Cash Rate**" means the interest rate specified in the Final Terms; and

The "**Cash Return Day Count Fraction**" means the Day Count Fraction specified in the applicable Final Terms.

(xlvii) *Booster Risk Barrier 2*

If the Basket Return, calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) ("*Basket Long*" structure), is at or above the Barrier Level, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio and by the Basket Return.

If the Basket Return calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) ("*Basket Long*" structure), is below the Barrier Level, the Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Participation Ratio 2 and the Basket Return calculated in the same manner as for the "Basket Short" structure set out in Condition 6(a)(ii) ("*Basket Short*" structure).

(xlviii) *Autocallable Rate Structure*

If the Autocall Condition is satisfied on any Valuation Date prior to the final Valuation Date, the Notes will be subject to early redemption in accordance with Condition 6(w) (*Early Redemption of Notes with Autocallable Rate structure*). If the Autocall Condition is not satisfied on any Valuation Date prior to the final Valuation Date, the Notes will be redeemed on the Redemption Date at an amount equal to their Principal Amount.

(xlix) *In Option – Basket Long*

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Factor and the sum of:

- (A) The result obtained by multiplying the Participation Ratio by the Knock-In Factor and the higher of (1) the Basket Return; and (2) zero; and
- (B) The result obtained by multiplying the Knock-In Differential by the Coupon.

If the "**In Option Type**" is specified as "Bought Up and In" in the relevant Final Terms:

- (i) The "**Knock-In Factor**" will be:
 - (A) A value equal to 1 if the Basket Return is at or above the Barrier Level on any Valuation Date;

- (B) A value equal to zero if the Basket Return is below the Barrier Level on all Valuation Dates.

(ii) The "**Factor**" will be a value equal to 1.

If "**In Option Type**" is specified as "Sold Up and In" in the relevant Final Terms:

(i) The "**Knock-In Factor**" will be:

- (A) A value equal to 1 if the Basket Return is above the Barrier Level on any Valuation Date;
- (B) A value equal to zero if the Basket Return is at or below the Barrier Level on all Valuation Dates.

(ii) The "**Factor**" will be a value equal to -1.

If "In Option Type" is specified as "Bought Down and In" in the relevant Final Terms:

(i) The "**Knock-In Factor**" will be:

- (A) A value equal to 1 if the Basket Return is at or below the Barrier Level on any Valuation Date;
- (B) A value equal to zero if the Basket Return is above the Barrier Level on all Valuation Dates.

(ii) The "**Factor**" will be a value equal to 1.

If "In Option Type" is specified as "Sold Down and In" in the relevant Final Terms the following will apply:

(i) The "**Knock-In Factor**" will be:

- (A) A value equal to 1 if the Basket Return is below the Barrier Level on any Valuation Date;
- (B) A value equal to zero if the Basket Return is at or above the Barrier Level on all Valuation Dates.

(ii) The "**Factor**" will be a value equal to -1.

The "**Coupon**" means the value specified in the applicable Final Terms.

The "**Knock-In Differential**" means 1 minus the Knock-In Factor.

The "**Basket Return**" will be calculated on the basis of the "Basket Long" structure in accordance with Condition 6(a)(i) (*Basket Long Structure*).

(l) *In Option – Basket Short*

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Factor and the sum of:

- (A) The result obtained by multiplying the Participation Ratio by the Knock-In Factor and the higher of (1) the Basket Return; and (2) zero; and
- (B) The result obtained by multiplying the Knock-In Differential by the Coupon.

If "In Option Type" is specified as "Bought Down and In" in the relevant Final Terms:

- (i) The "**Knock-In Factor**" will be:
 - (A) A value equal to 1 if the Basket Return is at or above the Barrier Level on any Valuation Date;
 - (B) A value equal to zero if the Basket Return is below the Barrier Level on all Valuation Dates.
- (ii) The "**Factor**" will be a value equal to 1.

If "In Option Type" is specified as "Sold Down and In" in the relevant Final Terms:

- (i) The "**Knock-In Factor**" will be:
 - (A) A value equal to 1 if the Basket Return is above the Barrier Level on any Valuation Date;
 - (B) A value equal to zero if the Basket Return is at or below the Barrier Level on all Valuation Dates.
- (ii) The "**Factor**" will be a value equal to -1.

If "In Option Type" is specified as "Bought Up and In" in the relevant Final Terms:

- (i) The "**Knock-In Factor**" will be:
 - (A) A value equal to 1 if the Basket Return is at or below the Barrier Level on any Valuation Date;
 - (B) A value equal to zero if the Basket Return is above the Barrier Level on all Valuation Dates.
- (ii) The "**Factor**" will be a value equal to 1.

If "In Option Type" is specified as "Sold Up and In" in the relevant Final Terms:

- (i) The "**Knock-In Factor**" will be:
 - (A) A value equal to 1 if the Basket Return is below the Barrier Level on any Valuation Date;
 - (B) A value equal to zero if the Basket Return is at or above the Barrier Level on all Valuation Dates.
- (ii) The "**Factor**" will be a value equal to -1.

The "**Coupon**" means the value specified in the applicable Final Terms.

The "**Knock-In Differential**" means 1 minus the Knock-In Factor.

The "**Basket Return**" will be calculated on the basis of the "Basket Short" structure in accordance with Condition 6(a)(ii) (*Basket Short Structure*).

(li) *Out Option – Basket Long*

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Factor and the sum of:

- (A) The result obtained by multiplying the Participation Ratio by the Knock-Out Differential and the higher of (1) the Basket Return; and (2) zero.
- (B) The result obtained by multiplying the Knock-Out Factor by the Rebate.

If "Out Option Type" is specified as "Bought Up and Out" in the relevant Final Terms:

- (i) The "**Knock-Out Factor**" will be:
 - (A) A value equal to 1 if the Basket Return is above the Barrier Level on any Valuation Date;
 - (B) A value equal to zero if the Basket Return is at or below the Barrier Level on all Valuation Dates.
- (ii) The "**Factor**" will be a value equal to 1.

If "Out Option Type" is specified as "Sold Up and Out" in the relevant Final Terms:

- (i) The "**Knock-Out Factor**" will be:
 - (A) A value equal to 1 if the Basket Return is at or above the Barrier Level on any Valuation Date;
 - (B) A value equal to zero if the Basket Return is below the Barrier Level on all Valuation Dates.
- (ii) The "**Factor**" will be a value equal to -1.

If "Out Option Type" is specified as "Bought Down and Out" in the relevant Final Terms:

- (i) The "**Knock-Out Factor**" will be:
 - (A) A value equal to 1 if the Basket Return is below the Barrier Level on any Valuation Date;
 - (B) A value equal to zero if the Basket Return is at or above the Barrier Level on all Valuation Dates.
- (ii) The "**Factor**" will be a value equal to 1.

If "Out Option Type" is specified as "Sold Down and Out" in the relevant Final Terms:

- (i) The "**Knock-Out Factor**" will be:
 - (A) A value equal to 1 if the Basket Return is at or below the Barrier Level on any Valuation Date;
 - (B) A value equal to zero if the Basket Return is above the Barrier Level on all Valuation Dates.
- (ii) The "**Factor**" will be a value equal to -1.

The "**Rebate**" means the value specified in the applicable Final Terms.

The "**Knock-Out Differential**" means 1 minus the Knock-Out Factor.

The "**Basket Return**" will be calculated on the basis of the "Basket Long" structure in accordance with Condition 6(a)(i) (Basket Long Structure).

(lii) *Out Option – Basket Short*

The Additional Amount will be calculated by multiplying the Principal Amount of the Notes by the Factor and the sum of:

- (A) The result obtained by multiplying the Participation Ratio by the Knock-Out Differential and the higher of (1) the Basket Return; and (2) zero.

(B) The result obtained by multiplying the Knock-Out Factor by the Rebate.

If "Out Option Type" is specified as "Bought Down and Out" in the relevant Final Terms:

(i) The "**Knock-Out Factor**" will be:

(A) A value equal to 1 if the Basket Return is above the Barrier Level on any Valuation Date;

(B) A value equal to zero if the Basket Return is at or below the Barrier Level on all Valuation Dates.

(ii) The "**Factor**" will be a value equal to 1.

If "Out Option Type" is specified as "Sold Down and Out" in the relevant Final Terms:

(i) The "**Knock-Out Factor**" will be:

(A) A value equal to 1 if the Basket Return is at or above the Barrier Level on any Valuation Date;

(B) A value equal to zero if the Basket Return is below the Barrier Level on all Valuation Dates.

(ii) The "**Factor**" will be a value equal to -1.

If "Out Option Type" is specified as "Bought Up and Out" in the relevant Final Terms:

(i) The "**Knock-Out Factor**" will be:

(A) A value equal to 1 if the Basket Return is below the Barrier Level on any Valuation Date;

(B) A value equal to zero if the Basket Return is at or above the Barrier Level on all Valuation Dates.

(ii) The "**Factor**" will be a value equal to 1.

If "Out Option Type" is specified as "Sold Up and Out" in the relevant Final Terms:

(i) The "**Knock-Out Factor**" will be:

(A) A value equal to 1 if the Basket Return is at or below the Barrier Level on any Valuation Date;

(B) A value equal to zero if the Basket Return is above the Barrier Level on all Valuation Dates.

(ii) The "**Factor**" will be a value equal to -1.

The "**Rebate**" means the value specified in the applicable Final Terms.

The "**Knock-Out Differential**" means 1 minus the Knock-Out Factor.

The "**Basket Return**" will be calculated on the basis of the "Basket Short" structure in accordance with Condition 6(a)(ii) (Basket Short Structure).

(b) ***FX Components***

(i) *FX Component – Reference Asset*

If "FX Component – Reference Asset" is specified as applicable in the relevant Final Terms, then the Reference Asset Return of one or more Reference Assets specified in the

Final Terms (as determined in accordance with whichever of the provisions of Condition 6(a) (*Redemption at Maturity*) is specified as applicable to the relevant Reference Asset(s) in such Final Terms), will be further multiplied by the applicable FX Factor for the purposes of determining the relevant Additional Amount payable to the Holders.

(ii) *FX Component – Additional Amount*

If "FX Component – Additional Amount" is specified as applicable in the relevant Final Terms, then one or more Additional Amounts specified in the applicable Final Terms (as determined in accordance with whichever of the provisions of Condition 6(a) (*Redemption at Maturity*) is specified as applicable to the relevant Additional Amount in such Final Terms), will be further multiplied by the applicable FX Factor for the purposes of determining the relevant Additional Amount payable to the Holders. The FX Component – Additional Amount may only apply if the Additional Amount is positive, or may only apply if the Additional Amount is negative, in either case as specified in the Final Terms.

(iii) *FX Component – Base Redemption Amount*

If "FX Component – Base Redemption Amount" is specified as applicable in the relevant Final Terms, then the Base Redemption Amount will be multiplied by the applicable FX Factor for the purposes of determining the actual Redemption Amount payable in accordance with Condition 6(a) (*Redemption at Maturity*).

(iv) *FX Component – Composite*

If "FX Component – Composite" is specified as applicable in the relevant Final Terms, then the Reference Asset Return of one or more Reference Assets specified in the Final Terms (as determined in accordance with whichever of the provisions of Condition 6(a) (*Redemption at Maturity*) is specified as applicable to the relevant Reference Asset in such Final Terms), will be calculated as:

- (a) If the method of calculating the Basket Return specified in the Final Terms is the "Basket Long" structure, the "**Reference Asset Return**" will be the result obtained by dividing the Final Price for each relevant Reference Asset by the Initial Price for the relevant Reference Asset and multiplying the result by the FX Factor and then subtracting the Strike Level.
- (b) If the method of calculating the Basket Return specified in the Final Terms is the "Basket Short" structure, the "**Reference Asset Return**" will be the result obtained by subtracting from the Strike Level the product of (i) the result obtained by dividing the Final Price for each relevant Reference Asset by the Initial Price for the relevant Reference Asset; and (ii) the FX Factor.

(v) *FX Component – Redemption Amount*

If "FX Component – Redemption Amount" is specified as applicable in the relevant Final Terms, then the Redemption Amount will be multiplied by the applicable FX Factor for the purposes of determining the actual Redemption Amount payable in accordance with Condition 6(a) (*Redemption at Maturity*).

(c) ***Best of/Worst of Modifier***

If this Condition 6(c) (*Best of/Worst of Modifier*) is specified as applicable in the relevant Final Terms, then references to the Basket Return shall be replaced by references to the "Reference Asset Return of the Nth best performing Reference Asset" for the purposes of calculating the Additional Amount in accordance with one or more of the applicable performance structure(s) set out in Condition 6(a) (*Redemption at Maturity*), or whether or not Autocallable Notes shall be subject to early redemption in accordance with Condition 6(p) (*Early Redemption of Notes with Autocallable Performance Structure*) or 6(w) (*Early Redemption of Notes with Autocallable Rate Structure*). The Final Terms will specify which performance structure(s) and Conditions will be modified in accordance with this Condition 6(c) (*Best of/Worst of Modifier*).

The "**Nth best performing Reference Asset**" shall be the Reference Asset with the Nth highest Reference Asset Return, where "**N**" shall be the value specified in the Final Terms under the heading "*Strategy –related items*".

(d) ***Lookback Initial Price Modifier***

If this Condition 6(d) (*Lookback Initial Price Modifier*) is specified as applicable in the relevant Final Terms, then references to the "Initial Price" of each Reference Asset shall be replaced by references to the "Lookback Initial Price" for the purposes of calculating the Additional Amount in accordance with the applicable performance structure(s) in Condition 6(a) (*Redemption at Maturity*) which are specified as applicable in the relevant Final Terms.

- (i) If the "**Lookback Factor**" is specified as being "**Minimum Asset Price**", in the applicable Final Terms, the "**Lookback Initial Price**" shall be the lowest Closing Price of the relevant Reference Asset during the Initial Lookback Observation Period.
- (ii) If the "**Lookback Factor**" is specified as being "**Maximum Asset Price**", the "**Lookback Initial Price**" shall be the highest Closing Price of the relevant Reference Asset during the Initial Lookback Observation Period.
- (iii) If the "**Lookback Factor**" is specified as being "**Minimum Basket Price**", in the applicable Final Terms, the "**Lookback Initial Price**" shall be the Closing Price of the relevant Reference Asset on the date during the Initial Lookback Observation Period when the sum of the Closing Prices for all Reference Assets in the Basket was lowest.
- (iv) If the "**Lookback Factor**" is specified as being "**Maximum Basket Price**", the "**Lookback Initial Price**" shall be the Closing Price of the relevant Reference Asset on the date during the Initial Lookback Observation Period when the sum of the Closing Prices for all Reference Assets in the Basket was highest.

(e) ***Lookback Final Price Modifier***

If this Condition 6(e) (*Lookback Final Price Modifier*) is specified as applicable in the relevant Final Terms, then references to the "Final Price" of each Reference Asset shall be replaced by references to the "Lookback Final Price" for the purposes of calculating the Additional Amount in accordance with the applicable performance structure(s) in Condition 6(a) (*Redemption at Maturity*) which are specified as applicable in the relevant Final Terms.

- (i) If the "**Lookback Factor**" is specified as being "**Minimum Asset Price**", in the applicable Final Terms, the "**Lookback Final Price**" shall be the lowest Closing Price of the relevant Reference Asset during the Final Lookback Observation Period.
- (ii) If the "**Lookback Factor**" is specified as being "**Maximum Asset Price**", the "**Lookback Observation Price**" shall be the highest Closing Price of the relevant Reference Asset during the Final Lookback Observation Period.
- (iii) If the "**Lookback Factor**" is specified as being "**Minimum Basket Price**", in the applicable Final Terms, the "**Lookback Final Price**" shall be the Closing Price of the relevant Reference Asset on the date during the Final Lookback Observation Period when the sum of the Closing Prices for all Reference Assets in the Basket was lowest.
- (iv) If the "**Lookback Factor**" is specified as being "**Maximum Basket Price**", the "**Lookback Observation Price**" shall be the Closing Price of the relevant Reference Asset on the date during the Final Lookback Observation Period when the sum of the Closing Prices for all Reference Assets in the Basket was highest.

(f) ***"Lock-in" Modifier***

If this Condition 6(f) (*Lock-in Modifier*) is specified as applicable in the relevant Final Terms, then references to the Basket Return shall be replaced by the Lock-in Basket Return for the purposes of calculating the Additional Amount in accordance with the applicable performance

structure(s) in Condition 6(a) (*Redemption at Maturity*) which are specified as applicable in the relevant Final Terms.

The "**Lock-in Basket Return**" will be the highest of the Locked-in Return and the Basket Return on the final Valuation Date. The "**Locked-in Return**" will be the pre-determined percentage which corresponds to the highest Lock-in Level which is reached or exceeded by the Basket Return on any Valuation Date, as specified in the Final Terms.

(g) **Combination of Structures**

If "Combination of Structures" is specified as applicable in the Final Terms, the Additional Amount payable to the Holders on the Redemption Date or, if applicable, the Alternative Additional Amount Payment Date, may be a combination of two or more of the performance structures specified in Condition 6(a) (*Redemption at Maturity*) or combine the same performance structure but calculated by reference to different underlying Baskets, in either case, as set out in the applicable Final Terms:

- (i) If "**Addition**" is specified in the Final Terms the Additional Amounts determined in accordance with each applicable sub-paragraph of Condition 6(a) (*Redemption at Maturity*) shall be multiplied by the relevant Performance Percentage and then aggregated for the *purposes* of calculating the total Additional Amount payable by the Issuer. If "Single Basket" is specified in the Final Terms, the same underlying Basket will be used to determine the Additional Amount in respect of each applicable performance structure. Otherwise, each performance structure will apply to a separate underlying Basket, as specified in the Final Terms.

The "**Performance Percentage**" will be the percentage specified in the applicable Final Terms.

- (ii) If "**Subtraction**" is specified in the Final Terms the Additional Amounts determined in accordance with each applicable sub-paragraph of Condition 6(a) (*Redemption at Maturity*) shall be multiplied by the relevant Performance Percentage and then the Additional Amount relating to Basket B, shall be subtracted from the Additional Amount relating to Basket A for the *purposes* of calculating the total Additional Amount payable by the Issuer.

The "**Performance Percentage**" will be the percentage specified in the applicable Final Terms.

- (iii) If "**Alternative Calculation**" is specified in the Final Terms, the applicable performance structure used to determine the Additional Amount will differ depending on whether or not the Basket Return on a particular Valuation Date has exceeded certain pre-specified Barrier Levels, as set out in the relevant Final Terms.

(h) **Maximum Redemption**

If this Condition 6(h) (*Maximum Redemption*) is specified as applicable in the relevant Final Terms, the Redemption Amount will be the lesser of: a) the Redemption Amount determined in accordance with the applicable provisions of Condition 6(a) (*Redemption at Maturity*) and b) the Maximum Redemption Amount.

(i) **Minimum Redemption**

If this Condition 6(i) (*Minimum Redemption*) is specified as applicable in the relevant Final Terms and Condition 6(h) (*Maximum Redemption*) is not applicable, the Redemption Amount shall be the greater of: a) the amount determined in accordance with the applicable provisions of Condition 6(a) (*Redemption at Maturity*), and b) the Minimum Redemption Amount.

If both this Condition 6(i) (*Minimum Redemption*) and Condition 6(h) (*Maximum Redemption*) are specified as applicable in the relevant Final Terms, the Redemption Amount shall be the greater of: a) the Redemption Amount determined in accordance with Condition 6(h) (*Maximum Redemption*), and b) the Minimum Redemption Amount.

(j) ***Inflation-Protected Principal***

If this Condition 6(j) (*Inflation – Protected Principal*) is specified as applicable in the relevant Final Terms, the Redemption Amount determined in accordance with the applicable provisions of Condition 6(a) (*Redemption at Maturity*) will be multiplied by the ratio obtained by dividing the Final CPI by the Base CPI.

(k) ***Instalment Redemption***

If specified in the Final Terms, certain Notes may be amortising. If so, the Redemption Amount will be paid in instalments equal to the Instalment Amount on one or several Instalment Dates, as specified in the Final Terms.

(l) ***Early Redemption for Taxation Reasons***

If, in relation to any Series of Notes, as a result of any change in the laws of the Relevant Jurisdiction 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 (*Taxation*), the Issuer may, at its option having given not less than thirty nor more than sixty days' notice, or such other period as may be specified in the Final Terms (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 16 (*Notices*) (which notice shall be irrevocable) redeem in whole (but not, unless and to the extent that the relevant Final Terms specifies otherwise, in part) the Notes of the relevant Series at its principal amount (or such other redemption amount as may be specified in the relevant Final Terms), together with accrued interest (if any) thereon.

In the event withholding tax is introduced in the Relevant Jurisdiction and, pursuant to such withholding tax the Issuer is obliged to effect deductions as referred to in the preceding paragraph, the Issuer reserves the right to obtain the following information regarding each Holder:

- (i) the Holder's name, personal identification number or other identification number and postal address; and
- (ii) the number of Notes held by the Holder and their Principal Amount.

The information referred to above need only be provided in relation to Notes issued under this Programme.

(m) ***Optional Early Redemption (Call)***

If specified in the relevant Final Terms, the Issuer may redeem Notes early, in whole or in part, at the Early Redemption Amount together with accrued interest (if any), on the date or dates specified in the Final Terms.

The Issuer shall notify the Holders of any early redemption in accordance with Condition 16 (*Notices*) not later than 10 days prior to the relevant Early Redemption Date. Such notice of early redemption shall be irrevocable.

(n) ***Optional Early Redemption (Put)***

If specified in the relevant Final Terms, the Holder shall be entitled to demand early redemption of Notes at their Early Redemption Amount together with accrued interest (if any) thereon, on the date or dates set out in the Final Terms and subject to any conditions specified in the Final Terms.

In order to exercise such option, the Holder, must not less than 45 days prior to the relevant Early Redemption Date give notice to the Issuer. Such notice of early redemption shall be irrevocable.

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

Upon early redemption of Zero Coupon Notes, the relevant Notes shall be repaid in an amount determined on the Record Date (or, in the case of Bearer Notes, the due date for payment) in accordance with the following formula:

Principal Amount

$$(1 + r)^t$$

r = the Reference Yield stated in the Final Terms.

t = the remaining term of the Notes, expressed as a number of days divided by 360 (whereby each month shall be deemed to consist of 30 days) or based on the actual number of days/actual number of days.

(p) **Early Redemption of Notes with Autocallable performance structure**

If the Basket Return on any Observation Date (other than the final Observation Date) is at or above the relevant Call Barrier Level, then the Issuer will redeem the Notes early, in whole but not in part, on the later of: (i) the next following Early Redemption Date, or (ii) the date falling 40 days after the relevant Observation Date at their Early Redemption Amount which will be the Principal Amount of the relevant Notes together with any Coupon (if any) payable in accordance with Condition 5(g) (*Coupon Bearing Notes*).

The "Basket Return" will be calculated in the same manner as for the "Basket Long" structure set out in Condition 6(a)(i) (*"Basket Long" structure*) or the "Basket Short" structure set out in Condition 6(a)(ii) (*"Basket Short" structure*), as specified in the Final Terms, unless Condition 6(c) (*Best of/Worst of Modifier*) is specified as applicable to this Condition 6(p) in the relevant Final Terms, in which case the Basket Return shall be replaced with the Reference Asset Return of the Nth Best Performing Reference Asset in accordance with that Condition.

(q) **Early Redemption of Credit Linked Notes**

In the event that the Recovery Value in relation to one or more Reference Entities (each a "Defaulted Reference Entity") is determined prior to the scheduled Redemption Date for the Notes, the Issuer may elect to make an early repayment of all or part of the Notes (including any accrued but unpaid interest) on any Interest Payment Date by giving notice thereof to Holders in accordance with Condition 16 (*Notices*). The applicable Early Redemption Amount shall be determined by the Issuer in good faith and in a commercially reasonable manner, and shall be calculated on a pro-rata basis such that the Holder receives a share of the Redemption Amount that would (notwithstanding the early redemption of the Notes in accordance with this Condition 6(q) (*Early Redemption of Credit Linked Notes*)) otherwise be due and payable on the Redemption Date in accordance with the applicable provisions of Condition 6(a) (*Redemption at Maturity*) which is proportionate to the weighting of the relevant Defaulted Reference Entity or Defaulted Reference Entities in relation to the Basket as a whole.

(r) **Amortisation of Credit Linked Notes by way of Pool Factor**

If a Credit Event occurs which the Issuer determines (in good faith and in a commercially reasonable manner) would have an impact on the Redemption Amount payable on the applicable Redemption Date in accordance with the applicable provisions of Condition 6(a) (*Redemption at Maturity*), the Issuer may make a *pro-rata* reduction in the outstanding principal amount of the Notes in order to reflect the occurrence of such Credit Event (and the determination of any applicable Recovery Value), or may reflect the same by way of an appropriate pool factor in the records of the relevant Clearing System. The Issuer shall notify the relevant Clearing Systems and the Fiscal Agent of any *pro-rata* reduction in the outstanding Principal Amount of the Notes or (if applicable) the appropriate pool factor from time to time. If the Issuer elects to apply a pool factor, the Redemption Amount shall (for the purposes of payment on the relevant Redemption Date) be equal to the Principal Amount of the Notes multiplied by the applicable pool factor at the relevant Redemption Date.

(s) ***Purchase of Notes***

The Issuer and its subsidiaries (if any) may 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.

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

Any redemption of the VP Notes, VPS Notes, Swedish Notes or Finnish Notes pursuant to this Condition 6 (*Redemption and Purchase*) shall be in accordance with, in the case of VP Notes, the VP Rules, in the case of VPS Notes, the VPS Rules, in the case of Swedish Notes, the Euroclear Sweden Rules and in the case of Finnish Notes, the Euroclear Finland Rules.

(u) ***Payment of Unwind Amount on Early Redemption***

If this Condition 6(u) (*Payment of Unwind Amount on Early Redemption*) is specified as applicable in the Final Terms, the Early Redemption Amount payable to the Holders shall be reduced by any applicable Unwind Amount, where: "**Unwind Amount**" means an amount determined by the Calculation Agent in its sole discretion in a commercially reasonable manner equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with such early redemption, and the related termination, settlement or re-establishment of any hedge or related trading position, plus any amount payable by the relevant hedge counterparty or swap counterparty to the Issuer or minus any amount payable by the Issuer to the relevant hedge counterparty or swap counterparty equal to any amount payable as a result of the unwind of any swap transaction entered into in connection with the Notes, **provided that** such amount is greater than zero.

(v) ***TOM Cumulative Strategy***

If the "**TOM Cumulative Strategy**" is specified as applicable in the relevant Final Terms, the Redemption Amount will be equal to the Principal Amount of the Notes multiplied by the TOM Participation Ratio and multiplied by the Final TOM Value.

The "**TOM Value**" will be 100% on the Initial Valuation Date, and thereafter will be equal to the TOM Value on the preceding TOM Valuation Date multiplied by the applicable TOM Performance applicable to the relevant TOM Period or NTOM Period (as applicable).

"**Final TOM Value**" means the TOM Value on the final TOM Valuation Date or, if "TOM Final Value Averaging" is specified as applicable in the relevant Final Terms, the average of the TOM Values determined on each TOM Final Value Averaging Date specified in the Final Terms.

The "**TOM Performance**" will be equal to the sum of 1 and the Basket Return for each TOM Period, and the sum of 1 and the Reference Rate Return for each NTOM Period. If "Final TOM Period Performance Averaging" is specified as applicable in the relevant Final Terms, the TOM Performance used to determine the TOM Value on the TOM Valuation Date falling at the end of each of the final N number of TOM Periods during the term of the Notes, will be replaced with the Average Final TOM Period Performance.

The "**Average Final TOM Period Performance**" will be determined by the Issuer, at the end of the final TOM Period, as the average of the TOM Performance for each of the final N number of TOM Periods during the term of the Notes.

"N" will be the value specified in the applicable Final Terms.

The "**Basket Return**" will be equal to the Additional Amount for the relevant TOM Period, calculated in accordance with the performance structure(s) specified in the applicable Final Terms and expressed as a percentage of the Principal Amount of the Notes, save that references to the "Initial Valuation Date" and any related Averaging Dates shall be construed as references to the relevant TOM Calculation Start Date and any related Averaging Dates (if applicable), and references to the "Valuation Date" and any related Averaging Dates shall be construed as references to the relevant TOM Calculation End Date and any related Averaging Dates (if applicable).

The "**Reference Rate Return**" will be equal to the applicable Reference Rate multiplied by the relevant Day Count Fraction.

(w) ***Early Redemption of Notes with Autocallable Rate structure***

If the Autocall Condition is satisfied on any Valuation Date (other than the final Valuation Date), then the Issuer will redeem the Notes early, in whole but not in part, on the later of: (i) the next following Early Redemption Date, and (ii) the date falling 40 days after the relevant Valuation Date, in each case at an amount equal to the Principal Amount of the relevant Notes, together with any Interest Amount (if any) payable in accordance with Condition 5(u) (*Autocallable Rate*).

(x) ***Lock-in Basket Floor***

If "Lock-in Basket Floor" is specified as applicable in the relevant Final Terms, then if the Basket Return on any Valuation Date exceeds the relevant Barrier Level, then references to the Basket Return shall be replaced by the Lock-in Basket Floor for the purposes of calculating the Additional Amount in accordance with the applicable performance structure(s) in Condition 6(a) (*Redemption at Maturity*) which are specified as applicable in the relevant Final Terms.

The "**Lock-in Basket Floor**" will be the higher of the Minimum Basket Return and the Basket Return on the final Valuation Date.

(y) ***Alternative Additional Amount Payment Dates***

If an "Alternative Additional Amount Payment Date" is specified in the relevant Final Terms, the Additional Amount(s) will not be payable on the Redemption Date, but will be payable on the Alternative Additional Amount Payment Date specified in the relevant Final Terms. Notwithstanding the foregoing, the Base Redemption Amount will be payable on the Redemption Date in accordance with Condition 6(a) (*Redemption at Maturity*).

(z) ***Substantial Repurchase Event***

If "Substantial Repurchase Event" is specified as applicable in the relevant Final Terms, the Issuer may redeem Notes early, in whole but not in part, at their Fair Market Value together with accrued interest (if any), if the Issuer shall have purchased or cancelled at least 80 per cent. by principal amount of the Notes originally issued.

The "**Fair Market Value**" means an amount determined in good faith by the Calculation Agent, on the basis of a commonly accepted market valuation method and taking account such factors as it considers appropriate.

The Issuer shall notify the Holders of any early redemption in accordance with Condition 16 (*Notices*) not later than 10 days prior to the relevant date fixed for early redemption (the "**Early Redemption Date**"). Such notice of early redemption shall be irrevocable.

(aa) ***Restructuring of Credit Linked Notes***

In the event that the Recovery Value in relation to one or more Reference Entities (each a "**Defaulted Reference Entity**") is determined prior to the scheduled Redemption Date for the Notes, and the Issuer reasonably concludes that, following such determination in relation to the relevant Defaulted Reference Entity(ies):

- (i) no further Interest Amounts will be payable in accordance with the Conditions, and
- (ii) the Redemption Amount of the Notes will not be adjusted as a result of any further Credit Events in respect of any Reference Entity,

the Issuer may elect to amend the Conditions of the Notes and replace the Final Terms so that the Notes shall thereafter constitute Zero-Coupon Notes. The Zero-Coupon Notes shall have an equivalent Redemption Amount to the Redemption Amount which would have been payable in relation to the related Credit Linked Notes following determination of the relevant Recovery Value(s) in relation to such Defaulted Reference Entity(ies).

The Issuer shall give notice to Holders in accordance with Condition 16 (*Notices*) promptly following the replacement of the relevant Final Terms.

(bb) **Running PnL Strategy**

If the "Running PnL Strategy" is specified as applicable in the relevant Final Terms, the Issuer intends (without assuming any obligation) to provide secondary market prices for the Notes on a regular basis under normal market conditions. If "Reserve Provision" is specified as applicable in the relevant Final Terms then the secondary market prices for the Notes will, up to (and including) the Reserve Provision End Date, be increased by an amount corresponding to the then remaining running fee, being the Initial Reserve Amount less the amount already allocated by the Issuer during the lifetime of the Notes, as calculated and determined by the Issuer in its sole discretion.

"**Initial Reserve Amount**" will be the value specified in the Final Terms.

"**Reserve Provision End Date**" means the date specified in the Final Terms.

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 the Relevant Jurisdiction 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 Note or Coupon presented for payment:
- (i) in the Relevant Jurisdiction;
 - (ii) by or on behalf of a Holder who is liable to such taxes or duties in respect of such Note or Coupon by reason of such Holder having some connection with the Relevant Jurisdiction other than the mere holding of such 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.
- (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 the case 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 16 (*Notices*).
- (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 (*Taxation*) or any undertaking given in addition thereto or in substitution therefore.
- (d) Notwithstanding anything in this Condition 7 (*Taxation*) or in Condition 8 (*Payments*) to the contrary, the Issuer shall be permitted to withhold and deduct for or on account of any taxes imposed pursuant to sections 871(m) or 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 (where 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;

- (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; and
- (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 in the place of the Registrar's specified office on the fifteenth Registrar Banking Day before the due date for such payment (the "**Record Date**").
- (d) Notwithstanding the provisions of Condition 8(8)(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***

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**

Payments of principal and/or interest in respect of the VPS Notes shall be made to the Holders registered in the VPS System as defined by the applicable VPS Rule) as 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. *As of the date of this Prospectus the default VPS record date for the Redemption Amount is two business days prior to the relevant payment date. Record dates for interest payments are fifteen business days prior to the relevant payment day.*

(6) **Payments — Swedish Notes**

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

(7) **Payments — Finnish Notes**

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

(8) **Payments — General Provisions**

- (a) Save as otherwise specified herein, this Condition 8 (*Payments*) is applicable in relation to Notes whether in bearer or in registered form.
- (b) Payments of amounts due (whether in respect of principal, interest or otherwise) in respect of Notes denominated in a currency other than euro will be made by cheque drawn on, or by transfer to, an account maintained by the payee with, a bank in the Relevant Financial Centre and in respect of a Note denominated in euro by cheque drawn on, or by transfer to, an euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Union. Payments will, without prejudice to the provisions of Condition 7 (*Taxation*), be subject in all cases to any applicable fiscal or other laws and regulations.

- (c) For the purposes of these Conditions:

Interest Payment Dates in relation to Fixed Rate Notes, Inflation-Linked Interest Notes, Rate Adjustment Notes or Zero coupon Notes shall be subject to the Following Business Day Convention, unless otherwise specified in the Final Terms. Interest will then only be payable up to and including the originally scheduled Interest Payment Date, Redemption Date or Early Redemption Date, as applicable.

Interest Payment Dates in relation to Floating Rate Notes shall be subject to the Modified Following Business Day Convention, unless otherwise specified in the Final Terms. Interest will then be calculated on an adjusted or unadjusted basis, as set out in the Final Terms.

Other Notes shall be subject to the Following Business Day Convention, unless otherwise specified in the Final Terms.

If Notes are subject to a Business Day Convention other than those specified above, then the applicable Business Day Convention shall be specified and described in the Final Terms.

- (d) In the event that the applicable Clearing System is prevented from making any payment in accordance with the above provisions due to a delay in performance by the Issuer or for any other reason, the applicable Clearing System will make such payment to each person that is registered as a Holder on the relevant Record Date as soon as payment is received from the Issuer or the reason for delay has ceased.
- (e) If the Issuer is prevented from making payments to the Holders through the applicable Clearing System because the applicable Clearing System is affected by an event or circumstance set out in the first paragraph of Condition 22 (*Limitation of liability etc.*), then the Issuer shall be entitled to defer payment until such time as the event or circumstance affecting the applicable Clearing System has ceased. In such case, interest shall be payable in accordance with Condition 8(9) (*Default Interest*).
- (f) If a person or entity to whom payment was made in accordance with the above provisions was not entitled to receive such payment, the Issuer and the applicable Clearing System shall nevertheless be deemed to have discharged their respective payment obligations, unless the Issuer or the applicable Clearing System had knowledge that payment was made to a person or entity that was not entitled to receive the payment or if the Issuer or the applicable Clearing System did not act with due care.
- (g) All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). In the event that the Issuer (or any agent acting on its behalf) is prohibited from making any payment on account of any applicable law or regulation, the Issuer shall have no liability to Noteholders in respect of any delay or failure in making such payment to holders.

(9) ***Default Interest***

- (a) In the event of any default in payment, default interest shall be payable on the due and unpaid amount from its due date up to and including the day on which payment is made at a Interest Rate equal to the Interest Base Rate (as specified in the Final Terms) for a period of one week, plus two percent. The Interest Base Rate shall thereupon be determined by the Issuer on the first Business Day of each calendar week during the period of default. Notwithstanding the aforesaid, the default interest rate on interest bearing Notes shall not (except in circumstances set out in paragraph (b) below) be lower than the rate which applied to the relevant Notes on the relevant due date plus two percent. Default interest shall not be capitalised.
- (b) If any default in payment under the Notes is due to any event or circumstance affecting the Issuer or the relevant Clearing System as referred to in the first paragraph of Condition 22 (*Limitations on liability etc.*) the default interest rate shall, with respect to interest bearing Notes, not exceed the Interest Rate which applied to the relevant Notes on the relevant due date (without the addition of two per cent. in accordance with the preceding paragraph) and, with respect to non-interest bearing Notes, no default interest shall accrue or be payable.

(10) ***Interest Deferral***

If "Interest Deferral" is specified as applicable in the relevant Final Terms, then notwithstanding any of the foregoing provisions of these Conditions, the Issuer shall defer (in whole, and not in part) any Interest Amount that is otherwise scheduled to be paid to Holders on any Interest Payment Date until the earlier of: a) the Redemption Date in respect of the Notes; or b) the Early Redemption Date on which such Notes are redeemed in full.

Any Interest Amount that the Issuer is required to defer pursuant to this Condition 8(10) (*Interest Deferral*) and that has not been satisfied shall be referred to as a "**Deferred Interest Amount**". Non-payment of any Deferred Interest Amount on the scheduled Interest Payment Date in accordance with this Condition 8(10) (*Interest Deferral*) shall not constitute a default by the Issuer under the Notes, or for any other purpose, and Deferred Interest Amounts shall not themselves bear interest.

9. **Change in Law**

The following provisions shall apply to all Notes unless "Change in Law" is stated not to be applicable in the relevant Final Terms.

- (a) Where, in the Issuer's opinion, as a consequence of any changes in any law, ordinance, regulation or equivalent or decision by a public authority or any change in the application thereof, or if a decree of moratorium, currency restriction, embargo, blockade or boycott of a central bank, national government or other public authority such as the United Nations or the European Union, (each a "**Change in Law**") it would be unlawful, significantly more difficult or cause significant reputational damage to the Issuer to issue and to hold Notes, or if it becomes unlawful or more difficult for the Issuer or a third party or cause significant reputational damage to the Issuer to hold, acquire or divest Reference Assets or to enter into derivative transactions with respect to a Reference Asset, which may be entered into to hedge the Issuer's exposure under the Notes, the Issuer may determine that the Affected Reference Asset shall be replaced by a replacement Reference Asset (as selected by the Issuer in its discretion), or alternatively adjust the calculation of the Redemption Amount.
- (b) Where the Issuer determines that it would not provide a reasonable result to replace the Affected Reference Asset or to adjust the applicable calculation, the Issuer may perform an early calculation of the Redemption Amount and/or the yield. Such calculation shall be based on the most recently published value of the Reference Asset. When the Issuer has determined the Redemption Amount and/or the yield, the Issuer shall notify the Holders of the amount of the Redemption Amount and/or the yield and the Interest Rate which shall continue to accrue on the Notes which shall be a market rate (and which may be zero). The Redemption Amount (including accrued interest, if applicable) shall be paid on the Redemption Date.
- (c) The Issuer shall be entitled to make any addition, adjustment or amendment to the Conditions as the Issuer deems necessary in connection with a Change in Law.

10. **Increased Costs of Hedging**

The following terms and conditions shall apply to all Notes unless "Increased Costs of Hedging" is stated not to be applicable in the relevant Final Terms:

- (a) Where, in the Issuer's opinion, as a consequence of any change in any law, ordinance, regulation or equivalent or decision by a public authority or the application thereof, or any other event or circumstance not directly attributable to the Issuer's deteriorated credit rating which, in the opinion of the Issuer, would affect the Issuer's costs for holding, acquiring or divesting Reference Assets or entering into, maintaining or terminating derivative instruments relating to the Reference Asset for the purpose of managing the Issuer's exposure under the Notes, would increase in a manner which is not insignificant for the Issuer or if the Issuer's risk management costs, for a reason other than as listed above would, in the opinion of the Issuer, increase, or where, in the Issuer's opinion, the risk management costs significantly increase (each an "**Increased Cost**"), the Issuer may determine that the Affected Reference Asset shall be replaced by a Replacement Reference Asset or alternatively adjust the calculation of the Redemption Amount.
- (b) Where the Issuer believes that it would not provide a commercially reasonable result to replace the Affected Reference Asset or to adjust the applicable calculation, the Issuer may perform an early calculation of the Redemption Amount and/or the yield. Such early calculation shall be based on the most recently published value of the Reference Asset. When the Issuer has determined the Redemption Amount and/or the yield, the Issuer shall notify the Holders of the amount of the Redemption Amount and/or the yield and the Interest Rate which shall continue to

accrue on the Notes, which shall be a market rate (and which may be zero). The Redemption Amount (including accrued interest, if applicable) shall be paid on the Redemption Date.

- (c) The Issuer shall be entitled to make any addition, adjustment or amendment to the Conditions as the Issuer deems necessary in connection with Increased Costs.

11. **Hedging Disruption**

The following terms and conditions shall apply to all Notes unless "Hedging Disruption" is stated not to be applicable in the relevant Final Terms:

- (a) Where, in the Issuer's opinion, after using commercially reasonable efforts, it would be substantially more difficult or impossible to hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of Reference Assets or enter into transactions or acquire financial instruments for the purpose of hedging/risk management with reference to Reference Assets which have been acquired to secure the Issuer's exposure/delivery obligation under the Notes), (each such event a "**Hedging Disruption**") the Issuer may determine that Affected Reference Asset shall be replaced by a Replacement Reference Asset or alternatively adjust the calculation of the Redemption Amount, any Interest Amount and/or alter the Redemption Date.
- (b) Where the Issuer determines that it would not provide a reasonable result to replace the Affected Reference Asset or to adjust the applicable calculation, the Issuer may perform an early calculation of the Redemption Amount and/or the yield. Such calculation shall be based on the most recently published value of the Reference Asset. When the Issuer has determined the Redemption Amount and/or the yield, the Issuer shall notify the Holders of the amount of the Redemption Amount and/or the yield and the Interest Rate which shall continue to accrue on the Notes which may be a market rate or which may be zero. The Redemption Amount (including accrued interest, if applicable) shall be paid on the Redemption Date.

12. **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.
- (c) Claims in respect of Finnish Notes shall become statute barred three years after the relevant payment date (in the case of claims for both principal and interest).
- (d) Claims against the Issuer for the payment of a Redemption Amount or Additional Amount in respect of Swedish Notes, or VPS Notes will be statute barred unless made within ten years after the relevant Redemption Date or Alternative Additional Amount Payment Date (as applicable). Claims against the Issuer for the payment of interest or other yield in respect of Swedish Notes or VPS Notes shall be statute barred unless made within three years after the relevant Interest Payment Date.

If the limitation period in respect of Swedish Notes is interrupted a new limitation period of ten years will commence for claims in respect of Redemption Amounts or Additional Amounts and three years for claims in respect of interest amounts and other yield. Where the limitation period is interrupted through any acknowledgement, claim or reminder a new limitation period shall commence on the date of the interruption or, where the limitation period is interrupted through legal proceedings or the claims for payment is brought before in a court of law, enforcement authority or in arbitration proceedings, bankruptcy proceedings or proceedings for a judicial composition with creditors, a new limitation period shall commence on the date on which a judgment or final decision is rendered or the procedure is otherwise terminated.

13. **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 the Relevant Jurisdiction, (iv) so long as any VPS Notes are settled through VPS, a Paying Agent with a specified office in Norway, (v) so long as any Swedish Notes are cleared through Euroclear Sweden, an Issuing Agent with a specified office in Sweden, and (vi) so long as any Finnish Notes are cleared and settled through Euroclear Finland, an Issuing Agent with a specified office in Finland. 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, and **provided further that** so long as any VP Notes are cleared and settled 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. 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.

14. **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.

15. **Meetings of Holders; Modifications**

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.

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 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).

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

The Issuer is entitled to make any amendment to these Conditions that is approved at a meeting of Holders or is approved by all Holders of the relevant Notes. The Issuer shall promptly notify the Holders of any amendment to the Terms and Conditions in accordance with Condition 16 (*Notices*).

If the Issuer determines, acting reasonably, that from time to time there has been a change in prevailing market standard terms or market trading conventions, which change affects any Hedge Transaction such that the terms of such Hedge Transaction are or may thenceforth be inconsistent with corresponding provisions of these Conditions, then it may, without the consent of the Noteholders or the Paying Agent, modify these Conditions to the extent necessary to preserve such consistency. The Issuer shall notify the Noteholders and the Paying Agent in accordance with Condition 16 (*Notices*) promptly following any such determination.

In addition to the foregoing the Issuer is entitled, without the consent of Holders, to amend these Conditions (including the applicable Final Terms): (i) in order to correct any manifest error or (ii)

to the extent appropriate upon a change in applicable mandatory law, or (iii) to the extent that any such amendment would not, in the opinion of the Issuer, be materially prejudicial to the Holders of the Notes.

16. **Notices**

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

Notices to Holders of Bearer Notes will, save where another means of effective communication has been specified in the relevant Final Terms, be deemed to be validly given if published on the website of the Issuer at www.nordea.com or www.nordeamarkets.com 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 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 (i) 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 or (ii) if published on the website of the stock exchange on which the relevant Notes are listed or on the website of the Issuer at www.nordea.com or www.nordeamarkets.com.

(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 16) 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 either (i) 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 or (ii) published on the website of the stock exchange on which the relevant Notes are listed (if applicable) or on the website of the Issuer at www.Nordea.dk or www.nordea.com

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

Notices in respect of VPS Notes will be either (i) in writing given to the VPS for communication by it to such Holders, (ii) in writing, sent by first class mail, by electronic mail or through other electronic means, directly to such Holders, or (iii) published on the website of the stock exchange on which the relevant Notes are listed (if applicable) or on the website of the Issuer at www.nordea.no or www.nordea.com.

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

Notices in respect of Swedish Notes will be either (i) in writing, addressed to such Holders at the address appearing in Euroclear Sweden Register and will be deemed to have been validly given on the fourth Business Day after the date of such mailing, or (ii) published on the website of the stock exchange on which the relevant Notes are listed (if applicable) or on the website of the Issuer at www.nordea.se or www.nordea.com.

(h) ***Notices in respect of Finnish Notes***

Notices regarding Finnish Notes shall be published by the Issuer in a national daily newspaper in the jurisdictions in which Notes have been offered to the public or on the Issuer website www.nordea.fi/joukkolainat or www.nordea.com or on the website of the stock exchange on which the relevant Notes are listed (if applicable). Written notice may also be sent to Holders at the address recorded in the Issuer's register. Where Notes have been issued as dematerialised securities, notice to Holders may be sent via Euroclear Finland and Account Operators. Notices shall be deemed received by Holders on the day on which they are published in a national daily newspaper, on a relevant website or in Euroclear Finland or, where the notice has been sent by letter, on the seventh day after despatch of the letter.

17. **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.

The VPS Paying Agent is obligated, upon request, to provide any relevant Norwegian authorities, including the Financial Supervisory Authority of Norway and the Norwegian tax authorities, with any information registered on the relevant VPS account(s). Such information may include the identity of the registered Holder of the Notes, the residency of the registered Holder of the Notes, the number of Notes registered with the relevant Holder, the address of the relevant Holder, the account operator in respect of the relevant VPS account and whether or not the Notes are registered in the name of a nominee and the identity of any such nominee.

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

18. **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 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.

19. **Obtaining Information**

The Issuer shall be entitled to obtain information from the Euroclear Sweden Register in respect of the Swedish Notes and Holders thereof.

The Issuer has the right, with respect to Notes other than Swedish notes, to request and obtain from the relevant Clearing System certain information relating to an account in the relevant Clearing System's noteholders register, including but not limited to: (i) the Holder's name, personal identification number or other identification number as well as postal address, (ii) Notes held and the terms and conditions of such Notes and (iii) where applicable, the number of Notes and their nominal amount.

The Issuer shall have access on demand to static data and ownership of the Bondholders registered in the Securities Depository as regulated in Clause 36.3 of the Danish FSA Executive Order 819 of 2 June 2013 on Book-Entry etc. of Investment Securities with a Central Securities Depository.

20. **Law and Jurisdiction**

- (a) The Notes and all non-contractual obligations arising out of or in connection with them may be governed by English law, Swedish law, Finnish law, Danish law or Norwegian law, as specified in the Final Terms. 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 replaced, with effect from 3 January 2018, by the Danish Capital Markets Act (*Lov om kapitalmarkeder*), as amended from time to time, and the Danish Executive Order on Book Entry, etc. of dematerialised Securities in a Central Securities Depository (*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. Finnish law and jurisdiction will be applicable with regard to the registration of such Finnish Notes in Euroclear Finland and the Finnish Notes must comply with the Finnish Act on the Book-Entry Securities System and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* (348/2017)), as amended, and the Finnish Act on Book-Entry Accounts (*Laki arvo-osuustileistä*) (827/1991), as amended, as well as the rules and regulations of Euroclear Finland.
- (b) Subject to the provisions of Condition 20(a), 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 Notes governed by English law (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 AB, London Branch at its registered address in London from time to time, being presently at 6th Floor, 5 Aldermanbury Square, London EC2V 7AZ 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) If Swedish law is specified in the Final Terms as the governing law, then disputes concerning the interpretation or application of these terms and conditions shall be settled in Swedish courts. The Stockholm District Court shall be court of first instance.
- (d) If Finnish law is specified in the Final Terms as the governing law, then disputes concerning the interpretation or application of these terms and conditions shall be settled in Finnish courts. The court of first instance shall be *Helsingin käräjäoikeus*.
- (e) If Danish law is specified in the Final Terms as the governing law, then disputes concerning the interpretation or application of these terms and conditions shall be settled by Danish courts. The court of first instance shall be *Københavns Byret*.
- (f) If Norwegian law is specified in the Final Terms as the governing law, then disputes concerning the interpretation or application of these terms and conditions shall be settled by Norwegian courts. The court of first instance shall be *Oslo Tingrett*.
- (g) 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 the applicable governing 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 20(b), and in this limited respect only, a Holder of Swedish Notes may therefore not take concurrent Proceedings in Sweden.

21. **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.

22. **Limitation of liability etc.**

The Issuer and the relevant Clearing System shall not, in connection with the discharge or purported discharge of any of their respective obligations in respect of the Notes, be held liable for any damage arising out of any legal enactment, or any measure undertaken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance. The reservation in respect of strikes, lockouts, boycotts and blockades applies even if an aforementioned entity takes such measures, or is subject to such measures.

The Issuer or the relevant Clearing System shall not be held liable for any other damage or loss incurred if such entity has exercised due care. The aforementioned entities shall not in any case be held responsible for any indirect damage, consequential damage and/or loss of profit, otherwise than as a result of or in relation to the gross negligence of the Issuer or the relevant Clearing System.

Should there be an impediment to the Issuer or the relevant Clearing System taking any action pursuant to these terms and conditions due to any circumstance set out in the first paragraph of this Condition 22 (*Limitation of liability etc.*), such action may be postponed until the impediment has ceased.

The provisions of this Condition 22 (*Limitation of liability etc.*) shall apply unless otherwise provided by applicable law.

PART 2: ADDITIONAL CONDITIONS FOR CERTAIN STRUCTURED NOTES

1. Market Disruption

The following provisions will apply to all Notes, other than those in respect of which the Reference Assets are solely interest rates, commodities or Reference Entities or any combination of the foregoing, unless "Market Disruption" is specified as not being applicable in the Final Terms.

- (a) Market Disruption with respect to a Reference Asset exists where, in the Issuer's opinion, any of the following events occurs:
 - (i) the quotation of an official final price for a Reference Asset or significant portion of the Reference Assets included in the Reference Asset does not exist, is unavailable or ceases;
 - (ii) where applicable, if a compilation and/or publication of the value of the Reference Asset's value ceases or is temporarily suspended;
 - (iii) the Relevant Exchange and/or Options or Futures Exchange does not open for trading during its normal trading hours or closes for trading earlier than its normal closing time;
 - (iv) trading in a Reference Asset or a significant portion of the underlying assets included in a Reference Asset or options or futures contracts related to a Reference Asset, which is/are traded on the Relevant Exchange or Options or Futures Exchange ceases, is suspended or is significantly restricted;
 - (v) the ability of market participants to carry out trades in, or obtain the market value for, a Reference Asset or a significant portion of the underlying assets included in a Reference Asset or options or futures contracts related to a Reference Asset, which is/are traded on the Relevant Exchange or Options or Futures Exchange ceases, is discontinued or significantly deteriorates due to any other event; or
 - (vi) in respect of Fund-linked Notes only, the valuation of a Reference Asset, which comprises funds or fund units, on any Relevant Date for the Reference Asset does not take place or full payment of the redemption amount with respect to such Reference Asset does not take place on a redemption day for the Fund.
- (b) A limitation on the number of hours or days when trading occurs shall not be deemed to constitute a Market Disruption where the restriction is due to a published change in the normal trading hours for the Relevant Exchange and/or Options or Futures Exchange.
- (c) A restriction in trading which is introduced during the course of a day due to changes in prices which exceeds permitted levels pursuant to the Relevant Exchange and/or Options or Futures Exchange shall be deemed to constitute a Market Disruption.
- (d) Where, in the Issuer's opinion, a Market Disruption has occurred on any Relevant Date, the Relevant Date shall, with respect to determination of any Relevant Value to be determined on such date, be the Following Scheduled Trading Day (for each Affected Reference Asset, respectively) on which Market Disruption does not exist; however, where Market Disruption exists on the eight Scheduled Trading Days (for each Affected Reference Asset, respectively) that follows immediately after the original Relevant Date as stated in the Final Terms, such eighth Scheduled Trading Day (for each Affected Reference Asset, respectively) shall be deemed the Relevant Date irrespective of the existence of Market Disruption, and the Issuer shall thereupon determine the Relevant Value to be applied upon calculation of the Redemption Amount, Interest Amount or in conjunction with any calculation or valuation in accordance with the Conditions.
- (e) Where the Issuer believes that it is not possible or would not provide a fair result to determine or replace the value of the Affected Reference Asset at the time of such

Market Disruption, the Issuer may perform an early calculation of the Redemption Amount and/or the yield or Interest Amount and determine the Redemption Amount and/or the yield or Interest Amount. Where the Issuer has determined the Redemption Amount and/or the yield or Interest Amount the Issuer shall notify the Holders of the amount of the Redemption Amount and the yield and the interest rate which will continue to accrue on the Notes. The Issuer shall pay market interest on the Principal Amount. The Redemption Amount (including accrued interest, if any) shall be paid on the Redemption Date.

The Issuer shall be entitled to make any addition, adjustment, or amendment to the Conditions as the Issuer deems necessary in connection with Market Disruption or Disruption.

2. **Market Disruption Commodity**

The following provisions will apply to all Notes in respect of which the Reference Assets consist of one or more commodities, or options or futures contracts related to commodities, or one or more commodity index, unless, "Market Disruption Commodity" is specified as not being applicable in the Final Terms:

- (a) Market Disruption with respect to a Reference Asset exists where, in the Issuer's opinion, any of the following events occurs:
 - (i) the quotation, compilation, calculation or publication of official final prices for a Reference Asset or the underlying assets included in the Reference Asset does not exist, unavailable or ceases;
 - (ii) the quotation, compilation, calculation or publication of the value of a Reference Asset or the value of the underlying assets included in the Reference Asset does not exist, is unavailable or ceases;
 - (iii) the Relevant Exchange is not open for trading during its normal trading hours;
 - (iv) trading in a Reference Asset or the underlying assets included in a Reference Asset or options or futures contracts related to a Reference Asset, which is/are traded on the Stock Exchange ceases, is suspended or significantly restricted;
 - (v) the possibilities for parties on the market to carry out trades in or obtain the market value for a Reference Asset or a significant portion of the underlying assets included in a Reference Asset or options or futures contracts related to a Reference Asset, which is/are traded on the Relevant Exchange ceases, is discontinued or significantly deteriorates due to any other event;
 - (vi) the manner of calculating a Reference Asset or the underlying assets included in the Reference Asset or the value thereof changes significantly;
 - (vii) the content, compilation or structure of a Reference Asset or the underlying assets included in a Reference Asset or relevant options or futures contract changes significantly; or
 - (viii) the introduction, change or repeal of tax provisions with respect to a Reference Asset or tax provisions regarding tax calculated by way of reference to the underlying assets included in a Reference Asset (however, not tax on, or which is calculated by reference to, gross or net income) after the Initial Observation Date, Initial Valuation Date or Start Date, as a consequence of which the final price on the relevant Initial Observation Date, Initial Valuation Date or Observation Start Date changes as compared to what it would have been had the tax provisions not been introduced, changed or repealed.
- (b) Where, in the opinion of the Issuer, a Market Disruption has occurred on any Relevant Date such Relevant Date for determination of the Relevant Value to be determined on such date shall be the immediately following Scheduled Trading Day (for each Affected Reference Asset) where Market Disruption does not exist (for each Affected Reference

Asset), or alternatively the Relevant Value may be determined or replaced by the Issuer in another appropriate manner; however, where Market Disruption occurs during the five Scheduled Trading Days (for each Affected Reference Asset) immediately following the Relevant Date and the Relevant Value may be determined or replaced by the Issuer in another appropriate manner, such fifth Scheduled Trading Day (for each Affected Reference Asset) shall be deemed to be the Relevant Date irrespective of whether Market Disruption exists, and the Issuer shall thereupon determine or replace the Relevant Value for the purposes of calculating the Interest Amount, Redemption Amount or another relevant value.

- (c) Where the Issuer believes that it is not possible or would not provide a fair result to determine or replace the value of the Affected Reference Asset at the time of such Market Disruption, the Issuer may perform an early calculation of the Redemption Amount and/or the yield or Interest Amount and determine the Redemption Amount and/or the yield or Interest Amount. Where the Issuer has determined the Redemption Amount and/or the yield or Interest Amount the Issuer shall notify the Holders of the amount of the Redemption Amount and the yield and the interest rate which will continue to accrue on the Notes. The Issuer shall pay market interest on the Principal Amount. The Redemption Amount (including accrued interest, if any) shall be paid on the Redemption Date.
- (d) The Issuer shall be entitled to make any addition, adjustment, or amendment to the Terms and Conditions and to the Final Terms as the Issuer deems necessary in connection with Market Disruption.

3. **Disruption Currency**

The following provisions will apply to any Notes which have an FX Rate or FX Rate (Interest) as a Reference Asset or in respect of which Condition 5(aaa) (*FX Component (Interest)*) or Condition 6(b) (*FX Components*) is applicable, unless "Disruption Currency" is specified as not applicable in the Final Terms:

- (a) **"Disruption"** with respect to an FX Rate or FX Rate (Interest) (including an FX Rate or FX Rate (Interest) which is a Reference Asset) exists where, in the Issuer's opinion, any of the following events occurs:
 - (i) spot or futures prices are not available for the FX Rate or FX Rate (Interest) or the underlying assets included in the FX Rate or FX Rate (Interest);
 - (ii) calculation or publication of any final price/exchange rate/currency price on a specified reference source for an FX Rate or FX Rate (Interest) or the underlying assets included in the FX Rate or FX Rate (Interest) does not exist, is unavailable or ceases to be published on the specified reference source;
 - (iii) a material price deviation occurs between the price of various currencies, exchange rates and/or currency prices;
 - (iv) a quotation of spot and/or futures prices cannot be obtained on a stated minimum amount in one or a reasonable number of currency transactions which together amount to a predetermined minimum sum; or
 - (v) the introduction of any currency exchange regulations or currency exchange restrictions which affect the ability to exchange a currency which constitutes an FX Rate or FX Rate (Interest) into another currency and/or to transfer the relevant currency from the relevant jurisdiction.
- (b) Where, in the opinion of the Issuer, Disruption has occurred on any Relevant Date, the Issuer shall determine the value of the Relevant Value based on all available information which the Issuer believes to be relevant in conjunction with calculation of the Redemption Amount, Interest Amount or any other calculation or valuation in accordance with the Conditions.

- (c) The Issuer shall be entitled to make any addition, adjustment, or amendment to the Conditions as the Issuer deems necessary in connection with Disruption.

4. **Calculation Adjustment**

The following provisions will apply to all Notes unless "Calculation Adjustment" is specified as not applicable in the Final Terms.

- (a) Where, in the opinion of the Issuer, the compilation, calculation or publication of any Reference Asset ceases in whole or in part, or the characteristics of the Reference Assets are changed significantly, the Issuer shall be entitled, upon calculation of the Redemption Amount, to replace such Affected Reference Asset with a comparable alternative. Where, in the Issuer's opinion, a comparable alternative to such Affected Reference Asset is not compiled, calculated and published or where, in the opinion of the Issuer, the method of calculating any Affected Reference Asset or the value thereof is changed significantly, the Issuer shall be entitled to make such adjustments in the calculation as the Issuer, based on reasonable grounds deems necessary, in order for the calculation of the value of the Affected Reference Asset to reflect and be based on the manner in which such was previously compiled, calculated and published. The value thereby calculated shall replace the value of the Affected Reference Asset in calculations of the relevant Redemption Amount or Interest Amount.
- (b) Where the Issuer believes that it would not provide a fair result to replace the Affected Reference Asset or adjust the applicable calculation, the Issuer may perform an early calculation of the Redemption Amount and/or the yield or Interest Amount and determine the Redemption Amount and/or the yield or Interest Amount. Such calculation shall be based on the most recently published value of the Reference Asset. When the Issuer has determined the Redemption Amount and/or the yield, the Issuer shall notify the Holders of the amount of the Redemption Amount and/or the yield and the Interest Rate which will continue to accrue on the Notes. The Issuer shall pay market interest on the Principal Amount. The Redemption Amount (including accrued interest, if any) shall be paid on the Redemption Date.
- (c) The Issuer is entitled to make any addition, adjustment or amendment to the Conditions as the Issuer deems necessary in connection with Calculation Adjustment.

5. **Corrections**

The following provisions will apply to all Notes, other than those in respect of which the Reference Assets are solely interest rates, commodities or Reference Entities or any combination of the foregoing, unless "Corrections" is specified as not applicable in the Final Terms:

Where the official closing price for a Reference Asset is corrected within the number of days from the original publication as normally elapse between a trade and settlement day in conjunction with spot trading in the Reference Asset or in the underlying assets included in the Reference Asset, and such price is used to determine a Relevant Value, the Issuer shall be entitled to make a corresponding correction **provided that** such official closing price is corrected by no later than the Number of Exchange Business Days after the Relevant Date.

6. **Correction Commodity**

The following provisions will apply to all Notes in respect of which the Reference Assets consist of one or more commodities, or options or futures contracts related to commodities, or one or more commodity index, unless "Correction Commodity" is stated as not applicable in the Final Terms:

Where the official closing price for a Reference Asset is corrected within 30 days of the original publication and such a price is used to determine a Closing Price and/or other Relevant Value, the Issuer shall be entitled to make a corresponding correction to the Closing Price and/or other Relevant Value.

7. **Correction Currency**

The following provisions will apply to all Notes which have an FX Rate or FX Rate (Interest) as a Reference Asset unless "Correction Currency" is specified as not applicable in the Final Terms:

Where the official closing price for a Reference Asset is corrected and such price is used to determine a Relevant Value, the Issuer shall be entitled to make a corresponding correction not later than six Currency Business Days after the official closing price for the Reference Asset was published.

8. **Extraordinary Events**

The following provisions will apply to all Notes which have equities, or an equities Basket as Reference Asset(s), unless "Extraordinary Events" is specified as not applicable in the relevant Final Terms:

- (a) Where, in the Issuer's opinion, delisting, nationalisation, bankruptcy proceedings, liquidation, company reorganisation, compulsory redemption, merger, demerger, asset transfer, share swap, swap offer, public tender offer or other similar event occurs with respect to equities which constitute a Reference Asset or a company whose shares are included in an equities basket which constitutes a Reference Asset; or where, in the Issuer's opinion, a subdivision, new issue, bonus issue, issuance of warrants or convertible debentures, reverse split, or buy-back occurs with respect to such an equity or basket of equities as constitute a Reference Asset, or any other event occurs as specified in the Final Terms or which, in accordance with practice on the market for equity-related derivative products, may lead to an adjustment in the calculation during outstanding transactions (each an "**Extraordinary Event**"), the Issuer shall be entitled to make such adjustments in the calculation of any Relevant Value and/or compilation of Reference Assets, or to replace the Affected Reference Asset with a Replacement Reference Asset which the Issuer thereby deems necessary in order to achieve a calculation of the Redemption Amount which reflects, and is based on, the manner in which such was previously calculated.
- (b) Where the Issuer believes that it would not provide a fair result to replace the Affected Reference Asset or adjust the applicable calculation or the structure of the Reference Asset, the Issuer may perform an early calculation of the Redemption Amount and/or the yield or Interest Amount and determine the Redemption Amount and/or the yield or Interest Amount. Such early calculation shall be based on the most recently published value for the Reference Asset. When the Issuer has determined the Redemption Amount and/or the yield or Interest Amount, the Issuer shall notify the Holders of the amount of the Redemption Amount and the yield or Interest Amount and the rate at which interest will continue to accrue on the Notes. The Issuer shall pay market interest on the Principal Amount. The Redemption Amount (including accrued interest, if applicable) shall be paid on the Redemption Date.
- (c) The Issuer shall be entitled to make any addition, adjustment or amendment to the Conditions as the Issuer deems necessary in connection with Extraordinary Events.

9. **Interest Rate Fallbacks**

Where the Reference Asset is an interest rate, and unless "Rate Option Fallback" is specified not to apply in the applicable Final Terms, then if the relevant interest rate does not appear on the applicable price source specified in the Final Terms on any Relevant Date, and at the relevant time, required by the Conditions, the Issuer shall determine the interest rate for the applicable Relevant Date in accordance with the fallback provisions relating to the relevant Rate Option specified in the 2006 ISDA Definitions.

PART 3: ADDITIONAL CONDITIONS FOR CREDIT-LINKED NOTES

The provisions below shall apply when specified in the Final Terms.

Credit Event: The occurrence of one or more of the following events (as specified in the Final Terms), as determined by the Issuer in its sole discretion:

- (a) in relation to a Reference Entity which is not a Sovereign: (i) Failure to Pay, (ii) Restructuring, (iii) Bankruptcy or (iv) Governmental Intervention;
- (b) in relation to a Reference Entity which is a Sovereign: (i) Failure to Pay, (ii) Repudiation/moratorium or (iii) Restructuring and, in relation to east European and central Asian Sovereigns, also (iv) Obligation Acceleration;

whereupon a Credit Event shall be deemed to exist notwithstanding that the event is directly or indirectly caused by, or an obligation is contested by reference to, any of the following: (i) lack of authority, lack of legal capacity, lack of capacity to enter into legal relations or similar in respect of a Reference Entity; (ii) actual or alleged invalidity, illegality or unenforceability of Debt Obligations; (iii) applicable law, regulations, public authority decisions, judgments, court decisions, decisions of arbitrators or similar procedures or the implementation of, or amendment to, or interpretation of applicable law or regulations on order of any court of arbitration or public authority; or (iv) the introduction of, or changes to, currency regulations, monetary restrictions or similar provisions by any monetary or other authority (including central banks).

Repudiation/Moratorium: Means the occurrence of both of the following events: (i) an authorised officer of the Reference Entity or a Governmental Authority (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Debt Obligations in an aggregate amount of not less than the Failure to Pay Amount or (y) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Debt Obligations in an aggregate amount of not less than the Failure to Pay Amount and (ii) a Failure to Pay or a Restructuring, determined without regard to the Failure to Pay Amount, with respect to any such Debt Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

Governmental Authority: Means any *de facto* or *de jure* government (or any agency, instrumentality, ministry or other department therefor), any court, tribunal, administrative or other governmental, inter-governmental or supranational body; any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or of the jurisdiction of organisation of the Reference Entity or some or all of its obligations, or any other entity which is analogous to any of the foregoing.

Repudiation/Moratorium Evaluation Date: If a Potential Repudiation/Moratorium occurs on or prior to the scheduled Redemption Date (i) if the Debt Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/ Moratorium; **provided**

that, in either case, the Repudiation/ Moratorium Evaluation Date shall occur no later than the scheduled Redemption Date.

Bond: Any obligation comprising Borrowed Money which is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money.

Borrowed Money: Means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

Loan: Means any obligation comprising Borrowed Money that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money.

Bond or Loan: Means any obligation that is either a Bond or a Loan.

Grace Period Extension Date: Means, if (a) "Grace Period Extension" is specified as applicable in the relevant Final Terms and (b) a Potential Failure to Pay occurs on or prior to the Scheduled Redemption Date, the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay.

Grace Period: Means:

- (i) subject to paragraphs (ii) and (iii) below the applicable grace period with respect to payments under and in accordance with the terms of such Debt Obligation in effect as of the date as of which such Debt Obligation is issued or incurred;
- (ii) if "Grace Period Extension" is specified as applicable in the relevant Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Redemption Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Redemption Date, the Grace Period will be deemed to be the lesser of such grace period and the period specified as the "Maximum Length of Grace Period" in the relevant Final Terms or, if no period is specified, thirty calendar days; and
- (iii) if, as of the date as of which a Debt Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; **provided that**, unless "Grace Period Extension" is specified as applicable in the relevant Final Terms, such deemed Grace Period shall expire no later than the Scheduled Redemption Date.

If "Grace Period Extension" is specified as applicable in the relevant Final Terms, the final Observation Date or Observation End Date (as applicable) shall, notwithstanding any other provision of these Conditions, be deemed to be the Grace Period Extension Date and the Redemption Date in respect of the Notes shall be deemed to be the Extended Redemption Date specified in the Final Terms.

Grace Period Business Day: Means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Debt Obligation or, if a place or places are not so specified, (a) if the currency in which the

relevant Debt Obligation is denominated (the "**Obligation Currency**") is the euro, a TARGET Settlement Day, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

Potential Failure to Pay

Means the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Default Requirement under one or more Debt Obligations in accordance with the terms of such Debt Obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Debt Obligations.

Publicly Available Information:

Means information confirming that a Credit Event has occurred and:

- (i) that have been published in at least one Public Source (regardless of whether the reader or user thereof pays a fee to obtain such information);
- (ii) is information received from or published by (A) the Reference Entity (or, if the Reference Entity is a Sovereign, any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign), or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for the relevant Debt Obligation; or
- (iii) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body,

provided that where any information of the type described in paragraphs (ii) or (iii) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

Potential Repudiation/Moratorium:

Means the occurrence of an event described in clause (i) of the definition of Repudiation/Moratorium.

Replacement Reference Entity:

Such Reference Entity as may be determined by the Issuer.

Bankruptcy:

Means that a Reference Entity:

- (a) is dissolved (other than through a consolidation, amalgamation or merger);
- (b) becomes insolvent, is unable to pay its debts as they fall due, suspends payments or admits or declares in writing in judicial proceedings, administrative proceedings, regulatory proceedings or otherwise admits or declares a general inability to pay its debts as they fall due;
- (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;

- (d) institutes or has instituted against it a proceeding seeking a judgment or decision regarding insolvency, inability to pay or bankruptcy, or any similar relief pursuant to bankruptcy-, insolvency- or similar statutes or regulations which affect creditors' rights, or a petition to dissolve or place the Reference Entity into liquidation has been filed and such proceedings or such a petition
 - (i) result in a judgment or a decision of insolvency, inability to make payment or bankruptcy, a judgment or a decision which generally affects creditors' rights, or a decision to place the Reference Entity into liquidation; or
 - (ii) is not withdrawn, dismissed, discharged, stayed or restrained or generally restricted within thirty days after the proceedings have been commenced or the petition filed;
- (e) has a resolution passed for its winding-up or liquidation (other than pursuant to consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of a trustee (including every form of bankruptcy or insolvency administration), receiver, investigator, administrator or other similar office with respect to the Reference Entity and all or a significant part of the Reference Entity's assets;
- (g) has a secured party take possession of all or substantially all of the Reference Entity's assets, or the Reference Entity becomes the subject of execution, attachment or other similar measure or procedure with respect to all or a significant part of its assets, and such creditor retains possession or such procedure is not, dismissed, discharged or stayed within thirty days; or
- (h) causes or is subject to an event or circumstance which, according to law applicable to the Reference Entity, has an analogous effect to any of the events specified in clauses (a) – (g).

Public Source: A public source such as Bloomberg, Reuters, Dow Jones Newswires, The Wall Street Journal, The New York Times, NihonKezain Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (and successor publications), the main source of business news in the relevant Reference Entity's jurisdiction and every other internationally recognised, published or electronically displayed public source.

Sovereign: Any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including, without limiting the foregoing, the central bank) thereof.

Restructuring: (a) Restructuring means, with respect to one or more Debt Obligations, and is an amount that equals or exceeds, in total, the amount specified in the Final Terms at the time the Credit Event occurs (the "**Restructuring Amount**") any one or more of the following events occurs in a form that binds all holders of such Debt Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Debt Obligation to bind all holders of the Debt Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such

Debt Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date and the date as of which such Debt Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
 - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
 - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest, or (B) the payment of principal or premium;
 - (iv) a change in the ranking in priority of payment of any Debt Obligation, causing the subordination of such Debt Obligation to any other Debt Obligation; or
 - (v) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).
- (b) None of the following shall constitute a Restructuring:
- (i) the payment in euros of interest, principal or premium in relation to a Debt Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
 - (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
 - (iii) the occurrence of, agreement to or announcement of any of the events described in clauses (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

- (iv) the occurrence of, agreement to or announcement of any of the events described in clauses (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, **provided that** in respect of clause (a)(v) only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.
- (c) If an exchange has occurred, the determination as to whether one of the events described under clauses (a)(i) to (v) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.
- (d) In paragraphs (a) and (b) above, "Debt Obligation" also includes the Reference Entity acting as provider of a guarantee undertaking or surety, whereupon "Reference Entity" in paragraph (a) shall mean the debtor under the obligation for which the guarantee or surety is issued and in paragraph (b) shall mean the Reference Entity.
- (e) Unless "Multiple Holder Obligation" is specified as not applicable in the relevant Final Terms, then, notwithstanding anything to the contrary in this definition (*Restructuring*), the occurrence of, agreement to or announcement of any of the events described in paragraphs (a)(i) to (v) above shall not be a Restructuring unless the Debt Obligation in respect of any such events is a Multiple Holder Obligation.

"Multiple Holder Obligation" means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates (as defined in the 2002 ISDA Master Agreement) of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Debt Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event **provided that** any Debt Obligation that is a Bond shall be deemed to satisfy the requirement in this paragraph (ii). For the purposes of this definition (*Restructuring*) the term Debt Obligation shall be deemed to include any underlying obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in paragraph (a) shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in paragraph (b) shall continue to refer to the Reference Entity.

"Guarantee" means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes, or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a fixed cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and

not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

"Underlying Obligation" means, with respect to a guarantee, the obligation which is the subject of the guarantee.

"Underlying Obligor" means with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

Credit Event Backstop Date:	Means, for the purposes of any event that constitutes a Credit Event (or with respect to a Repudiation/Moratorium, if applicable, the event described in paragraph (ii) of the definition of Repudiation/Moratorium), the date that is determined by the Issuer in accordance with Market Convention.
Debt Obligation:	Means each Reference Entity's current, future, conditional or other payment obligations (whether or not Subordinated) under (a) agreements having the commercial effect of borrowings, e.g. loan agreements, notes or commercial paper (irrespective of term to maturity) or financing limits, payment obligations regarding deposits or letters of credit and (b) guarantees or other sureties or commitments which the Reference Entity has provided or provides with respect to the payment obligations of a third party.
Obligation Acceleration:	One or more Debt Obligations in an aggregate amount of at least the amount specified in the Final Terms (the " Obligation Acceleration Amount ") have become due and payable before they would otherwise become due and payable (through acceleration or any other reason) as a result of, or on the basis of the occurrence of a default or other similar condition or event relating to the Reference Entity (and such breach of contract does not relate to Failure to Pay).
Failure to Pay:	A Reference Company's or a Sovereign's failure to pay when due (after expiry of any applicable Grace Period), in accordance with the terms and conditions for one or more Debt Obligations, any amount due for payment provided the amount which is due and payable or the total of the amounts that are due and payable equals or exceeds the amount specified in the Final Terms (the " Failure to Pay Amount ").
Governmental Intervention:	means that, with respect to one or more Debt Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made, by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other applicable law), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Debt Obligation: (a) any event which would affect creditors' rights so as to cause: (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination); (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);

- (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Debt Obligation, causing the Subordination of such Debt Obligation to any other Debt Obligation;
- (b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Debt Obligation;
- (c) a mandatory cancellation, conversion or exchange; or
- (d) any event which has an analogous effect to any of the foregoing.

A CoCo Provision shall be deemed to be a provision which permits a Governmental Intervention for all purposes under the Notes.

If, with respect to one or more Debt Obligations and in relation to an aggregate amount of not less than the Default Requirement, the operation of one or more CoCo Provisions results in (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument, such event shall be deemed to constitute a Governmental Intervention.

CoCo Provision:	means, with respect to a Debt Obligation, a provision which requires (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument, in each case, if the Capital Ratio is at or below the Trigger Percentage.
Trigger Percentage:	means the trigger percentage specified in the Final Terms or, if no such trigger percentage is specified, 5.25 per cent.
Capital Ratio:	means the ratio of capital to risk weighted assets applicable to the Debt Obligation, as described in the terms therefore in effect from time to time.
Default Requirement:	the amount specified as such in the relevant Final Terms or its equivalent in the currency of the relevant Debt Obligation (or, if no such amount is specified, USD 10,000,000 or its equivalent in the currency of the relevant Debt Obligation) in either case, as of the occurrence of the relevant Credit Event or Potential Failure to pay, as applicable.
Subordination:	Means, with respect to an obligation (the " Second Obligation ") and another obligation of the Reference Entity to which such obligation is being compared (the " First Obligation "), a contractual, trust or similar arrangement providing that (I) upon the liquidation, dissolution, reorganization or winding up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. "Subordinated" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the

Debt Obligation the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date.

Standard Specified Currencies:

Any of the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

Successor:

(a) means, subject to paragraph (b) below, the entity or entities, if any, determined as follows:

- (i) subject to paragraph (a)(vii) below, if one entity succeeds to seventy-five per cent or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor;
- (ii) if only one entity succeeds to more than twenty-five per cent (but less than seventy-five per cent) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent of the Relevant Obligations will be the sole Successor;
- (iii) if more than one entity each succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent of the Relevant Obligations will each be a Successor, determined in accordance with paragraph (f) below;
- (iv) if one or more entities each succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor, determined in accordance with paragraph (f) below;
- (v) if one or more entities succeed, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity and the Notes will not be changed in any way as a result of such succession;
- (vi) if one or more entities succeed to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (**provided that** if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor, determined in accordance with paragraph (f));

- (vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the "**Universal Successor**") will be the sole Successor.
- (b) An entity may only be a Successor if:
 - (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after 1 January 2014;
 - (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
 - (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.
- (c) "**succeed**" means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the "**Exchange Bonds or Loans**") that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable, and the terms "**succeeded**" and "**succession**" shall be construed accordingly.
- (d) In the case of an exchange offer, the determination required pursuant to paragraph (a) above shall be made on the basis of the outstanding principal balance of Relevant Obligations exchanged and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.
- (e) If two or more entities (each, a "**Joint Potential Successor**") jointly succeed to a Relevant Obligation (the "**Joint Relevant Obligation**"), then it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors), in equal parts.
- (f) Where more than one Successor has been identified, the Issuer shall make such changes to the Conditions as it may, in its sole discretion, consider necessary in order to reflect the relative Basket Participations of the relevant Successor(s) and the other Reference Entities (if any), in relation to the Notes, including any adjustment to the Credit Event Ranked Weight(s) if a Credit Event occurs in relation to the relevant Successor(s).

The Issuer shall determine whether or not there has been a Successor to any Reference Entity, and carry out those calculations and determinations which are required under the definition of "Successor", and shall notify the holders of the outcome thereof. The Issuer has the right, with binding effect on the Holders, to make such adjustments to the terms and conditions of the Notes which the Issuer determines necessary as a result of the determination of a Successor. The Issuer shall perform the appropriate adjustments of the Final Terms to reflect a Successor and the scope of the Relevant Obligations as well as any other amendments that the Issuer deems necessary. The Successor shall, from the day the Issuer so determines, replace the Reference Entity as a "Reference Entity" in respect of the relevant Notes.

Steps Plan:	A plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities. In calculating the percentages used to determine whether an entity qualifies as a Successor, if there is a Steps Plan, the Issuer shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.
Eligible Information:	Information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.
Succession Date:	The legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; provided that if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination pursuant of a Successor would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of a Credit Event in respect of the Reference Entity or any entity which would constitute a Successor.
Successor Backstop Date:	For purposes of any Successor determination the date that is determined by the Issuer in accordance with market convention. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.
Relevant Obligations:	Means the Debt Obligations of the Reference Entity which fall within the category of "Bond or Loan" (whether directly, or by way of guarantee, surety or other commitment) and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), provided that: (a) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates (as defined in the standard form 2002 ISDA Master Agreement), or held by the Reference Entity, shall be excluded; (b) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under the definition of "Successor" make the appropriate adjustments required to take account of any Debt Obligations of the Reference Entity which fall within the category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;
Sovereign Succession Event:	With respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar event.

Payment Deferral:

If it is not possible for the Issuer to determine either: (a) whether or not one or more Credit Events has occurred, or (b) the Recovery Value in respect of one or more Reference Entities, in either case before the Scheduled Redemption Date or Early Redemption Date because an auction settlement procedure has not yet been concluded, or for any other reason, or if the Issuer or applicable Hedging Party reasonably determines that it has a potential liability in respect of any Hedge Transaction as at the Scheduled Redemption Date or the Early Redemption Date (as applicable) (each such event a "**Deferred Redemption**"), then the Issuer shall promptly notify the Holders of such event (a "**Deferred Redemption Notice**").

Following a Deferred Redemption Notice the Issuer may make a partial redemption of the Notes and/or, a partial payment of any accrued Interest Amount due and payable on the relevant Scheduled Redemption Date or Early Redemption Date (as applicable) on (i) the Scheduled Redemption Date or the Early Redemption Date, as applicable, or (ii) such other date or date(s) as the Issuer may determine (each such date, a "**Deferred Redemption Date**").

If the Issuer has determined that a Deferred Redemption has occurred and is continuing as at the Back Stop Date, then the Issuer (i) may extend the Back Stop Date until such future date as may be determined by the Issuer, or (ii) by notice to the Holders and to the relevant Clearing System(s) cancel the Notes with immediate effect, whereupon the Issuer shall not be obliged to make, and no Holder shall be entitled to receive, any redemption payment or other amount in respect of the Notes.

Holders shall have no claim to receive any remaining part of the Redemption Amount or Interest Amount after the Back Stop Date.

Partial Restructuring:

If "Partial Restructuring" is specified as being "Applicable" in the relevant Final Terms, and if a Restructuring Credit Event occurs, the Issuer may elect the portion of the notional exposure to the relevant Reference Entity that is affected by the relevant Credit Event (the "**Exercise Amount**") by giving notice thereof to Holders in accordance Condition 16 (*Notices*). The Issuer will also notify the Holders of the reduction of the notional exposure to the relevant Reference Entity, and any calculation and/or determination of payments or other amounts (including, without limitation, any redemption or interest amount) in respect of the Notes following such early redemption shall take into account such reduction in the notional exposure to the relevant Reference Entity. The Issuer shall be entitled to make any addition, adjustment, or amendment to the Conditions as the Issuer deems necessary in connection with any Partial Restructuring.

Other Terms:

In case of dispute regarding the interpretation of the conditions for Credit Linked Notes, guidance shall be sought in the definitions issued by ISDA in the "2014 ISDA Credit Derivatives Definitions" together with all from time to time published addendums, protocols, updates and similar (the "**ISDA Definitions**").

PART 4: ADDITIONAL CONDITIONS FOR FUND-LINKED NOTES

The following provisions will apply if stated in the Final Terms.

"Fund"	As specified in the Final Terms;
"Fund Manager"	Means in respect of a Fund, any person who is appointed to provide services, directly or indirectly, for that Fund, whether or not specified under law or the constitutive and governing documents, subscription agreements and other agreements, applicable to the Fund, including any fund adviser, fund administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent and any other person specified as such in the Final Terms.
"Fund Event"	The Issuer may, in its own discretion, determine that a Fund Event has occurred, if any of the following events should occur following the initial Observation Date, Observation Start Date, Risk Barrier Observation Date, or Initial Valuation Date: 1. the Net Asset Value ("NAV") in respect of the Fund is not calculated and not published on such a day or in such a way as stated in the provisions for the Fund and the terms of the Fund and Fund Manager's operations; 2. the occurrence of any event or circumstance affecting the Fund or the fund units which has (or may potentially have) a negative effect on the value of the Fund or the fund units; 3. the Fund or the Fund Manager refuses subscription or redemption (in whole or partially) of fund units of the Fund on such a day when subscription or redemption should be possible in accordance with the provisions of the Fund and in accordance with the terms of the Funds operation; 4. the proceeds that the Fund pays out as a result of a redemption consists of assets other than cash; 5. the Fund or the Fund Manager restricts the ability to subscribe for or redeem fund units, introduces or amends fees or any additional taxes or other charges arises in connection with subscription or redemption after the Initial Observation Date, Observation Start Date, initial Risk Barrier Observation Date, or Initial Valuation Date; 6. a material change of the Reference Assets or the Fund occurs, which includes expropriation or similar event, such event resulting in the assets being transferred to or taken over by an authority or similar institution or organisation, or by other by instruction from an authority or similar institution or organisation, which has a negative effect on the value of the fund units; 7. the Fund or the Fund Manager becomes insolvent, negotiations are initiated in regard to declaring either the Fund or the Fund Manager bankrupt, either the Fund or the Fund Manager seeks or becomes subject to winding up, seeks the appointment of an administrator, makes a composition or is subject to any similar event; 8. the Fund or the Fund Manager merges with or into or becomes subject to sale (in whole or partially);

9. the Fund breaches any terms applicable to the Fund's operations, including its investment guidelines and its constitutive documents;
10. the Fund or the Fund Manager makes any changes in the terms applicable to the Fund's or the Fund Manager's operations such as changes in the risk profile of the Fund, changes in regard to the right to vote in respect of the fund units, change of the investment guidelines of the Fund, change of the denomination of the fund units or such other change that is adverse in the Issuer's opinion;
11. the Fund breaches any agreements to which it is party or any court order or governmental order;
12. any change in law, regulation or other set of rules (including tax legislation and accounting rules), or resolution is passed by governmental agency, court or other body which has a negative impact on the Fund or the Fund Manager or the Issuer's possibilities to subscribe for or redeem the Reference Asset;
13. the Fund, the Fund Manager, the administrator, the account operator or the board of directors becomes subject to investigation, lawsuit or similar action by an authority or other due to breach of relevant legislation or other rules applicable to the Fund, the Fund Manager, the administrator, the account operator or the board of directors or the relevant license for any of these is withdrawn;
14. the Fund Manager, the administrator, the account operator or the board of directors are replaced;
15. any conversion of the Reference Asset into other fund units;
16. any compulsory transfer or redemption of fund units occur;
17. the Fund experience difficulties, or is not able, to carry out investments;
18. any change of the derivative instruments of the Fund which has a negative effect on the value of the fund units or the possibility of the fund to admit redemption;
19. the Fund, the Fund Manager or the administrator fails to provide such information within such grace period as The Fund, the Fund Manager or the administrator has undertaken to provide information to any investor;
20. any other event or circumstance occurs which, as determined by the Issuer, has a negative effect on the application of the Conditions of the Notes.

If a Fund Event occurs with respect to one or more Funds which constitutes a Reference Asset, the Issuer shall be entitled to make such adjustments in the calculation of the Redemption Amount, Interest Amount and/or compilation of Reference Assets, or to replace the Affected Reference Asset with a Replacement Reference Asset which the Issuer thereby deems necessary in order to achieve a calculation of the Redemption Amount which reflects, and is based on, the manner in which such was previously calculated.

Where the Issuer believes that it would not provide a fair result to replace the Affected Reference Asset or adjust the applicable calculation or the structure of the Reference Asset, the Issuer may either elect to extend the Back Stop Date to such future date as may be determined by the Issuer, or

perform an early calculation of the Redemption Amount and/or the yield or Interest Amount and determine the Redemption Amount and/or the yield or Interest Amount. Such early calculation shall be based on the most recently published value for the Reference Asset. When the Issuer has determined the Redemption Amount and/or the yield or Interest Amount, the Issuer shall notify the Holders of the amount of the Redemption Amount and the yield or Interest Amount and the rate at which interest will continue to accrue on the Notes. The Issuer shall pay market interest on the Principal Amount. The Redemption Amount (including accrued interest, if applicable) shall be paid on the Redemption Date.

The Issuer shall be entitled to make any addition, adjustment or amendment to the Conditions as the Issuer deems necessary in connection with Fund Events.

FORMS OF FINAL TERMS FOR NOTES

Form of Final Terms for Certain Structured Notes with a denomination of less than €100,000 to be admitted to trading on the Main Securities Market of the Irish Stock Exchange and/or offered to the public in the EEA

[IMPORTANT NOTICE

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

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended[, from 1 January 2018,] to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]³

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.]

[These Final Terms have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, these Final Terms and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

³ To be included in case a key information document is not being prepared pursuant to the PRIIPs Regulation.

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:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

No Notes linked to collective investment schemes (as defined under the SFA) may be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore.]⁴

⁴ Insert disclaimer text for Singapore targeted offerings

Final Terms dated [•]

NORDEA BANK AB (PUBL)
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €15,000,000,000
Structured 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 (b) below, 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 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:

- (a) in circumstances in which no obligation arises for the Issuer 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
- (b) in those Public Offer Jurisdictions mentioned in Paragraph 10 of Part B below, provided such person is one of the persons described in Paragraph 10 of Part B below [and which satisfies conditions set out therein] and that such offer is made during the Offer Period specified for such purpose therein.

The Issuer has not authorised, and it does not authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) **provided, however, that** all references in this document to the "**Prospectus Directive**" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (as amended), and include any relevant implementing measure in the relevant Member State.]⁵

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that 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 Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer 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. The Issuer has not authorised, and it does not authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) **provided, however, that** all references in this document to the "**Prospectus Directive**" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (as amended), and include any relevant implementing measure in the relevant Member State.]⁶

⁵ Include this legend where a non-exempt offer of Notes is anticipated.

⁶ Include this legend where a non-exempt offer of Notes is NOT anticipated.

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 [original base prospectus dated [16 April 2013/20 December 2013/19 December 2014/18 December 2015/19 December 2016] and which are incorporated by reference into the]⁷ Base Prospectus dated 19 December 2017 [and the supplemental Base Prospectus dated [•]] [which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive⁸]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive⁹] and must be read in conjunction with the Base Prospectus. A summary of the Notes (which comprises the summary in the Base Prospectus as completed 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]] and these Final Terms 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 from [www.nordea.com/www.nordea.se/www.nordea.no/www.nordea.dk/www.nordea.fi].

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

[The following must be inserted where the Notes are denominated in Singapore dollars and are issued with a denomination of less than SGD 200,000:

The Notes will be booked in Sweden. The [branch / office] of the Issuer at which the Notes are booked is not subject to regulation or supervision in Singapore. The Notes and repayment of the Notes are not secured by any means (whether by mortgage, charge, guarantee or other means).]

I. GENERAL TERMS

1.	(i)	Issuer:	Nordea Bank AB (publ)
2.	(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 [insert description of series] on [[insert date]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 60 below [which is expected to occur on or about [insert date]].]
3.		Specified Currency or Currencies:	[•]
4.		Aggregate Principal Amount:	[•]
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
5.		Issue Price:	[[•] per cent. of the Aggregate Principal Amount of each Note [plus accrued interest from [insert date]]/ The Issue Price will be determined by the Issuer on a

⁷ Insert for fungible issues.

⁸ Delete wording in square brackets for an unlisted, exempt offer.

⁹ Delete wording in square brackets for an unlisted, exempt offer.

daily basis during the Offer Period (as defined below), based on the prevailing market price for the Notes. The Notes will be issued with an initial Issue Price of approximately [] per cent on the Issue Date].

6. (i) Specified Denominations: [•]
 - (ii) Calculation Amount: [•]
 7. (i) Issue Date: [•]
 - (ii) Interest Commencement Date: [[*insert date*]/Issue Date/Not Applicable]
 8. Redemption Date: [[•]/[Interest Payment Date falling in or nearest to [•]]]
 9. Base Redemption Amount: [[•]/Not Applicable]
 10. Additional Amounts: [Applicable/Not Applicable]
- [The Additional Amount(s) will be added to/subtracted from the Base Redemption Amount]
- [Alternative Additional Amount Payment Date: [[•]/Not Applicable]
11. Minimum Redemption: [Applicable/Not Applicable]
 - Minimum Redemption Amount: [[•]/Not Applicable]
 12. Maximum Redemption: [Applicable/Not Applicable]
 - Maximum Redemption Amount: [[•]/Not Applicable]
 13. Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day]
- [adjusted/unadjusted]
14. Currency Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day]/[Not Applicable]
 15. Currency Business Day: [Other / WM/Reuters/ Not Applicable]
 16. Relevant Exchange: [[•]/[As set out in Condition 1 (*Definitions*)]]
 17. Scheduled Trading Day Convention: [[Following Scheduled Trading Date Convention/Modified Following Scheduled Trading Day Convention/Preceding Scheduled Trading Day Convention]/[Not Applicable]]
- II. PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE] [APPLICABLE/NOT APPLICABLE]**

[Items 18-31 have been intentionally omitted]¹⁰

¹⁰ Include where interest provisions are marked as "Not Applicable"

18.	Interest Basis:	[[•] per cent. Fixed Rate] [EURIBOR]/[LIBOR]/[STIBOR]/[NIBOR]/ [CIBOR]/[CDOR]/[Nordea Own Funds Rate] +/- [•] per cent. Floating Rate] [Inflation Linked] [Zero Coupon] [Rate Adjustment] [Coupon Bearing Notes] [Non-Tranching CLN Interest] [Tranching CLN Interest] [Nth to Default CLN Interest] [Nth and Nth + 1 to Default CLN Interest] [Capped Floor Float] [Cap Floor] [Cap Floor Spread] [Range Accrual] [Range Accrual In/Out] [Knockout Range Accrual] [Binary Cap/Floor] [Binary Zero Coupon] [Inverse Floater] [Autocallable Rate] [Digital Long] [Digital Short] [Best of/Worst of Digital Long] [Best of/Worst of Digital Short] [Worst of Digital Memory Coupon 2] [Digital Podium Long] [Digital Podium Short] [Series of Digitals] [Cash Settled Swaption Straddle] [Power Cap/Floor] [Compounding Floater]

		[Lock-In 1]
		[Lock-In 2]
		[Snowball]
		[Accumulator]
		[Binary Accumulator]
		[Contingent Cap/Floor]
		[Dual Digital Cap]
		[Dual Digital Floor]
		[Binary Inflation Cap]
		[Binary Inflation Floor]
		[Binary Inflation Range]
		[Inflation Range Accrual]
		[Inflation Cap/Floor]
		[Inflation Straddle]
		[Inflation Cap Floor Spread]
		[ZC Inflation Cap Floor]
		[Inflation Linker 1]
		[Inflation Linker 2]
		[Strip of Call Spreads]
		(further particulars specified below in paragraph[s] [21/22/23/24/26/27/28/29/30])
19.	Combination of Interest Bases:	[Applicable/Not Applicable]
	(i) Method of Combination:	[Single Basket Addition/Multiple Basket Addition/Alternative Calculation]
	(ii) Relevant Condition(s) for determination of Interest Amount:	[Condition [•] will be applicable if Interest Barrier Level 1 is not exceeded on [any/the final] Interest Determination Date, Condition [•] will be applicable if Interest Barrier Level 1 is exceeded on [any/the final] Interest Determination Date but Interest Barrier Level 2 is not exceeded, Condition [•] will be applicable if Interest Barrier Level 2 is exceeded on [any/the final] Interest Determination Date but Interest Barrier Level [•] is not exceeded... Condition [•] will be applicable if Interest Barrier Level [•] is exceeded on [any/the final] Interest Determination Date/Condition(s) [•] and [•] are applicable.] [Condition [•] in respect of Basket A, Condition [•] in respect of Basket B etc.]

- [Interest Barrier Level 1:] [•]
 - [Interest Barrier Level 2:] [•]
 - [Interest Barrier Level 3:] [•]
20. Method of calculating Basket Return for the purposes of Interest determination: [Basket Long Structure/Basket Short Structure [in respect of Basket A/B]/Not Applicable]
21. **Interest Deferral** [Applicable/Not Applicable]
22. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Rate: [•] per cent. per annum
 - (ii) Interest Payment Date(s): [•] [in each year][, subject to adjustment in accordance with the Business Day Convention]. [First Interest Payment Date to occur on [•].] [Last Interest Payment Date to occur on [•].]
 - (iii) Interest Determination Date: [[•]/Not Applicable]
 - (iv) Fixed Interest Amount: [•] per Note of [•] Denomination/Not Applicable
 - (v) Details of Irregular Interest Amount(s): [[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]/Not Applicable]
 - (vi) Day Count Fraction: [[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
23. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Payment Dates: [•] [in each year]
 - (ii) Interest Determination Date: [[•]/Not Applicable]
 - (iii) Issuing Agent: [Not Applicable/[•]]
 - (iv) Calculation Agent: [Not Applicable/[•]]
 - (v) Interest Base Rate: [[EURIBOR]/[LIBOR]/[STIBOR]/[NIBOR]/[CIBOR] / [CDOR]/[Nordea Own Funds Rate]]
 - (vi) Designated Maturity: [•]
 - Alternative Designated Maturity [[•]/Not Applicable/Applicable in respect of the [short/long/ [initial/final] interest period from (and including) [date] to (but excluding) [date]]
 - (vii) Linear Interpolation: [Applicable/Not Applicable/Applicable in respect of the [short/long/ [initial/final] interest period from (and including) [date] to (but excluding) [date]]]
 - Alternative Maturity 1 [[•]/Not Applicable]
 - Alternative Maturity 2 [[•]/Not Applicable]

	(viii)	Screen Page:	[•]												
	(ix)	Interest Margin(s):	[+/-][•] per cent. per annum												
	(x)	FRN Participation Ratio:	[•] per cent.												
	(xi)	Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]												
	(xii)	Maximum Interest Rate:	[[•]/Not Applicable]												
	(xiii)	Minimum Interest Rate:	[[•]/Not Applicable]												
24.	Zero Coupon Note Provisions		[Applicable/Not Applicable]												
		Reference Yield:	[•] per cent. per annum												
25.	Inflation-Linked Interest Note Provisions		[Applicable/Not Applicable]												
	(i)	Interest Rate:	[Fixed Rate Note Provisions (further details specified in paragraph 22)/Floating Rate Note Provisions (further details specified in paragraph 23)]												
	(ii)	Base Index/CPI:													
		• Relevant date:	[•]												
		• Relevant time:	[•] [a.m./p.m.]												
26.	Rate Adjustment Note Provisions		[Applicable/Not Applicable]												
		Provisions relating to the adjustment of the Interest Rate:	The Interest Basis will be [•] from [and including/but excluding] [•] to [and including/but excluding] the Interest Payment Date falling in [•], and [•] from [and including/but excluding] the Interest Payment Date falling in [•] up to ([and including/but excluding]) the Redemption Date.												
27.	Coupon Bearing Note Provisions		[Applicable/Not Applicable]												
	(i)	Valuation Date(s):	[[•] /												
			<table> <tr> <th>Reference Asset</th><th>Valuation Date(s)</th><th>Valuation Date Averaging</th><th>Averaging Dates relevant to applicable Valuation Date</th></tr> <tr> <td>[•]</td><td>[•]</td><td>[Applicable/Not Applicable]</td><td>[[•]/Not Applicable]</td></tr> <tr> <td>[•]</td><td>[•]</td><td>[Applicable/Not Applicable]</td><td>[[•]/Not Applicable]</td></tr> </table>]	Reference Asset	Valuation Date(s)	Valuation Date Averaging	Averaging Dates relevant to applicable Valuation Date	[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]	[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
Reference Asset	Valuation Date(s)	Valuation Date Averaging	Averaging Dates relevant to applicable Valuation Date												
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]												
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]												
	(ii)	Coupon Barrier Level(s):	[•]												
	(iii)	Interest Payment Date(s):	[•] [in each year][, subject to adjustment in accordance with the Business Day Convention]. [First Interest Payment Date to occur on [•].] [Last Interest Payment Date to occur on [•].]												
	(iv)	Flat Coupon:	[Applicable/Not Applicable] [Applicable/Not Applicable if Coupon Barrier [•] is reached]												

		[and Coupon Barrier [•] is not reached]]									
(v)	Memory Coupon:	[Applicable/ Not Applicable if Coupon Barrier [•] is reached and Coupon Barrier [•] is not reached]]	Applicable Not								
(vi)	Plus Flat Coupon:	[Applicable/ Not Applicable if Coupon Barrier [•] is reached and Coupon Barrier [•] is not reached]]	Applicable Not								
(vii)	Plus Memory Coupon:	[Applicable/ Not Applicable if Coupon Barrier [•] is reached and Coupon Barrier [•] is not reached]]	Applicable Not								
(viii)	Coupon Rate(s):	[[•] if Coupon Barrier [•] is reached/[•] [per cent.]/Not Applicable]									
(ix)	Automatic Coupon Payment:	[Applicable/Not Applicable]									
(x)	Basket Rate:	[Applicable/Not Applicable]									
(xi)	Best of/Worst of Rate:	[Applicable/Not Applicable]									
(xii)	N:	[[•]/Not Applicable]									
28.	CLN Interest Provisions	[Applicable/Not Applicable]									
(i)	Interest Rate:	[Fixed Rate Note Provisions (further details specified in paragraph 22)/Floating Rate Note Provisions (further details specified in paragraph 23)]									
(ii)	Determination Date Exposure:	[Applicable/Not Applicable]									
	• [Number of Business Days:	[[•]/The Observation Date shall be the relevant Interest Payment Date]									
(iii)	Weighted Average Exposure:	[Applicable/Not Applicable]									
(iv)	Tranche Attachment Point:	[[•]/Not Applicable]									
(v)	Tranche Detachment Point:	[[•]/Not Applicable]									
(vi)	Fixed Recovery Value:	[[•]/Not Applicable]									
(vii)	Market Recovery Value:	[Applicable/Not Applicable]									
(viii)	N:	[[•]/Not Applicable]									
(ix)	Observation Date(s):	[[•]/Each day from and including [•] to but excluding [•]/Not Applicable/the day falling [•] Business Days prior to each Interest Payment Date]									
(x)	Credit Event Ranked Basket Participation (Interest):	[Applicable/Not Applicable]									
	• Credit Event Ranked Weight:	<table><tr><th>Credit Event (in order of occurrence)</th><th>Weighting</th></tr><tr><td>1</td><td>[•]%</td></tr><tr><td>2</td><td>[•]%</td></tr><tr><td>3</td><td>[•]%</td></tr></table>	Credit Event (in order of occurrence)	Weighting	1	[•]%	2	[•]%	3	[•]%	
Credit Event (in order of occurrence)	Weighting										
1	[•]%										
2	[•]%										
3	[•]%										

		N	[•]%
(xi)	Restructuring Amount:	[[•]/Not Applicable]	
(xii)	Replacement Reference Entity:	[Applicable/Not Applicable]	
(xiii)	Obligation Acceleration Amount:	[[•]/Not Applicable]	
(xiv)	Failure to Pay Amount:	[[•]/Not Applicable]	
(xv)	Credit Events:	[[Failure to Pay/ Restructuring/ Bankruptcy/ Governmental Intervention/ Repudiation/ Moratorium/ Obligation Acceleration]/ Not Applicable]	
(xvi)	Default Requirement:	[[•]/Not Applicable/As set out in Part 3: <i>Additional Conditions for Credit-Linked Notes</i> to the Conditions]	
(xvii)	Grace Period Extension:	[Applicable/Not Applicable]	
(xviii)	Maximum Length of Grace Period:	[[•] Business Days/Not Applicable]	
(xix)	Extended Redemption Date:	[The date falling [•] Business Days after the Grace Period Extension Date]	
(xx)	Multiple Holder Obligation:	[Applicable/Not Applicable]	
(xxi)	Partial Restructuring:	[Applicable/Not Applicable]	
29.	Digital Interest Provisions	[Applicable/Not Applicable]	
(i)	Interest Determination Date:	[[•]/Not Applicable]	
(ii)	Interest Payment Date(s):	[[[•] [in each year][, subject to adjustment in accordance with the Business Day Convention]. [First Interest Payment Date to occur on [•].] [Last Interest Payment Date to occur on [•].]]/Not Applicable]	
(iii)	Strike Level:	[[•]/Not Applicable]	
(iv)	Coupon:	[[•]/Not Applicable]	
(v)	Coupon 2:	[[•]/Not Applicable]	
(vi)	N:	[[•]/Not Applicable]	
(vii)	Barrier Level:	[[•]/Not Applicable]	
(viii)	Basket Strike Level:	[[•]/Not Applicable]	
(ix)	Observation Date(s):	[[•]/Each day from and including [•] to but excluding [•]/Each Scheduled Trading Day up to and including the Interest Determination Date/Not Applicable]	
(x)	Valuation Time:	[[•]/Not Applicable]	
		Reference Asset (Interest)	Valuation Time
		[•]	[•]
		[•]	[•]
		[•]	[•]

30.	Additional Interest Provisions	[Applicable/Not Applicable]	
(i)	Interest Determination Date:	[[•]/Not Applicable]	
(ii)	Interest Payment Date(s):	[[[•] [in each year][, subject to adjustment in accordance with the Business Day Convention]. [First Interest Payment Date to occur on [•].] [Last Interest Payment Date to occur on [•].]]/Not Applicable]	
(iii)	Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]	
(iv)	Reference Rate:	[[•]/Not Applicable]	
(v)	Reference Rate 2:	[[•]/Not Applicable]	
(vi)	Spread:	[[•]/Not Applicable]	
(vii)	Cap Strike:	[[•]/Not Applicable]	
(viii)	Cap Strike 1:	[[•]/Not Applicable]	
(ix)	Cap Strike 2:	[[•]/Not Applicable]	
(x)	Floor Strike:	[[•]/Not Applicable]	
(xi)	Floor Strike 1:	[[•]/Not Applicable]	
(xii)	Floor Strike 2:	[[•]/Not Applicable]	
(xiii)	Cap Value 1:	[1/-1/0/Not Applicable]	
(xiv)	Cap Value 2:	[1/-1/0/Not Applicable]	
(xv)	Floor Value 1:	[1/-1/0/Not Applicable]	
(xvi)	Floor Value 2:	[1/-1/0/Not Applicable]	
(xvii)	Leverage (Cap) 1:	[Applicable/Not Applicable]	
		[Interest Period(s)]	Leverage (Cap)
		[•]	[•]
		[•]	[•]
		[•]	[•]
		[All Interest Periods]	[•]
(xviii)	Leverage (Cap) 2:	[Applicable/Not Applicable]	
		[Interest Period(s)]	Leverage (Cap)
		[•]	[•]
		[•]	[•]
		[•]	[•]
		[All Interest Periods]	[•]
(xix)	Leverage (Floor) 1:	[Applicable/Not Applicable]	

	<u>Interest Period(s)</u>	<u>Leverage (Floor)</u>
	[•]	[•]
	[•]	[•]
	[•]	[•]
	[All Interest Periods]	[•]
(xx) Leverage (Floor) 2:	[Applicable/Not Applicable]	
	<u>Interest Period(s)</u>	<u>Leverage (Floor)</u>
	[•]	[•]
	[•]	[•]
	[•]	[•]
	[All Interest Periods]	[•]
(xxi) Cap Strike Upper:	[[•]/Not Applicable]	
(xxii) Cap Strike Lower:	[[•]/Not Applicable]	
(xxiii) Cap Strike Upper 1:	[[•]/Not Applicable]	
(xxiv) Cap Strike Lower 1:	[[•]/Not Applicable]	
(xxv) Cap Strike Upper 2:	[[•]/Not Applicable]	
(xxvi) Cap Strike Lower 2:	[[•]/Not Applicable]	
(xxvii) Floor Strike Upper:	[[•]/Not Applicable]	
(xxviii) Floor Strike Lower:	[[•]/Not Applicable]	
(xxix) Floor Strike Upper 1:	[[•]/Not Applicable]	
(xxx) Floor Strike Lower 1:	[[•]/Not Applicable]	
(xxxi) Floor Strike Upper 2:	[[•]/Not Applicable]	
(xxxii) Floor Strike Lower 2:	[[•]/Not Applicable]	
(xxxiii) Strike Upper:	[[•]/Not Applicable]	
(xxxiv) Strike Lower:	[[•]/Not Applicable]	
(xxxv) Strike 2	[[•]/Not Applicable]	
(xxxvi) K:	[[•]/Not Applicable]	
(xxxvii) N:	[[•]/Not Applicable]	
(xxxviii) W:	[[•]/Not Applicable]	
(xxxix) X:	[[•]/Not Applicable]	
(xl) Y:	[[•]/Not Applicable]	
(xli) Z:	[[•]/Not Applicable]	
(xlii) Maximum Interest Rate:	[[•]/Not Applicable]	
(xliii) Gearing:	[[•]/Not Applicable]	

(xliv)	Coupon:	[[•]/Not Applicable]
(xlv)	Coupon Barrier Level(s):	[[•]/Not Applicable] [The Autocall Condition will be satisfied if the Reference Rate [exceeds/equals/is below] the Coupon Barrier Level]
(xlvi)	Minimum Basket Return:	[[•]/Not Applicable]
(xlvii)	Gearing Payer:	[[•]/Not Applicable]
(xlviii)	Gearing Receiver:	[[•]/Not Applicable]
(xlix)	Payer Strike:	[[•]/Not Applicable]
(l)	Receiver Strike:	[[•]/Not Applicable]
(li)	Power Factor:	[[•]/Not Applicable]
(lii)	Fixed Rate:	[[•]/Not Applicable]
(liii)	Flag:	[[•]/Not Applicable]
(liv)	Tenor:	[[•]/Not Applicable]
(lv)	Gearing Cap:	[[•]/Not Applicable]
(lvi)	Gearing Floor:	[[•]/Not Applicable]
(lvii)	Inflation Index:	[[•]/Not Applicable]
(lviii)	Valuation Date(s):	[[•]/Not Applicable]

	Reference Asset (Interest)	Valuation Date(s)	Valuation Date Averaging	Averaging Dates relevant to applicable Valuation Date
	[•]	[•]	[Applicable/ Not Applicable]	[[•]/Not Applicable]
	[•]	[•]	[Applicable/ Not Applicable]	[[•]/Not Applicable]
(lix)	Valuation Time:	[[•]/Not Applicable]		
	Reference Asset (Interest)	Valuation Time		
	[•]	[•]		
	[•]	[•]		
	[•]	[•]		

31. **Provisions relating to FX Components (Interest)** [Applicable/Not Applicable]

FX Component (Interest):	[Applicable/Not Applicable/Applicable to the Interest Amount(s) determined in accordance with the [•] Interest Basis on the following Interest Payment Dates: [•]]
• FX Rate (Interest):	[[•]/Not Applicable]
• Initial FX Valuation Date(s) (Interest):	[[•]/1 Currency Business Day prior to the Initial Valuation Date/Not Applicable/

				Reference Asset	Initial FX Valuation Date(s) (Interest)
				[•]	[•]
				[•]	[•]
				[•]	[•]
•	FX Valuation (Interest):	Date(s)	[[•]/1 Currency Business Day after the Valuation Date/Not Applicable/		
				Reference Asset	FX Valuation Date(s) (Interest)
				[•]	[•]
				[•]	[•]
				[•]	[•]
•	FX Valuation Time (Interest):		[[•]/Not Applicable]		
•	FX Factor Long/Short:	(Interest)	[FX Factor (Interest) Long/FX Factor (Interest) Short/Not Applicable]		
•	Initial FX Rate (Interest):		[[•]/As set out in the Base Prospectus]		
•	Final FX Rate (Interest):		[[•]/As set out in the Base Prospectus]		
III.	ADDITIONAL PROVISIONS RELATING TO REDEMPTION		[APPLICABLE/NOT APPLICABLE] [Items 32 to 40 have been intentionally omitted] ¹¹		
32.	Applicable performance structures:		["Basket Long" structure]		
			["Basket Short" structure]		
			["Barrier outperformance" structure]		
			["Barrier underperformance" structure]		
			["Best of/Worst of Barrier Outperformance" structure]		
			["Best of/Worst of Barrier Underperformance" structure]		
			["Autocallable Structure Long"]		
			["Autocallable Structure Short"]		
			["Replacement Basket" structure]		
			["Locally Capped Basket" structure]		
			["Rainbow Basket" structure]		
			["Booster Short" structure]		
			["Booster Long" structure]		
			["Booster Long Minimum Redemption" structure]		
			["Booster Risk Barrier Short" structure]		

¹¹ Insert where additional redemption provisions are marked as Not Applicable.

["Booster Risk Barrier Long" structure]
 ["Twin Win" structure]
 ["Bonus Booster Short" structure]
 ["Bonus Booster Long" structure]
 ["Cliquet" structure]
 ["Reverse Cliquet" structure]
 ["Replacement Cliquet" structure]
 ["Reverse Replacement Cliquet" structure]
 ["Rainbow Replacement Cliquet" structure]
 ["Reverse Convertible" structure]
 ["Reverse Convertible Risk Barrier" structure]
 ["Best of/Worst of Reverse Convertible" structure]
 [Worst of Digital Memory Coupon 1]
 [Worst of Call Option]
 [Outperformance Option [Long against Short/Long
Against Long]]
 ["Non-Tranched CLN" structure]
 ["Tranched CLN" structure]
 ["Nth to Default CLN" structure]
 ["Nth and Nth + 1 Default CLN" structure]
 [Option CLN structure]
 ["Digital Long" structure]
 ["Digital Short" structure]
 ["Worst of Digital Long" structure]
 ["Worst of Digital Short" structure]
 ["Series of Digitals" structure]
 ["Delta 1" structure]
 ["Inflation Linker 2"]
 ["Barrier Outperformance" Structure 2]
 ["Barrier Underperformance" Structure 2]
 ["Target Volatility" Structure]
 ["Booster Risk Barrier 2" structure]

- ["Autocallable Rate" structure]
- ["In Option – Basket Long" structure]
- ["In Option – Basket Short" structure]
- ["Out Option – Basket Long" structure]
- ["Out Option – Basket Short" structure]
33. Method of calculating Basket Return for the purposes of applicable Performance Structure: [Basket Long Structure/Basket Short Structure/ Not Applicable] [Basket A: Basket Long/Short Structure] [Basket B: Basket Long/Short Structure]
34. Combination of structures: [Applicable/Not Applicable]
- (i) Method of Combination: [Addition/Subtraction/Alternative Calculation]
- (ii) Additional Amount Basket A: [Not Applicable/the [•] structure]
- (iii) Additional Amount Basket B: [Not Applicable/the [•] structure]
- (iv) Relevant Condition(s) for determination of Redemption Amount: [Condition [•] will be applicable if Barrier Level 1 is not exceeded on [any/the final] Valuation Date, Condition [•] will be applicable if Barrier Level 1 is exceeded on [any/the final] Valuation Date but Barrier Level 2 is not exceeded, Condition [•] will be applicable if Barrier Level 2 is exceeded on [any/the final] Valuation Date but Barrier Level [•] has not been exceeded Condition [•] will be applicable if Barrier Level [•] is exceeded on [any/the final] Valuation Date/Condition(s) [•] and [•] are applicable and the following Performance Percentages shall apply:

Basket	Performance Structure	Performance Percentage
[Basket A/ single Basket]	[•]	[•]
[Basket B]	[•]	[•]
[Basket [•]]	[•]	[•]

35. **Performance structure-related items:** [Applicable/Not Applicable]

Dates and Times

- (i) Initial Valuation Date(s): [[•]/Not Applicable/

Reference Asset	Initial Valuation Date(s)	Initial Valuation Date Averaging	Averaging Dates relevant to applicable Valuation Date
[•]	[•]	[Applicable/ Not Applicable]	[[•]/Not Applicable]
[•]	[•]	[Applicable/ Not Applicable]	[[•]/Not Applicable]

]

- (ii) Valuation Date(s): [[•]/Not Applicable]

[The relevant Valuation Date(s) for comparing the Basket Return to the [Initial Basket Level/Barrier

Level 1/Barrier Level 2] are:]

		<u>Reference Asset</u>	<u>Valuation Date(s)</u>	<u>Valuation Date Averaging</u>	<u>Averaging Dates relevant to applicable Valuation Date</u>
				[Applicable/Not Applicable/ Applicable to Synthetic Index Return calculation only]	[[•]/Not Applicable]
				[Applicable/Not Applicable/ Applicable to Synthetic Index Return calculation only]	[[•]/Not Applicable]
(iii)	Twin-Win Valuation Date(s):	[[•] if the Initial Basket Level is reached or exceeded on the relevant Valuation Date(s), [•] if Barrier Level 1 is reached or exceeded on the relevant Valuation Date(s), [•] if Barrier Level 2 is reached or exceeded on the relevant Valuation Date(s), [•] if Barrier Level N is reached or exceeded on the relevant Valuation Date(s)/Not Applicable].			
(iv)	Valuation Time:	[[•]/As set out in Condition 1 (<i>Definitions</i>)/Not Applicable/			
		<u>Reference Asset</u>		<u>Valuation Time</u>	
		[•]		[•]	
		[•]		[•]	
		[•]		[•]	
		]			
(v)	Rebalancing Date:	[[•]/Not Applicable]			
(vi)	Scheduled Redemption Date:	[[•]/Not Applicable]			
(vii)	Back Stop Date:	[[•]/Not Applicable]			
(viii)	Observation Date(s):	[[•]/Each day from and including [•] to but excluding [•]/Not Applicable]			
(ix)	Observation Date Averaging:	[[•]/Not Applicable/			

Reference Asset	Observation Date(s)	Observation Date Averaging	Averaging Dates relevant to applicable Observation Date
[•]	[•]	[Applicable/ Not Applicable]	[[•]/Not Applicable]
[•]	[•]	[Applicable/ Not Applicable]	[[•]/Not Applicable]

]			
(x)	Risk Barrier Observation Date(s):	[[•]/Not Applicable/	
		Reference Asset	Risk Barrier Observation Date(s)
			Risk Barrier Observation Date Averaging
			Averaging Dates relevant to Risk Barrier Observation Date
		[•]	[•]
			[Applicable/Not Applicable]
			[[•]/Not Applicable]
		[•]	[•]
			[Applicable/Not Applicable]
			[[•]/Not Applicable]
]			

Amounts and Values

(xi)	Participation Ratio:	[[•]/Not Applicable]	
(xii)	Participation Ratio 2:	[[•]/Not Applicable]	
(xiii)	Participation Ratio 3:	[[•]/Not Applicable]	
(xiv)	Initial Price:	[[•]/As set out in Condition 1 (<i>Definitions</i>)]	
(xv)	Final Price:	[[•]/As set out in Condition 1 (<i>Definitions</i>)]	
(xvi)	Basket Strike Level:	[[•]/Not Applicable]	
(xvii)	Initial Basket Level:	[[•]/Not Applicable]/[•] in respect of Basket A and [•] in respect of Basket B	
(xviii)	Basket Floor:	[Applicable/Not Applicable]	
(xix)	Minimum Basket Return:	[[•]/Not Applicable]	
(xx)	Basket Cap:	[Applicable/Not Applicable]	
(xxi)	Maximum Basket Return:	[[•]/Not Applicable]	
(xxii)	Reference Asset Floor:	[Applicable/Not Applicable]	
(xxiii)	Minimum Reference Asset Return:	[Not Applicable/	
		Reference Asset	Maximum Reference Asset Return
		[•]	[•]
		[•]	[•]
		[•]	[•]
]			
(xxiv)	Reference Asset Cap:	[Applicable/Not Applicable]	
(xxv)	Maximum Reference Asset Return:	[Not Applicable/	

		Reference Asset	Maximum Reference Asset Return
		[•]	[•]
		[•]	[•]
		[•]	[•]
		]	
(xxvi)	Barrier Level(s):	[[•]/Not Applicable]	
(xxvii)	Risk Barrier Level(s):	[[•]/Not Applicable]	
(xxviii)	Replacement Factor:	[[•]/Not Applicable]	
(xxix)	Maximum Performance:	[[•]/Not Applicable]	
(xxx)	Minimum Performance:	[[•]/Not Applicable]	
(xxxi)	Lock-in Level(s):	[[•]/Not Applicable]	
	• Locked-in Return(s)	[Applicable/Not Applicable]	
	• Lock-in Level [1/2/3 ...n]	[•]	
(xxxii)	Global Cap:	[[•]/Not Applicable]	
(xxxiii)	Global Floor:	[[•]/Not Applicable]	
(xxxiv)	Initial Coupon:	[[•]/Not Applicable]	
(xxxv)	Local Cap:	[[•]/Not Applicable]	
(xxxvi)	Local Floor:	[[•]/Not Applicable]	
(xxxvii)	N:	[[•]/Not Applicable]	
(xxxviii)	Outperformance Option:	[Applicable/Not Applicable]	
(xxxix)	Fixed Periodic Basket Return(s):	[[•]/Not Applicable]	
(xl)	Fixed Reference Asset Return(s):	[[•]/Not Applicable]	
(xli)	Coupon Barrier Level(s):	[[•]/Not Applicable]	
(xlii)	Coupon:	[[•]/Not Applicable]	
(xliii)	K:	[[•]/Not Applicable]	
(xliv)	I:	[[•]/Not Applicable]	
(xlv)	Inflation-Protected Principal:	[Applicable/Not Applicable]	
(xlvi)	Fee Amount:	[[•]/Not Applicable]	
(xlvii)	Rebate:	[[•]/Not Applicable]	

(xlviii)	Target Volatility:	[[•]/Not Applicable]
	• Minimum Adjustment Threshold:	[[•]/Not Applicable]
	• Minimum Exposure:	[[•]/Not Applicable]
	• Maximum Exposure:	[[•]/Not Applicable]
	• Annualising Factor:	[[•]/Not Applicable]
	• Second Annualising Factor:	[[•]/Not Applicable]
	• Initial Synthetic Index Value:	[[•]/Not Applicable]
	• Synthetic Index Strike Level:	[[•]/Not Applicable]
	• Minimum Synthetic Index Return:	[[•]/Not Applicable]
	• Cash Rate:	[[•]/Not Applicable]
	• Cash Return Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
(xlix)	In Option – Basket Long:	[Applicable/Not Applicable]
	• Option Type:	[Bought Up and In/ Sold Up and In/ Bought Down and In/ Sold Down and In]
(l)	In Option – Basket Short:	[Applicable/Not Applicable]
	• Option Type:	[Bought Up and In/ Sold Up and In/ Bought Down and In/ Sold Down and In]
(li)	Out Option – Basket Long:	[Applicable/Not Applicable]
	• Option Type:	[Bought Up and Out/ Sold Up and Out/ Bought Down and Out/ Sold Down and Out]
(lii)	Out Option – Basket Short:	[Applicable/Not Applicable]
	• Option Type:	[Bought Up and Out/ Sold Up and Out/ Bought Down and Out/ Sold Down and Out]
36.	Strategy-related items	[Applicable/Not Applicable/Applicable for the purposes of Condition [•] only]
(i)	Best of/Worst of Modifier:	[Applicable/Not Applicable]
	• N:	[[•]/Not Applicable]
(ii)	TOM Cumulative Strategy:	[Applicable/Not Applicable]
	• Reference Rate:	[[•]/Not Applicable]
	• TOM Participation Ratio:	[[•]/Not Applicable]

				- Day Count Fraction: $\frac{[[\text{Actual}/\text{Actual (ICMA/ISDA)}] / [\text{Actual}/365 \text{ (Fixed)}] / [\text{Actual } 365 \text{ (Sterling)}] / [\text{Actual}/360] / [30/360] / [30\text{E}/360]]}{1}$ - TOM Commencement Date: $[\bullet]$ - TOM End Date: $[\bullet]$ - TOM Calculation Start Date: $[\bullet]$ Scheduled Trading Days prior to the first Scheduled Trading Day in each calendar month				
				<table><tr><th>TOM Calculation Start Date Averaging</th><th>Averaging Dates relevant to applicable TOM Calculation Start Date</th></tr><tr><td>$[\text{Applicable}/\text{Not Applicable}]$</td><td>$[[\bullet]$ Scheduled Trading Days prior to the first Scheduled Trading Day in each calendar month /Not Applicable]</td></tr></table>	TOM Calculation Start Date Averaging	Averaging Dates relevant to applicable TOM Calculation Start Date	$[\text{Applicable}/\text{Not Applicable}]$	$[[\bullet]$ Scheduled Trading Days prior to the first Scheduled Trading Day in each calendar month /Not Applicable]
TOM Calculation Start Date Averaging	Averaging Dates relevant to applicable TOM Calculation Start Date							
$[\text{Applicable}/\text{Not Applicable}]$	$[[\bullet]$ Scheduled Trading Days prior to the first Scheduled Trading Day in each calendar month /Not Applicable]							
				TOM Calculation End Date: $[\bullet]$ Scheduled Trading Days following the first Scheduled Trading Day in each calendar month				
				<table><tr><th>TOM Calculation End Date Averaging</th><th>Averaging Dates relevant to applicable TOM Calculation End Date</th></tr><tr><td>$[\text{Applicable}/\text{Not Applicable}]$</td><td>$[[\bullet]$ Scheduled Trading Days following the first Scheduled Trading Day in each calendar month /Not Applicable]</td></tr></table>	TOM Calculation End Date Averaging	Averaging Dates relevant to applicable TOM Calculation End Date	$[\text{Applicable}/\text{Not Applicable}]$	$[[\bullet]$ Scheduled Trading Days following the first Scheduled Trading Day in each calendar month /Not Applicable]
TOM Calculation End Date Averaging	Averaging Dates relevant to applicable TOM Calculation End Date							
$[\text{Applicable}/\text{Not Applicable}]$	$[[\bullet]$ Scheduled Trading Days following the first Scheduled Trading Day in each calendar month /Not Applicable]							
				- TOM Final Value Averaging: $[\text{Applicable}/\text{Not Applicable}]$ - TOM Final Value Averaging Dates: [The TOM Valuation Dates falling on $[\bullet]$ and $[\bullet]$/Not Applicable] - Final TOM Period Performance Averaging: $[\text{Applicable}/\text{Not Applicable}]$ - N: $[[\bullet]/\text{Not Applicable}]$				
(iii)	Lookback Modifier:	Initial Price		$[\text{Applicable}/\text{Not Applicable}]$				
(iv)	Lookback Modifier:	Final Price		$[\text{Applicable}/\text{Not Applicable}]$				
(v)	Lookback Period[s]:	Observation		[Not Applicable/The Initial Lookback Observation Period will comprise each Scheduled Trading Day falling on or after $[\bullet]$ [and] [the Final Observation Period will comprise each Scheduled Trading Day falling on or after $[\bullet]$ and on or before $[\bullet]$]				

(vi)	Lookback Factor:	[Minimum Asset Price/Minimum Basket Price/Maximum Asset Price/Maximum Basket Price/Not Applicable]								
(vii)	Lock-in Modifier:	[Applicable. The relevant Lock-in Levels are specified in paragraph 35 above/Not Applicable]								
(viii)	Lock-in Basket Floor:	[Applicable/Not Applicable]								
(ix)	Running PnL Strategy:	[Applicable/Not Applicable]								
(x)	Reserve Provision:	[Applicable/Not Applicable]								
(xi)	Initial Reserve Amount:	[[•] per cent of the Principal Amount of each Note//Not Applicable]								
(xii)	Reserve Provision End Date:	[[•]/Maturity/ Not Applicable]								
37.	Provisions relating to FX Components	[Applicable/Not Applicable]								
(i)	FX Component - Reference Asset:	[Applicable/Not Applicable/Applicable if the Basket Return is positive/Applicable if the Basket Return is negative]								
	• FX Rate:	[[•]/Not Applicable]								
	• Initial FX Valuation Date:	[[•]/1 Currency Business Day prior to the Initial Valuation Date/Not Applicable/								
		<table><tr><th>Reference Asset</th><th>Initial FX Valuation Date(s)</th></tr><tr><td>[•]</td><td>[•]</td></tr><tr><td>[•]</td><td>[•]</td></tr><tr><td>[•]</td><td>[•]</td></tr></table>	Reference Asset	Initial FX Valuation Date(s)	[•]	[•]	[•]	[•]	[•]	[•]
Reference Asset	Initial FX Valuation Date(s)									
[•]	[•]									
[•]	[•]									
[•]	[•]									
	• FX Valuation Date(s):	[[•]/1 Currency Business Day after the Valuation Date/Not Applicable/								
		<table><tr><th>Reference Asset</th><th>FX Valuation Date(s)</th></tr><tr><td>[•]</td><td>[•]</td></tr><tr><td>[•]</td><td>[•]</td></tr><tr><td>[•]</td><td>[•]</td></tr></table>	Reference Asset	FX Valuation Date(s)	[•]	[•]	[•]	[•]	[•]	[•]
Reference Asset	FX Valuation Date(s)									
[•]	[•]									
[•]	[•]									
[•]	[•]									
	• FX Valuation Time:	[[•]/Not Applicable]								
	• FX Factor Long/Short:	[FX Factor – Long/FX Factor – Short/Not Applicable]								
	• Initial FX Rate:	[[•]/As set out in the Base Prospectus]								
	• Final FX Rate:	[[•]/As set out in the Base Prospectus]								
(ii)	FX Component – Additional Amount:	[Applicable/Not Applicable/Applicable if the Basket Return is positive/Applicable if the Basket Return is negative]								
	• FX Rate:	[[•]/Not Applicable]								
	• Initial FX Valuation	[[•]/1 Currency Business Day prior to the Initial								

Date: Valuation Date/Not Applicable/

	<u>Additional Amount</u>	<u>Initial FX Valuation Date(s)</u>
	[•]	[•]
	[•]	[•]
	[•]	[•]
• FX Valuation Date(s):	[[•]/1 Currency Business Day after the Valuation Date/Not Applicable/	
	<u>Additional Amount</u>	<u>FX Valuation Date(s)</u>
	[•]	[•]
	[•]	[•]
• FX Valuation Time:	[[•]/Not Applicable]	
• FX Factor Long/Short:	[FX Factor – Long/FX Factor – Short/Not Applicable]	
• Initial FX Rate:	[[•]/As set out in the Base Prospectus]	
• Final FX Rate:	[[•]/As set out in the Base Prospectus]	
(iii) FX Component – Base Redemption Amount or Redemption Amount:	[Applicable to Base Redemption Amount/Applicable to Redemption Amount/Not Applicable]	
• FX Rate:	[[•]/Not Applicable]	
• Initial FX Valuation Date:	[[•]/1 Currency Business Day prior to the Initial Valuation Date/Not Applicable/	
	<u>[Base Redemption Amount/Redemption Amount]</u>	<u>Initial FX Valuation Date(s)</u>
	[•]	[•]
	[•]	[•]
	[•]	[•]
• FX Valuation Date(s):	[[•]/1 Currency Business Day after the Valuation Date/Not Applicable/	
	<u>[Base Redemption Amount/Redemption Amount]</u>	<u>FX Valuation Date(s)</u>
	[•]	[•]
	[•]	[•]
• FX Valuation Time:	[[•]/Not Applicable]	
• FX Factor Long/Short:	[FX Factor – Long/FX Factor – Short/Not Applicable]	

	Initial FX Rate:	[[•]/As set out in the Base Prospectus]								
	Final FX Rate:	[[•]/As set out in the Base Prospectus]								
(iv)	FX Component - Composite:	[Applicable/Not Applicable]								
	FX Rate:	[[•]/Not Applicable]								
	Initial FX Valuation Date:	[[•]/1 Currency Business Day prior to the Initial Valuation Date/Not Applicable/								
		<table><tr><th>Reference Asset</th><th>Initial FX Valuation Date(s)</th></tr><tr><td>[•]</td><td>[•]</td></tr><tr><td>[•]</td><td>[•]</td></tr><tr><td>[•]</td><td>[•]</td></tr></table>	Reference Asset	Initial FX Valuation Date(s)	[•]	[•]	[•]	[•]	[•]	[•]
Reference Asset	Initial FX Valuation Date(s)									
[•]	[•]									
[•]	[•]									
[•]	[•]									
	FX Valuation Date(s):	[[•]/1 Currency Business Day after the Valuation Date/Not Applicable/								
		<table><tr><th>Reference Asset</th><th>Initial FX Valuation Date(s)</th></tr><tr><td>[•]</td><td>[•]</td></tr><tr><td>[•]</td><td>[•]</td></tr></table>	Reference Asset	Initial FX Valuation Date(s)	[•]	[•]	[•]	[•]		
Reference Asset	Initial FX Valuation Date(s)									
[•]	[•]									
[•]	[•]									
	FX Valuation Time:	[[•]/Not Applicable]								
	FX Factor Long/Short:	[FX Factor – Long/FX Factor – Short/Not Applicable]								
	Initial FX Rate:	[[•]/As set out in the Base Prospectus]								
	Final FX Rate:	[[•]/As set out in the Base Prospectus]								
38.	Provisions relating to Inflation-Linked Notes:	[Applicable/Not Applicable]								
	(i) Inflation-Protected Principal:	[[•]/Not Applicable]								
	(ii) Inflation Rate:	[[•]/Not Applicable]								
	(iii) Final CPI:	[[•]/Not Applicable]								
39.	Provisions relating to Credit Linked Notes:	[Applicable/Not Applicable]								
	(i) Observation Start Date:	[[•]/Not Applicable]								
	(ii) Observation End Date:	[[•]/Not Applicable]								
	(iii) Portfolio Exposure:	[[•] [in respect of Basket A/B]/Not Applicable]								
	(iv) Fixed Recovery Value:	[[•] [in respect of Basket A/B]/Not Applicable]								
	(v) Market Recovery Value:	[Applicable/[in respect of Basket A/B]/Not Applicable]								
	(vi) Tranche Attachment Point:	[[•] [in respect of Basket A/B]/Not Applicable]								

(vii)	Tranche Detachment Point:	[[•] [in respect of Basket A/B]/Not Applicable]										
(viii)	Restructuring Amount:	[[•]/Not Applicable]										
(ix)	Replacement Reference Entity:	[Applicable/Not Applicable]										
(x)	Obligation Acceleration Amount:	[[•]/Not Applicable]										
(xi)	Failure to Pay Amount:	[[•]/Not Applicable]										
(xii)	Default Requirement:	[[•]/Not Applicable/As set out in Part 3: <i>Additional Conditions for Credit-Linked Notes</i> to the Conditions]										
(xiii)	Credit Events:	[Failure to Pay/ Restructuring/ Bankruptcy/ Governmental Intervention/ Repudiation/ Moratorium/ Obligation Acceleration/Not Applicable]										
(xiv)	Partial Restructuring:	[Applicable/Not Applicable]										
(xv)	Grace Period Extension:	[Applicable/Not Applicable]										
(xvi)	Maximum Length of Grace Period:	[[•] Business Days/Not Applicable]										
(xvii)	Extended Redemption Date:	[The date falling [•] Business Days after the Grace Period Extension Date]										
(xviii)	Multiple Holder Obligation:	[Applicable/Not Applicable]										
(xix)	Target Redemption Amount:	[[•][in respect of Basket A/B]/Not Applicable]										
(xx)	Credit Event Ranked Basket Participation:	[Applicable/Not Applicable]										
	• Credit Event Ranked Weight:	<table><tr><th>Credit Event (in order of occurrence)</th><th>Weighting</th></tr><tr><td>1</td><td>[•]%</td></tr><tr><td>2</td><td>[•]%</td></tr><tr><td>3</td><td>[•]%</td></tr><tr><td>N</td><td>[•]%</td></tr></table>	Credit Event (in order of occurrence)	Weighting	1	[•]%	2	[•]%	3	[•]%	N	[•]%
Credit Event (in order of occurrence)	Weighting											
1	[•]%											
2	[•]%											
3	[•]%											
N	[•]%											
(xxi)	Scheduled Redemption Date:	[[•]/Not Applicable]										
(xxii)	N:	[[•]/Not Applicable]										
(xxiii)	K:	[[•]/Not Applicable]										
(xxiv)	Factor1:	[[•]/Not Applicable]										
(xxv)	Factor2:	[[•]/Not Applicable]										
(xxvi)	Factor3:	[[•]/Not Applicable]										
(xxvii)	Factor4:	[[•]/Not Applicable]										
(xxviii)	Strike 1:	[[•]/Not Applicable]										
(xxix)	Strike 2:	[[•]/Not Applicable]										

	(xxx) Strike 3:	[[•]/Not Applicable]
	(xxxi) Strike 4:	[[•]/Not Applicable]
	(xxxii) Indicator 1:	[[•]/Not Applicable]
	(xxxiii) Indicator 2:	[[•]/Not Applicable]
	(xxxiv) Indicator 3:	[[•]/Not Applicable]
	(xxxv) Indicator 4:	[[•]/Not Applicable]
	(xxxvi) Trigger Percentage:	[[•]/Not Applicable]
40.	Provisions relating to Fund Linked Notes:	[Applicable/Not Applicable]
	(i) Fund:	[[•]/Not Applicable]
	(ii) Fund Manager:	[[•]/Not Applicable]
	(iii) Back Stop Date:	[[•]/Not Applicable]
IV.	INSTALMENT AND EARLY REDEMPTION	[APPLICABLE/NOT APPLICABLE]
		[Items 41-47 have been intentionally omitted] ¹²
41.	Instalment Redemption	[[•]/Not Applicable]
	(i) Instalment Amount:	[[•] per Calculation Amount/Not Applicable]
	(ii) Instalment Date(s):	[[•]/Not Applicable]
42.	Optional Early Redemption (Call)	[Applicable/Not Applicable]
	(i) Early Redemption Date(s):	[[•]/Not Applicable]
	(ii) Early Redemption Amount(s) of each Note:	[•] per Calculation Amount
43.	Optional Early Redemption (Put)	[Applicable/Not Applicable]
	(i) Early Redemption Date(s):	[[•]/Not Applicable]
	(ii) Early Redemption Amount(s) of each Note:	[•] per Calculation Amount
44.	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons:	[[•] per Calculation Amount/Such percentage per Calculation Amount as may be determined by the Issuer]
45.	Substantial Repurchase Event	[Applicable/Not Applicable]
46.	Early Redemption Date(s) of Notes with "Autocallable" or "Autocallable Rate" performance structure:	[[•]/Not Applicable]
	• Call Barrier Level:	[[•]/Not Applicable]
47.	Payment of Unwind Amount on Early	[Applicable/Not Applicable]

¹² Include where instalment and early redemption provisions are marked as "Not Applicable"

Redemption:

V. PROVISIONS APPLICABLE TO DISRUPTION, ADJUSTMENTS AND OTHER EXTRAORDINARY EVENTS.

48.	Change in Law:	[As set out in Condition 9 (<i>Change in Law</i>)/Not Applicable]
49.	Increased Costs of Hedging:	[As set out in Condition 10 (<i>Increased Costs of Hedging</i>)/Not Applicable]
50.	Hedging Disruption:	[As set out in Condition 11 (<i>Hedging Disruption</i>)/Not Applicable]
51.	Market Disruption:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions /Not Applicable]
52.	Market Disruption Commodity:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
53.	Disruption Currency:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
54.	Calculation Adjustment:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
	• [Number of Exchange Business Days:	[•]/As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions]
55.	Corrections:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
56.	Correction Commodity:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
57.	Correction Currency:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
58.	Extraordinary Events:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
59.	Rate Option Fall Back:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

60.	Form of Notes:	[Bearer Notes:] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes] [Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Swiss Franc Notes]

[Registered Notes:]

Global Registered Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is held under the New Safekeeping Structure)]

[VP Notes]

[The Notes are VP Notes in uncertificated and dematerialised book entry form]

[VPS Notes]:

[The Notes are VPS Notes in uncertificated and dematerialised book entry form]

[Swedish Notes]

[The Notes are Swedish Notes in uncertificated and dematerialised book entry form]

[Finnish Notes]

[The Notes are Finnish Notes in uncertificated and dematerialised book entry form]

61.	New Global Note:	[Yes] [No]
62.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[[•]/Not Applicable]
63.	Calculation Agent:	[[•]/Not Applicable]
64.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No.]
65.	Governing Law:	[English Law/ Finnish Law/ Swedish Law/ Norwegian Law/ Danish Law]

[PURPOSE OF FINAL TERMS]

These Final Terms comprise the final terms required for the issue [and admission to trading on the regulated market of the Irish Stock Exchange] of the Notes described herein pursuant to the €15,000,000,000 Structured Note Programme of Nordea Bank AB (publ).]

RESPONSIBILITY

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

Signed on behalf of Nordea Bank AB (publ):

By:
Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to the official list and to trading on the [Irish Stock Exchange/Nasdaq Stockholm/Nasdaq Helsinki/Nasdaq Copenhagen/Oslo Børs/Nordic Derivatives Exchange/Luxembourg Stock Exchange] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to the official list and to trading on the [Irish Stock Exchange/Nasdaq Stockholm/Nasdaq Helsinki/Nasdaq Copenhagen/Oslo Børs/Nordic Derivatives Exchange/Luxembourg Stock Exchange] with effect from [•].]

[Application will be made for the Notes to be listed on the SIX Swiss Exchange. Application has been made for the Notes to be admitted to trading on [SIX Structured Products (formerly Scoach Switzerland)] [in the case of derivatives]/[the SIX Swiss Exchange] [in the case of bonds] with effect from [•]/other.] The last trading day is expected to be on [•].] [Not Applicable.]
2. **RATINGS**

The Notes to be issued have not been rated.
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

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

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer." (*Amend as appropriate if there are other interests*)

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]
4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i)]	Reasons for the offer:	[•]
[(ii)]	Estimated net proceeds:	[•]
[(iii)]	Estimated total expenses:	[•]
5. **[Fixed Rate Notes only – YIELD]**

Indication of yield:	[Indicatively [•] but in no event lower than [•]/[•] per cent. per annum]
6. **[Floating Rate Notes only – HISTORIC INTEREST RATES]**

Details of historic [LIBOR/EURIBOR/STIBOR/NIBOR/CIBOR/CDOR] rates can be obtained from [Reuters].]

7. **[Index-linked or other variable-linked notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, AND OTHER INFORMATION CONCERNING THE UNDERLYING**

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.^{13]}

Basket	Reference Asset(s)	Basket Participation	Stock Exchange and Options or Futures Exchange	Initial Price	Strike Level	Source for past and future performance data
[Basket A] [/Single Basket]	[•]	[•]	[•]	[•]/ [As determined in accordance with the Conditions set out in the Base Prospectus] [•]	[•]	[•]
[Basket B]	[•]	[•]	[•]	[•]	[•]	[•]

Basket	Reference Entity(ies) (Interest)/ Reference Entity(ies)/ Reference Entity(ies) (Interest)	Basket Participation (Interest)/ Basket Participation	Observation Start Date	Observation End Date	Source for past and future performance data
[Basket A]	[•]	[•]	[•]	[•]	[•]
[Basket B]	[•]	[•]	[•]	[•]	[•]

[Option]	CDS	CDS Maturity and Convention Spread	CDS Factor	Reference Entities/Index	Source for past and future performance data
[Option1]	[•]	[•]	[•]	[•]	[•]
[Option 2]	[•]	[•]	[•]	[•]	[•]
[Option 3]	[•]	[•]	[•]	[•]	[•]
[Option 4]	[•]	[•]	[•]	[•]	[•]

The Issuer [intends to provide post-issuance information [specify what information will be

¹³ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

reported and where it can be obtained]] [does not intend to provide post-issuance information]¹⁴.

8. FURTHER DETAILS OF BASKET PARTICIPATION

Basket Participation (Interest): [Applicable/Not Applicable]

- Fixed Basket Participation (Interest): [Applicable/Not Applicable]
- Rainbow Basket Participation (Interest): [Applicable/Not Applicable]

Ranking (Best performing first)	Weighting
1	[•]%
2	[•]%
3	[•]%
N	[•]%

- Replacement Cliquet Basket Participation (Interest): [Applicable/Not Applicable]
- Momentum Basket Participation (Interest): [Applicable/Not Applicable]
- Accumulating Rainbow Basket Participation (Interest): [Applicable/Not Applicable]

Basket Participation: [Applicable/Not Applicable]

- Fixed Basket Participation: [Applicable/Not Applicable]
- Rainbow Basket Participation: [Applicable/Not Applicable]

Ranking (Best performing first)	Weighting
1	[•]%
2	[•]%
3	[•]%
N	[•]%

- Replacement Cliquet Basket Participation: [Applicable/Not Applicable]
- Momentum Basket Participation: [Applicable/Not Applicable]
- Accumulating Rainbow Basket Participation: [Applicable/Not Applicable]

9. OPERATIONAL INFORMATION

ISIN Code: [•]

¹⁴ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

Common Code: [•]

[Swiss Security Number: [•]]

[Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that the designation "yes" means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,]¹⁵ 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 satisfaction of the Eurosystem eligibility criteria.]

[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 one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting 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 ECB being satisfied that Eurosystem eligibility criteria have been met.]¹⁶

Clearing system(s) [and identification number, if applicable]: Euroclear / Clearstream, Luxembourg / Euroclear Finland / Euroclear Sweden / VP / VPS / SIS

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. **DISTRIBUTION**

- (i) U.S. Selling Restrictions: [TEFRA C/TEFRA D/Not Applicable]
 [(In the case of Swiss Franc Notes) – TEFRA D in accordance with usual Swiss practice]
- (ii) Section 871(m): [The Notes are [not] subject to U.S. federal withholding tax under Section 871(m).]
- (iii) Public Offer: [The Issuer does not consent to the use of the Base Prospectus in connection with a Public Offer of the Notes by any person.]

¹⁵ Insert this text for registered notes.

¹⁶ Include this text if "yes" is selected, in which case bearer Notes must be issued in NGN form.

[The Issuer intends to use the Base Prospectus in connection with a Public Offer of the Notes during the period from and including *[specify date]* to but excluding *[specify date]* (the "**Offer Period**") in *[specify relevant Member State(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported]* ("**Public Offer Jurisdictions**"), but does not consent to the use of the Base Prospectus by any person other than the Issuer.]

[The Issuer consents to the use of the Base Prospectus in connection with a Public Offer of the Notes during the period from and including *[specify date]* to but excluding *[specify date]* (the "**Offer Period**") in *[specify relevant Member State(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported]* ("**Public Offer Jurisdictions**") by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC), as amended, and which has agreed to comply with the Authorised Offeror Terms set out in the Base Prospectus [and the additional following conditions: *[set out clear and objective conditions]*].

[The Issuer consents to the use of the Base Prospectus in connection with a Public Offer of the Notes during the period from and including *[specify date]* to but excluding *[specify date]* (the "**Offer Period**") by *[insert names of financial intermediaries]* specified in *[specify relevant Member State(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported]* ("**Public Offer Jurisdictions**") [and subject to the Authorised Offeror Terms set out in the Base Prospectus and the following conditions: *[set out clear and objective conditions]*], for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC), as amended.]

- (iv) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

(If the offer of the Notes is concluded prior to 1 January 2018, "Not Applicable" should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and no KID will be prepared, "Applicable" should be specified.)

11. TERMS AND CONDITIONS

Offer Price:

[•]/Not Applicable. The Notes will initially be created and held by the Issuer for its own account, in order that they are available for resale to prospective investors from time to time. The Notes will be offered for purchase over the relevant securities exchange at the price that is the official price quoted on the securities exchange from time to time]

Conditions to which the offer is subject:	[Not Applicable/[•]] [The Issuer reserves its rights to cancel the offer under the following circumstances; (a) if the aggregate principal amount of Notes purchased on or before <i>[insert date]</i> is less than <i>[insert amount]</i>; (b) if the <i>[insert relevant variable]</i> cannot be set at <i>[relevant value corresponding to the indicated minimum value]</i>; or (c) if any event of an economic, financial or political nature occurs and which may jeopardise a successful offer, as determined by the Issuer]. [The Issuer may also replace any Reference Asset listed in the table(s) above at any time on or prior to <i>[insert date]</i> with a comparable type of underlying Reference Asset].
Description of the application process:	[Not Applicable/[•]]/Prospective investors should purchase Notes through an intermediary that is a direct or indirect member of the relevant securities exchange where the Notes are admitted to trading]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable. [Notes will be offered for purchase over the relevant securities exchange and there will be no offer for subscription]/[•]/The terms on which any subscriptions may be reduced will be determined in accordance with the terms and conditions agreed between the relevant investor and the relevant distributor or Authorised Offeror.]
Details of the minimum and/or maximum amount of application:	[Not Applicable/[•]]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable [purchases of Notes will be settled in accordance with the standard procedures of the relevant settlement system] /[•]/ The Issuer will use reasonable endeavours to settle any application to purchase instruments promptly following the communication of any order by a distributor or Authorised Offeror. Arrangements for the delivery of the Notes to investors, and payment of the applicable purchase price, will be determined in accordance with the procedures agreed between the relevant investor and the relevant distributor or Authorised Offeror.]
Manner in and date on which results of the offer are to be made public:	[Not Applicable. [Notes will be made available for sale on a continuing basis and therefore may be purchased at any time throughout their life and at a variety of different prices depending on prevailing market conditions at the time of purchase] /[•]]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of	[Not Applicable/[•]]

subscription rights not exercised:

whether tranche(s) have been reserved for certain countries: [Not Applicable/[•]]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable. [Notes will be offered for purchase over the relevant securities exchange and therefore the Issuer will not provide notification of allotments] / [•]/ notification of allotments will be provided by the relevant distributor or Authorised Offeror in accordance with the terms and conditions agreed between the relevant investor and such distributor or authorised offeror.]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/[In connection with the issuance of this type of notes, the Issuer incurs costs for, among other things, production, distribution, licences, stock exchange listing and risk management. In order to cover these costs, the Issuer charges brokerage fees and commission. The commission is included in the purchase price charged by the Issuer to the relevant purchaser, distributor or Authorised Offeror and will amount to a maximum of [] per cent per year, calculated on the price of the Notes].

Name(s) and address(es), to the extent known to the Issuer, of the Authorised Offerors in the various countries where the offer takes place. [None/[•]]
[Address: [[•]]]

12. **[Swiss Franc Notes only – DOCUMENTS AVAILABLE]**

Copies of the Final Terms and the Base Prospectus are available [at UBS AG, Prospectus Library, P.O. Box, CH-8098 Zürich, Switzerland (tel: +41 44 239 47 03, fax: +41 44 239 21 11 or email: swiss-prospectus@ubs.com) / from the offices of Credit Suisse AG at Uetlibergstrasse 231, 8070 Zürich, Switzerland].]

13. **[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 Admission Board of the SIX Swiss Exchange.]

14. **[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 2016], which would materially affect its ability to carry out its obligations under the Notes.]

15. **[Swiss Franc Notes only – LISTING/TRADING INFORMATION]**

- (a) Trading Size and Ratio: [minimum and maximum trading size and the standard exercise ratio]
- (b) First Trading Day: [first trading day]
- (c) Last Trading Day and Time: [last trading day as well as (in the case of derivatives) the time of day at which trading shall cease]
- (d) [(In the case of derivatives) Capital Protection: [Capital protection [specify] / no

capital protection]]

- (e) [(In the case of derivatives) Type of quoting: [the Notes are traded or quoted including accrued interest (dirty trading)] [accrued interest is shown separately (clean trading)]]

16. **[Swiss Franc Notes only – INFORMATION RELATING TO UNDERLYINGS]**

[insert the information on the underlying instruments required by section 4 of scheme F (for derivatives) and the tax information in relation to a purchase of underlying instruments required by section 3.2.12 of scheme F (for derivatives) of the SIX Swiss Exchange (for derivatives) in respect to Notes to be listed on the SIX Swiss Exchange, to the extent such information is not already included elsewhere in the Final Terms.]

17. **[Swiss Franc Notes only – ADDITIONAL INFORMATION]**

Fees charged by the Issuer to the Noteholders post issuance: [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.]

Form of Final Terms for Certain Structured Notes with a denomination of at least €100,000 to be admitted to trading on the Main Securities Market of the Irish Stock Exchange

[IMPORTANT NOTICE]

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

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS] – The Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.¹⁷

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.]

[These Final Terms have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, these Final Terms and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) 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

¹⁷ To be included in case a key information document is not being prepared pursuant to the PRIIPs Regulation.

- (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:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

No Notes linked to collective investment schemes (as defined under the SFA) may be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore.]¹⁸

¹⁸ Insert disclaimer text for Singapore targeted offerings.

Final Terms dated [•]

NORDEA BANK AB (PUBL)
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €15,000,000,000
Structured Note Programme

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that 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 Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer 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. The Issuer has not authorised, and it does not authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) **provided, however, that** all references in this document to the "Prospectus Directive" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (as amended), and include any relevant implementing measure in the relevant Member State.]

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 [original base prospectus dated [16 April 2013/20 December 2013/19 December 2014/18 December 2015/19 December 2016] and which are incorporated by reference into the]¹⁹ Base Prospectus dated 19 December 2017 [and the supplemental Base Prospectus dated [•]] [which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive²⁰]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive²¹] and must be read in conjunction with the Base Prospectus. 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]] and these Final Terms 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 from [www.nordea.com/www.nordea.se/www.nordea.no/www.nordea.dk/wwwwww.nordea.fi].

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

[The following must be inserted where the Notes are denominated in Singapore dollars and are issued with a denomination of less than SGD 200,000:

The Notes will be booked in Sweden. The [branch / office] of the Issuer at which the Notes are booked is not subject to regulation or supervision in Singapore. The Notes and repayment of the Notes are not secured by any means (whether by mortgage, charge, guarantee or other means).]

I. GENERAL TERMS

1.	(i)	Issuer:	Nordea Bank AB (publ)
2.	(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 [insert description of series] on [[insert date]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 60 below [which is expected to occur on or about [insert date]].]
3.		Specified Currency or Currencies:	[•]
4.		Aggregate Principal Amount:	[•]
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
5.		Issue Price:	[[•] per cent. of the Aggregate Principal Amount of each Note [plus accrued interest from [insert date]]/ The Issue Price will be determined by the Issuer on

¹⁹ Insert for fungible issues.

²⁰ Delete wording in square brackets for an unlisted issuance.

²¹ Delete wording in square brackets for an unlisted issuance.

		a daily basis during the Offer Period (as defined below), based on the prevailing market price for the Notes. The Notes will be issued with an initial Issue Price of approximately [] per cent on the Issue Date].
6.	(i) Specified Denominations:	[•]
	(ii) Calculation Amount:	[•]
7.	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[[insert date]/Issue Date/Not Applicable]
8.	Redemption Date:	[[•]/[Interest Payment Date falling in or nearest to [•]]]
9.	Base Redemption Amount:	[[•]/Not Applicable]
10.	Additional Amounts:	[Applicable/Not Applicable] [The Additional Amount(s) will be added to/subtracted from the Base Redemption Amount]
	[Alternative Additional Amount Payment Date:	[•]/Not Applicable]
11.	Minimum Redemption	[Applicable/Not Applicable]
	• Minimum Redemption Amount	[[•]/Not Applicable]
12.	Maximum Redemption	[Applicable/Not Applicable]
	• Maximum Redemption Amount	[[•]/Not Applicable]
13.	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day] [adjusted/unadjusted]
14.	Currency Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day]/[Not Applicable]
15.	Currency Business Day:	[Other / WM/Reuters/ Not Applicable]
16.	Relevant Exchange:	[[•]/[As set out in Condition 1 (<i>Definitions</i>)]]
17.	Scheduled Trading Day Convention:	[[Following Scheduled Trading Date Convention/Modified Following Scheduled Trading Day Convention/Preceding Scheduled Trading Day Convention]/[Not Applicable]]
II.	PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE	[APPLICABLE/NOT APPLICABLE]

[Items 18- 31 have been intentionally omitted]²²

²² Include where interest provisions are marked as "Not Applicable"

18.	Interest Basis:	[[•] per cent. Fixed Rate] [EURIBOR]/[LIBOR]/[STIBOR]/[NIBOR]/ [CIBOR]/[CDOR]/[Nordea Own Funds Rate] +/- [•] per cent. Floating Rate] [Inflation Linked] [Zero Coupon] [Rate Adjustment] [Coupon Bearing Notes] [Non-Tranched CLN Interest] [Tranched CLN Interest] [Nth to Default CLN Interest] [Nth and Nth + 1 to Default CLN Interest] [Capped Floor Float] [Cap Floor] [Cap Floor Spread] [Range Accrual] [Range Accrual In/Out] [Knockout Range Accrual] [Binary Cap/Floor] [Binary Zero Coupon] [Inverse Floater] [Autocallable Rate] [Autocall Swap] [Digital Long] [Digital Short] [Best of/Worst of Digital Long] [Best of/Worst of Digital Short] [Worst of Digital Memory Coupon 2] [Digital Podium Long] [Digital Podium Short] [Series of Digitals] [Cash Settled Swaption Straddle] [Power Cap/Floor]

		[Compounding Floater]
		[Lock-In 1]
		[Lock-In 2]
		[Snowball]
		[Accumulator]
		[Binary Accumulator]
		[Contingent Cap/Floor]
		[Dual Digital Cap]
		[Dual Digital Floor]
		[Binary Inflation Cap]
		[Binary Inflation Floor]
		[Binary Inflation Range]
		[Inflation Range Accrual]
		[Inflation Cap/Floor]
		[Inflation Straddle]
		[Inflation Cap Floor Spread]
		[ZC Inflation Cap Floor]
		[Inflation Linker 1]
		[Inflation Linker 2]
		[Strip of Call Spreads]
		(further particulars specified below in paragraph[s] [22/23/24/25/27/28/29/30/31])
19.	Combination of Interest Bases:	[Applicable/Not Applicable]
	(i) Method of Combination:	[Single Basket Addition/Multiple Basket Addition/Alternative Calculation]
	(ii) Relevant Condition(s) for determination of Interest Amount:	[Condition [•] will be applicable if Interest Barrier Level 1 is not exceeded on [any/the final] Interest Determination Date, Condition [•] will be applicable if Interest Barrier Level 1 is exceeded on [any/the final] Interest Determination Date but Interest Barrier Level 2 is not exceeded, Condition [•] will be applicable if Interest Barrier Level 2 is exceeded on [any/the final] Interest Determination Date but Interest Barrier Level [•] is not exceeded Condition [•] will be applicable if Interest Barrier Level [•] is exceeded on [any/the final] Interest Determination Date/Condition(s) [•] and [•] are applicable.] [Condition [•] in respect of Basket A/Condition [•] in respect of Basket B etc.]

	•	[Interest Barrier Level 1:]	[•]
	•	[Interest Barrier Level 2:]	[•]
	•	[Interest Barrier Level 3:]	[•]
20.	Method of calculating Basket Return for the purposes of Interest determination:	[Basket Long Structure/Basket Short Structure [in respect of Basket A/B]/Not Applicable]	
21.	Interest Deferral	[Applicable/Not Applicable]	
22.	Fixed Rate Note Provisions	[Applicable/Not Applicable]	
	(i)	Interest Rate:	[•] per cent. per annum
	(ii)	Interest Payment Date(s):	[•] [in each year][, subject to adjustment in accordance with the Business Day Convention]. [First Interest Payment Date to occur on [•].] [Last Interest Payment Date to occur on [•].]
	(iii)	Interest Determination Date:	[[•]/Not Applicable]
	(iv)	Fixed Interest Amount:	[•] per Note of [•] Denomination/Not applicable.
	(v)	Details of Irregular Interest Amount(s):	[[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]/Not Applicable]
	(vi)	Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
23.	Floating Rate Note Provisions	[Applicable/Not Applicable]	
	(i)	Interest Payment Dates:	[•] [in each year]
	(ii)	Interest Determination Date:	[[•]/Not Applicable]
	(iii)	Issuing Agent:	[Not Applicable/[•]]
	(iv)	Calculation Agent:	[Not Applicable/[•]]
	(v)	Interest Base Rate:	[[EURIBOR]/[LIBOR]/[STIBOR]/[NIBOR]/[CIBOR]/[CDOR]/[Nordea Own Funds Rate]]
	(vi)	Designated Maturity:	[•]
	•	Alternative Designated Maturity	[[•]/Not Applicable/Applicable in respect of the [Short/Long] [initial/final] interest period from (and including) [date] to (but excluding) [date]].
	(vii)	Linear Interpolation:	[Applicable/Not Applicable/Applicable in respect of the [Short/Long] [initial/final] interest period from (and including) [date] to (but excluding) [date]].
	•	Alternative Maturity 1	[[•]/Not Applicable]
	•	Alternative Maturity 2	[[•]/Not Applicable]
	(viii)	Screen Page:	[•]
	(ix)	Interest Margin(s):	[+/-][•] per cent. per annum

	(x)	FRN Participation Ratio	[•] per cent.												
	(xi)	Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]												
	(xii)	Maximum Interest Rate:	[[•]/Not Applicable]												
	(xiii)	Minimum Interest Rate:	[[•]/Not Applicable]												
24.	Zero Coupon Note Provisions		[Applicable/Not Applicable]												
		Reference Yield:	[•] per cent. per annum												
25.	Inflation-Linked Interest Note Provisions		[Applicable/Not Applicable]												
	(i)	Interest Rate:	[Fixed Rate Note Provisions (further details specified in paragraph 22)/Floating Rate Note Provisions (further details specified in paragraph 23)]												
	(ii)	Base Index/CPI:													
		• Relevant date:	[•]												
		• Relevant time:	[•] [a.m./p.m.]												
26.	Rate Adjustment Note Provisions		[Applicable/Not Applicable]												
		Provisions relating to the adjustment of the Interest Rate:	The Interest Basis will be [•] from [and including/but excluding] [•] to [and including/but excluding] the Interest Payment Date falling in [•], and [•] from [and including/but excluding] the Interest Payment Date falling in [•] up to ([and including/but excluding]) the Redemption Date.												
27.	Coupon Bearing Note Provisions		[Applicable/Not Applicable]												
	(i)	Valuation Date(s):	[[•] /												
			<table> <tr> <th>Reference Asset</th><th>Valuation Date(s)</th><th>Valuation Date Averaging</th><th>Averaging Dates relevant to applicable Valuation Date</th></tr> <tr> <td>[•]</td><td>[•]</td><td>[Applicable/Not Applicable]</td><td>[[•]/Not Applicable]</td></tr> <tr> <td>[•]</td><td>[•]</td><td>[Applicable/Not Applicable]</td><td>[[•]/Not Applicable]</td></tr> </table>	Reference Asset	Valuation Date(s)	Valuation Date Averaging	Averaging Dates relevant to applicable Valuation Date	[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]	[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
Reference Asset	Valuation Date(s)	Valuation Date Averaging	Averaging Dates relevant to applicable Valuation Date												
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]												
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]												
	(ii)	Coupon Barrier Level(s):	[•]												
	(iii)	Interest Payment Date(s):	[•] [in each year][, subject to adjustment in accordance with the Business Day Convention]. [First Interest Payment Date to occur on [•].] [Last Interest Payment Date to occur on [•].]												
	(iv)	Flat Coupon:	[Applicable/Not Applicable/Applicable if Coupon Barrier [•] is reached [and Coupon Barrier [•] is not												

		reached]]						
(v)	Memory Coupon:	[Applicable/Not Applicable/Applicable if Coupon Barrier [•] is reached [and Coupon Barrier [•] is not reached]]						
(vi)	Plus Flat Coupon:	[Applicable/Not Applicable/Applicable if Coupon Barrier [•] is reached [and Coupon Barrier [•] is not reached]]						
(vii)	Plus Memory Coupon:	[Applicable/Not Applicable/Applicable if Coupon Barrier [•] is reached [and Coupon Barrier [•] is not reached]]						
(viii)	Coupon Rate(s):	[[•] if Coupon Barrier [•] is reached/[•] [per cent.]/Not Applicable]						
(ix)	Automatic Coupon Payment:	[Applicable/Not Applicable]						
(x)	Basket Rate:	[Applicable/Not Applicable]						
(xi)	Best of/Worst of Rate:	[Applicable/Not Applicable]						
(xii)	N:	[[•]/Not Applicable]						
28.	CLN Interest Provisions	[Applicable/Not Applicable]						
(i)	Interest Rate:	[Fixed Rate Note Provisions (further details specified in paragraph 22)/Floating Rate Note Provisions (further details specified in paragraph 23)]						
(ii)	Determination Date Exposure:	[Applicable/Not Applicable]						
	• [Number of Business Days:	[[•]/The Observation Date shall be the relevant Interest Payment Date]]						
(iii)	Weighted Average Exposure:	[Applicable/Not Applicable]						
(iv)	Tranche Attachment Point	[[•]/Not Applicable]						
(v)	Tranche Detachment Point:	[[•]/Not Applicable]						
(vi)	Fixed Recovery Value:	[[•]/Not Applicable]						
(vii)	Market Recovery Value:	[Applicable/Not Applicable]						
(viii)	N:	[[•]/Not Applicable]						
(ix)	Observation Date(s):	[[•]/Each day from and including [•] to but excluding [•]/Not Applicable/the day falling [•] Business Days prior to each Interest Payment Date]						
(x)	Credit Event Ranked Basket Participation (Interest):	[Applicable/Not Applicable]						
	• Credit Event Ranked Weight:	<table><tr><th>Credit Event (in order of occurrence)</th><th>Weighting</th></tr><tr><td>1</td><td>[•]%</td></tr><tr><td>2</td><td>[•]%</td></tr></table>	Credit Event (in order of occurrence)	Weighting	1	[•]%	2	[•]%
Credit Event (in order of occurrence)	Weighting							
1	[•]%							
2	[•]%							

		3	[•]%
		N	[•]%
(xi)	Restructuring Amount:	[Applicable/Not Applicable]	
(xii)	Replacement Reference Entity:	[Applicable/Not Applicable]	
(xiii)	Obligation Acceleration Amount:	[Applicable/Not Applicable]	
(xiv)	Failure to Pay Amount:	[Applicable/Not Applicable]	
(xv)	Credit Events:	[[Failure to Pay/ Restructuring/ Bankruptcy/ Governmental Intervention/ Repudiation/ Moratorium/ Obligation Acceleration]/ Not Applicable]	
(xvi)	Default Requirement:	[[•]/As set out in Part 3: <i>Additional Conditions for Credit-Linked Notes</i> to the Conditions/Not Applicable]	
(xvii)	Grace Period Extension:	[Applicable/Not Applicable]	
(xviii)	Maximum Length of Grace Period:	[[•] Business Days/Not Applicable]	
(xix)	Extended Redemption Date:	[The date falling [•] Business Days after the Grace Period Extension Date]	
(xx)	Multiple Holder Obligation:	[Applicable/Not Applicable]	
(xxi)	Partial Restructuring:	[Applicable/Not Applicable]	
29.	Digital Interest Provisions	[Applicable/Not Applicable]	
(i)	Interest Determination Date:	[[•]/Not Applicable]	
(ii)	Interest Payment Date(s):	[[[•] [in each year][, subject to adjustment in accordance with the Business Day Convention]. [First Interest Payment Date to occur on [•].] [Last Interest Payment Date to occur on [•].]]/Not Applicable]	
(iii)	Strike Level:	[[•]/Not Applicable]	
(iv)	Coupon:	[•]	
(v)	Coupon 2:	[[•]/Not Applicable]	
(vi)	N:	[[•]/Not Applicable]	
(vii)	Barrier Level:	[[•]/Not Applicable]	
(viii)	Basket Strike Level:	[[•]/Not Applicable]	
(ix)	Observation Date(s):	[[•]/Each day from and including [•] to but excluding [•]/Each Scheduled Trading Day up to and including the Interest Determination Date/Not Applicable]	
(x)	Valuation Time:	[[•]/Not Applicable]	

		Reference Asset (Interest)	Valuation Time
		[•]	[•]
		[•]	[•]
		[•]	[•]
30.	Additional Interest Provisions	[Applicable/Not Applicable]	
(i)	Interest Determination Date:	[[•]/Not Applicable]	
(ii)	Interest Payment Date(s):	[[[•] [in each year][, subject to adjustment in accordance with the Business Day Convention]. [First Interest Payment Date to occur on [•].] [Last Interest Payment Date to occur on [•].]]/Not Applicable]	
(iii)	Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]	
(iv)	Reference Rate:	[[•]/Not Applicable]	
(v)	(Reference Rate 2:	[[•]/Not Applicable]	
(vi)	Spread:	[[•]/Not Applicable]	
(vii)	Cap Strike:	[[•]/Not Applicable]	
(viii)	Cap Strike 1:	[[•]/Not Applicable]	
(ix)	Cap Strike 2:	[[•]/Not Applicable]	
(x)	Floor Strike:	[[•]/Not Applicable]	
(xi)	Floor Strike 1:	[[•]/Not Applicable]	
(xii)	Floor Strike 2:	[[•]/Not Applicable]	
(xiii)	Cap Value 1:	[1/-1/0/Not Applicable]	
(xiv)	Cap Value 2:	[1/-1/0/Not Applicable]	
(xv)	Floor Value 1:	[1/-1/0/Not Applicable]	
(xvi)	Floor Value 2:	[1/-1/0/Not Applicable]	
(xvii)	Leverage (Cap) 1:	[Applicable/Not Applicable]	
		Interest Period(s)	Leverage (Cap)
		[•]	[•]
		[•]	[•]
		[•]	[•]
		[All Interest Periods]	[•]
(xviii)	Leverage (Cap) 2:	[Applicable/Not Applicable]	
		Interest Period(s)	Leverage (Cap)
		[•]	[•]

		[•]	[•]
		[•]	[•]
		[All Interest Periods]	[•]
(xix)	Leverage (Floor) 1:	[Applicable/Not Applicable]	
		[Interest Period(s)]	Leverage (Floor)
		[•]	[•]
		[•]	[•]
		[•]	[•]
		[All Interest Periods]	[•]
(xx)	Leverage (Floor) 2:	[Applicable/Not Applicable]	
		[Interest Period(s)]	Leverage (Floor)
		[•]	[•]
		[•]	[•]
		[•]	[•]
		[All Interest Periods]	[•]
(xxi)	Cap Strike Upper:	[[•]/Not Applicable]	
(xxii)	Cap Strike Lower:	[[•]/Not Applicable]	
(xxiii)	Cap Strike Upper 1:	[[•]/Not Applicable]	
	Cap Strike Lower 1:	[[•]/Not Applicable]	
	Cap Strike Upper 2:	[[•]/Not Applicable]	
	Cap Strike Lower 2:	[[•]/Not Applicable]	
(xix)	Floor Strike Upper:	[[•]/Not Applicable]	
(xx)	Floor Strike Lower:	[[•]/Not Applicable]	
	Floor Strike Upper 1:	[[•]/Not Applicable]	
	Floor Strike Lower 1:	[[•]/Not Applicable]	
	Floor Strike Upper 2:	[[•]/Not Applicable]	
	Floor Strike Lower 2:	[[•]/Not Applicable]	
(xxi)	Strike Upper:	[[•]/Not Applicable]	
(xxii)	Strike Lower:	[[•]/Not Applicable]	
(xxiii)	Strike 2	[[•]/Not Applicable]	
(xxiv)	K:	[[•]/Not Applicable]	
(xxv)	N:	[[•]/Not Applicable]	
(xxvi)	W:	[[•]/Not Applicable]	
(xxvii)	X:	[[•]/Not Applicable]	

(xxviii) Y:	[[•]/Not Applicable]
(xxix) Z:	[[•]/Not Applicable]
(xxx) Maximum Interest Rate:	[[•]/Not Applicable]
(xxxi) Gearing:	[[•]/Not Applicable]
(xxxii) Coupon:	[[•]/Not Applicable]
(xxxiii) Coupon Barrier Level(s):	[[•]/Not Applicable] [The Autocall Condition will be satisfied if the Reference Rate [exceeds/equals/is below] the Coupon Barrier Level]
(xxxiv) Minimum Basket Return:	[[•]/Not Applicable]
(xxxv) Gearing Payer:	[[•]/Not Applicable]
(xxxvi) Gearing Receiver:	[[•]/Not Applicable]
(xxxvii) Payer Strike:	[[•]/Not Applicable]
(xxxviii) Receiver Strike:	[[•]/Not Applicable]
(xxxix) Power Factor:	[[•]/Not Applicable]
(xl) Fixed Rate:	[[•]/Not Applicable]
(xli) Flag:	[[•]/Not Applicable]
(xlii) Tenor:	[[•]/Not Applicable]
(xliii) Gearing Cap:	[[•]/Not Applicable]
(xliv) Gearing Floor:	[[•]/Not Applicable]
(xlv) Inflation Index:	[[•]/Not Applicable]
(xlvi) Valuation Date(s):	[[•]/Not Applicable]

	Reference Asset (Interest)	Valuation Date(s)	Valuation Date Averaging	Averaging Dates relevant to applicable Valuation Date
	[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
	[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
(xlvii) Valuation Time:	[[•]/Not Applicable]			

Reference Asset (Interest)	Valuation Time
[•]	[•]
[•]	[•]
[•]	[•]

31. **Provisions relating to FX Components (Interest)**

FX Component (Interest):	[Applicable/Not Applicable/Applicable to the Interest Amounts determined in accordance with the [•] Interest Basis on the following Interest Payment

Dates: [•]]

- FX Rate (Interest): [[•]/Not Applicable]
- Initial FX Valuation Date(s) (Interest): [[•]/1 Currency Business Day prior to the Initial Valuation Date/Not Applicable/

Reference Asset	Initial FX Valuation Date(s) (Interest)
[•]	[•]
[•]	[•]
[•]	[•]]

- FX Valuation Date(s) (Interest): [[•]/1 Currency Business Day after the Valuation Date/Not Applicable/

Reference Asset	FX Valuation Date(s) (Interest)
[•]	[•]
[•]	[•]
[•]	[•]]

- FX Valuation Time (Interest): [[•]/Not Applicable]
- FX Factor (Interest) Long/Short: [FX Factor (Interest) Long/FX Factor (Interest) Short/Not Applicable]
- Initial FX Rate (Interest): [[•]/As set out in the Base Prospectus]
- Final FX Rate (Interest): [[•]/As set out in the Base Prospectus]

III. ADDITIONAL PROVISIONS RELATING TO REDEMPTION [APPLICABLE/NOT APPLICABLE]

[Items 32 to 40 have been intentionally omitted]²³

32. Applicable performance structures:
- ["Basket Long" structure]
 - ["Basket Short" structure]
 - ["Barrier outperformance" structure]
 - ["Barrier underperformance" structure]
 - ["Best of/Worst of Barrier Outperformance" structure]
 - ["Best of/Worst of Barrier Underperformance" structure]
 - ["Autocallable Structure Long"]
 - ["Autocallable Structure Short"]
 - ["Replacement Basket" structure]
 - ["Locally Capped Basket" structure]

²³ Insert where additional redemption provisions are marked as Not Applicable.

["Rainbow Basket" structure]
 ["Booster Short" structure]
 ["Booster Long" structure]
 ["Booster Long Minimum Redemption" structure]
 ["Booster Risk Barrier Short" structure]
 ["Booster Risk Barrier Long" structure]
 ["Twin Win" structure]
 ["Bonus Booster Short" structure]
 ["Bonus Booster Long" structure]
 ["Cliquet" structure]
 ["Reverse Cliquet" structure]
 ["Replacement Cliquet" structure]
 ["Reverse Replacement Cliquet" structure]
 ["Rainbow Replacement Cliquet" structure]
 ["Reverse Convertible" structure]
 ["Reverse Convertible Risk Barrier" structure]
 ["Best of/Worst of Reverse Convertible" structure]
 ["Worst of Digital Memory Coupon 1]
 ["Worst of Call Option]
 ["Outperformance Option [Long Against Short/Long Against Long]]
 ["Non-Tranched CLN" structure]
 ["Tranched CLN" structure]
 ["Nth to Default CLN" structure]
 ["Nth and Nth + 1 Default CLN" structure]
 ["Option CLN" structure]
 ["Digital Long" structure]
 ["Digital Short" structure]
 ["Worst of Digital Long" structure]
 ["Worst of Digital Short" structure]
 ["Series of Digitals" structure]
 ["Delta 1" structure]

		[Inflation Linker 2]												
		["Barrier Outperformance" Structure 2]												
		["Barrier Underperformance" Structure 2]												
		["Target Volatility" Structure]												
		["Booster Risk Barrier 2" structure]												
		["Autocallable Rate" structure]												
		["In Option – Basket Long" structure]												
		["In Option – Basket Short" structure]												
		["Out Option – Basket Long" structure]												
		["Out Option – Basket Short" structure]												
33.	Method of calculating Basket Return for the purposes of applicable Performance Structure:	[Basket Long Structure/Basket Short Structure/ Not Applicable] Basket A: Basket Long/Short Structure] [Basket B: Basket Long/Short Structure]												
34.	Combination of structures:	[Applicable/Not Applicable]												
	(i) Method of Combination:	[Addition/Subtraction/Alternative Calculation]												
	(ii) Additional Amount Basket A:	[Not Applicable/the [•] structure]												
	(iii) Additional Amount Basket B:	[Not Applicable/the [•] structure]												
	(iv) (Relevant Condition(s) for determination of Redemption Amount:	[Condition [•] will be applicable if Barrier Level 1 is not exceeded on [any/the final] Valuation Date, Condition [•] will be applicable if Barrier Level 1 is exceeded on [any/the final] Valuation Date but Barrier Level 2 is not exceeded, Condition [•] will be applicable if Barrier Level 2 is exceeded on [any/the final] Valuation Date but Barrier Level [•] has not been exceeded, Condition [•] will be applicable if Barrier Level [•] is exceeded on [any/the final] Valuation Date/Condition(s) [•] and [•] are applicable and the following Performance Percentages shall apply:												
		<table> <tr> <th>Basket</th><th>Performance Structure</th><th>Performance Percentage</th></tr> <tr> <td>[Basket A/Single Basket]</td><td>[•]</td><td>[•]</td></tr> <tr> <td>[Basket B]</td><td>[•]</td><td>[•]</td></tr> <tr> <td>[Basket [•]]</td><td>[•]</td><td>[•]</td></tr> </table>	Basket	Performance Structure	Performance Percentage	[Basket A/Single Basket]	[•]	[•]	[Basket B]	[•]	[•]	[Basket [•]]	[•]	[•]
Basket	Performance Structure	Performance Percentage												
[Basket A/Single Basket]	[•]	[•]												
[Basket B]	[•]	[•]												
[Basket [•]]	[•]	[•]												
35.	Performance structure-related items:	[Applicable/Not Applicable]												
	<i>Dates and Times</i>													
	(i) Initial Valuation Date(s):	[[•]Not Applicable/												

Reference Asset	Initial Valuation Date(s)	Initial Valuation Date Averaging	Averaging Dates relevant to applicable Valuation Date
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]

]

(ii) Valuation Date(s): [[•]/Not Applicable]

[The relevant Valuation Date(s) for comparing the Baset Return to the [Initial Basket Level/Barrier Level 1/Barrier Level 2] are:]

Reference Asset	Valuation Date(s)	Valuation Date Averaging	Averaging Dates relevant to applicable Valuation Date
[•]	[•]	[Applicable/Not Applicable to Synthetic Index Return calculation only]	[[•]/Not Applicable]
[•]	[•]	[Applicable/Not Applicable to Synthetic Index Return calculation only]	[[•]/Not Applicable]

(iii) Twin-Win Valuation Date(s): [•] if the Initial Basket Level is reached or exceeded on the relevant Valuation Date(s), [•] if Barrier Level 1 is reached or exceeded on the relevant Valuation Date(s), [•] if Barrier Level 2 is reached or exceeded on the relevant Valuation Date(s), [•] if Barrier Level N is reached or exceeded on the relevant Valuation Date(s).

(iv) Valuation Time: [[•]/As set out in Condition 1 (*Definitions*)/Not Applicable/

Reference Asset	Valuation Time
[•]	[•]
[•]	[•]

		[•]	[•]
		]	
(v)	Rebalancing Date:	[[•]/Not Applicable]	
(vi)	Scheduled Redemption Date:	[[•]/Not Applicable]	
(vii)	Back Stop Date:	[[•]/Not Applicable]	
(viii)	Observation Date(s):	[[•]/Each day from and including [•] to but excluding [•]/Not Applicable]	
(ix)	Observing Date Averaging:	[[•]/Not Applicable/	

Reference Asset	Observation Date(s)	Observation Date Averaging	Averaging Dates relevant to applicable Observation Date
		[Applicable/Not Applicable]	[[•]/Not Applicable]
[•]	[•]		
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
		]	

(x)	Risk Barrier Observation Date(s):	[[•]/Not Applicable/	

Reference Asset	Risk Barrier Observation Date(s)	Risk Barrier Observation Date Averaging	Averaging Dates relevant to Risk Barrier Observation Date
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
		]	

Amounts and Values

(xi)	Participation Ratio:	[[•]/Not Applicable]	
(xii)	Participation Ratio 2:	[[•]/Not Applicable]	
(xiii)	Participation Ratio 3:	[[•]/Not Applicable]	
(xiv)	Initial Price:	[[•]/As set out in Condition 1 (<i>Definitions</i>)]	
(xv)	Final Price:	[[•]/As set out in Condition 1 (<i>Definitions</i>)]	
(xvi)	Initial Basket Level:	[[•]/Not Applicable]/[•] in respect of Basket A and [•] in respect of Basket B	
(xvii)	Basket Strike Level:	[[•]/Not Applicable]	
(xviii)	Basket Floor:	[Applicable/Not Applicable]	
(xix)	Minimum Basket Return:	[[•]/Not Applicable]	

(xxxix)	Fixed Periodic Basket Return(s):	[[•]/Not Applicable]
(xl)	Fixed Reference Asset Return(s):	[[•]/Not Applicable]
(xli)	Coupon Barrier Level(s):	[[•]/Not Applicable]
(xlii)	Coupon:	[[•]/Not Applicable]
(xliii)	K:	[[•]/Not Applicable]
(xliv)	I:	[[•]/Not Applicable]
(xlv)	Inflation-Protected Principal:	[Applicable/Not Applicable]
(xlvi)	Fee Amount:	[[•]/Not Applicable]
(xlvii)	Rebate:	[[•]/Not Applicable]
(xlviii)	Target Volatility:	[[•]/Not Applicable]
	• Minimum Adjustment Threshold	[[•]/Not Applicable]
	• Minimum Exposure:	[[•]/Not Applicable]
	• Maximum Exposure:	[[•]/Not Applicable]
	• Annualising Factor:	[[•]/Not Applicable]
	• Second Annualising Factor:	[[•]/Not Applicable]
	• Initial Synthetic Index Value	[[•]/Not Applicable]
	• Synthetic Index Strike Level	[[•]/Not Applicable]
	• Minimum Synthetic Index Return:	[[•]/Not Applicable]
	• Cash Rate	[[•]/Not Applicable]
	• Cash Return Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
(xlix)	In Option – Basket Long:	[Applicable/Not Applicable]
	• Option Type:	[Bought Up and In/ Sold Up and In/ Bought Down and In/ Sold Down and In]
(l)	In Option – Basket Short:	[Applicable/Not Applicable]
	• Option Type:	[Bought Up and In/ Sold Up and In/ Bought Down and In/ Sold Down and In]
(li)	Out Option – Basket Long:	[Applicable/Not Applicable]
	• Option Type:	[Bought Up and Out/ Sold Up and Out/ Bought Down and Out/ Sold Down and Out]

(lii)	Out Option – Basket Short:	[Applicable/Not Applicable]		
	Option Type:	[Bought Up and Out/ Sold Up and Out/ Bought Down and Out/ Sold Down and Out]		
36.	Strategy-related items	[Applicable/Not Applicable]		
(i)	Best of/Worst of Modifier	[Applicable/Not Applicable/Applicable for the purposes of Condition [•] only]		
	• N:	[[•]/Not Applicable]		
(ii)	TOM Cumulative Strategy:	[Applicable/Not Applicable]		
	• Reference Rate:	[[•]/Not Applicable]		
	• TOM Participation Ratio:	[[•]/Not Applicable]		
	• Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]		
	• TOM Commencement Date:	[•]		
	• TOM End Date:	[•]		
	• TOM Calculation Start Date:	[•] Scheduled Trading Days preceding the first Scheduled Trading Day in each calendar month		
			TOM Calculation Start Date Averaging	Averaging Dates relevant to applicable TOM Calculation Start Date
			[Applicable/Not Applicable]	[[•] Scheduled Trading Days prior to the first Scheduled Trading Day in each calendar month /Not Applicable]
	• TOM Calculation End Date:	[•] Scheduled Trading Days following the first Scheduled Trading Day in each calendar month		
			TOM Calculation End Date Averaging	Averaging Dates relevant to applicable TOM Calculation End Date
			[Applicable/Not Applicable]	[[•] Scheduled Trading Days prior to the first Scheduled Trading Day in each calendar month /Not Applicable]
	• TOM Final Value Averaging:	[Applicable/Not Applicable]		
	• TOM Final Value Averaging Dates:	[The TOM Valuation Dates falling on [•] and [•]/Not Applicable]		
	• Final TOM Period Performance Averaging:	[Applicable/Not Applicable]		
	• N:	[[•]/Not Applicable]		

(iii)	Lookback Initial Price Modifier:	[Applicable/Not Applicable]
(iv)	Lookback Final Price Modifier:	[Applicable/Not Applicable]
(v)	Lookback Observation Period[s]:	[Not Applicable/The Initial Lookback Observation Period will comprise each Scheduled Trading Day falling on or after [•]] [and] [the Final Observation Period will comprise each Scheduled Trading Day falling on or after [•] and on or before [•]]
(vi)	Lookback Factor:	[Minimum Asset Price/Maximum Asset Price/Minimum Basket Price/Maximum Basket Price/Not Applicable]
(vii)	Lock-in Modifier:	[Applicable. The relevant Lock-in Levels are specified in paragraph 35 above/Not Applicable]
(viii)	Lock-in Basket Floor:	[Applicable/Not Applicable]
(ix)	Running PnL Strategy:	[Applicable/Not Applicable]
(x)	Reserve Provision:	[Applicable/Not Applicable]
(xi)	Initial Reserve Amount:	[[•] per cent of the Principal Amount of each Note//Not Applicable]
(xii)	Reserve Provision End Date:	[[•]/Maturity/ Not Applicable]

37. **Provisions relating to FX Components**

(i)	FX Component - Reference Asset:	[Applicable/Not Applicable/Applicable if the Basket Return is positive/Applicable if the Basket Return is negative]
	• FX Rate:	[[•]/Not Applicable]
	• Initial FX Valuation Date:	[[•]/1 Currency Business Day prior to the Initial Valuation Date/Not Applicable/
		Reference Asset [•] [•] [•]
	• FX Valuation Date(s):	[[•]/1 Currency Business Day after the Valuation Date/Not Applicable/
		Reference Asset [•] [•] [•]
	• FX Valuation Time:	[[•]/Not Applicable]
	• FX Factor Long/Short:	[FX Factor – Long/FX Factor – Short/Not Applicable]
	• Initial FX Rate:	[[•]/As set out in the Base Prospectus]

	•	Final FX Rate:	[[•]/As set out in the Base Prospectus]
(i)	FX Component – Additional Amount:		[Applicable/Not Applicable/Applicable if the Basket Return is positive/Applicable if the Basket Return is negative]
	•	FX Rate:	[[•]/Not Applicable]
	•	Initial FX Valuation Date:	[[•]/1 Currency Business Day prior to the Initial Valuation Date/Not Applicable/
		Additional Amount	Initial FX Valuation Date(s)
		[•]	[•]
		[•]	[•]
		[•]	[•]
	•	FX Valuation Date(s):	[[•]/1 Currency Business Day after the Valuation Date/Not Applicable/
		Additional Amount	FX Valuation Date(s)
		[•]	[•]
		[•]	[•]
	•	FX Valuation Time:	[[•]/Not Applicable]
	•	FX Factor Long/Short:	[FX Factor – Long/FX Factor – Short/Not Applicable]
	•	Initial FX Rate:	[[•]/As set out in the Base Prospectus]
	•	Final FX Rate:	[[•]/As set out in the Base Prospectus]
(iii)	FX Component – Base Redemption Amount or Redemption Amount:		[Applicable to Base Redemption Amount/Applicable to Redemption Amount/Not Applicable]
	•	FX Rate:	[[•]/Not Applicable]
	•	Initial FX Valuation Date:	[[•]/1 Currency Business Day prior to the Initial Valuation Date/Not Applicable/
		[Base Redemption Amount/Redemption Amount]	Initial FX Valuation Date(s)
		[•]	[•]
		[•]	[•]
		[•]	[•]
	•	FX Valuation Date(s):	[[•]/1 Currency Business Day after the Valuation Date/Not Applicable/
		[Base Redemption Amount/Redemption Amount]	FX Valuation Date(s)
		[•]	[•]

			[•]	[•]								
		•	FX Valuation Time:	[[•]/Not Applicable]								
		•	FX Factor Long/Short:	[FX Factor – Long/FX Factor – Short/Not Applicable]								
		•	Initial FX Rate:	[[•]/As set out in the Base Prospectus]								
		•	Final FX Rate:	[[•]/As set out in the Base Prospectus]								
(iv)			FX Component - Composite:	[Applicable/Not Applicable]								
		•	FX Rate:	[[•]/Not Applicable]								
		•	Initial FX Valuation Date:	<table><tr><th>Reference Asset</th><th>Initial FX Valuation Date(s)</th></tr><tr><td>[•]</td><td>[•]</td></tr><tr><td>[•]</td><td>[•]</td></tr><tr><td>[•]</td><td>[•]</td></tr></table>	Reference Asset	Initial FX Valuation Date(s)	[•]	[•]	[•]	[•]	[•]	[•]
Reference Asset	Initial FX Valuation Date(s)											
[•]	[•]											
[•]	[•]											
[•]	[•]											
		•	FX Valuation Date(s):	[[•]/1 Currency Business Day after the Valuation Date/Not Applicable/								
				<table><tr><th>Reference Asset</th><th>FX Valuation Date(s)</th></tr><tr><td>[•]</td><td>[•]</td></tr><tr><td>[•]</td><td>[•]</td></tr></table>	Reference Asset	FX Valuation Date(s)	[•]	[•]	[•]	[•]		
Reference Asset	FX Valuation Date(s)											
[•]	[•]											
[•]	[•]											
		•	FX Valuation Time:	[[•]/Not Applicable]								
		•	FX Factor Long/Short:	[FX Factor – Long/FX Factor – Short/Not Applicable]								
		•	Initial FX Rate:	[[•]/As set out in the Base Prospectus]								
		•	Final FX Rate:	[[•]/As set out in the Base Prospectus]								
38.			Provisions relating to Inflation-Linked Notes:	[Applicable/Not Applicable]								
	(i)		Inflation-Protected Principal:	[[•]/Not Applicable]								
	(ii)		Inflation Rate:	[[•]/Not Applicable]								
	(iii)		Final CPI:	[[•]/Not Applicable]								
39.			Provisions relating to Credit Linked Notes:	[Applicable/Not Applicable]								
	(i)		Observation Start Date:	[[•]/Not Applicable]								
	(ii)		Observation End Date:	[[•]/Not Applicable]								
	(iii)		Portfolio Exposure:	[[•] [in respect of Basket A/B]/Not Applicable]								
	(iv)		Fixed Recovery Value:	[[•] [in respect of Basket A/B]/Not Applicable]								
	(v)		Market Recovery Value:	[Applicable [in respect of Basket A/B]/Not Applicable]								

(vi)	Tranche Attachment Point:	[[•] [in respect of Basket A/B]/Not Applicable]										
(vii)	Tranche Detachment Point:	[[•] [in respect of Basket A/B]/Not Applicable]										
(viii)	Restructuring Amount:	[[•]/Not Applicable]										
(ix)	Replacement Reference Entity:	[Applicable/Not Applicable]										
(x)	Obligation Acceleration Amount:	[[•]/Not Applicable]										
(xi)	Failure to Pay Amount:	[[•]/Not Applicable]										
(xii)	Default Requirement:	[[•]/As set out in Part 3: <i>Additional Conditions for Credit-Linked Notes</i> to the Conditions/Not Applicable]										
(xiii)	Credit Events:	[Failure to Pay/ Restructuring/ Bankruptcy/ Governmental Intervention/ Repudiation/ Moratorium/ Obligation Acceleration]/Not Applicable]										
(xiv)	Partial Restructuring:	[Applicable/Not Applicable]										
(xv)	Grace Period Extension:	[Applicable/Not Applicable]										
(xvi)	Maximum Length of Grace Period:	[[•] Business Days/Not Applicable]										
(xvii)	Extended Redemption Date:	[The date falling [•] Business Days after the Grace Period Extension Date]										
(xviii)	Multiple Holder Obligation:	[Applicable/Not Applicable]										
(xix)	Target Redemption Amount:	[[•] [in respect of Basket A/B]/Not Applicable]										
(xx)	Credit Event Ranked Basket Participation:	[Applicable/Not Applicable]										
	• Credit Event Ranked Weight:											
		<table><tr><th>Credit Event (in order of occurrence)</th><th>Weighting</th></tr><tr><td>1</td><td>[[•]]%</td></tr><tr><td>2</td><td>[[•]]%</td></tr><tr><td>3</td><td>[[•]]%</td></tr><tr><td>N</td><td>[[•]]%</td></tr></table>	Credit Event (in order of occurrence)	Weighting	1	[[•]]%	2	[[•]]%	3	[[•]]%	N	[[•]]%
Credit Event (in order of occurrence)	Weighting											
1	[[•]]%											
2	[[•]]%											
3	[[•]]%											
N	[[•]]%											
(xxi)	Scheduled Redemption Date:	[[•]/Not Applicable]										
(xxii)	N:	[[•]/Not Applicable]										
(xxiii)	K:	[[•]/Not Applicable]										
(xxiv)	Factor1:	[[•]/Not Applicable]										
(xxv)	Factor2:	[[•]/Not Applicable]										
(xxvi)	Factor3:	[[•]/Not Applicable]										

	(xxvii) Factor4:	[[•]/Not Applicable]
	(xxviii) Strike 1:	[[•]/Not Applicable]
	(xxix) Strike 2:	[[•]/Not Applicable]
	(xxx) Strike 3:	[[•]/Not Applicable]
	(xxxi) Strike 4:	[[•]/Not Applicable]
	(xxxii) Indicator 1:	[[•]/Not Applicable]
	(xxxiii) Indicator 2:	[[•]/Not Applicable]
	(xxxiv) Indicator 3:	[[•]/Not Applicable]
	(xxxv) Indicator 4:	[[•]/Not Applicable]
	(xxxvi) Trigger Percentage:	[[•]/Not Applicable]
40.	Provisions relating to Fund Linked Notes:	[Applicable/Not Applicable]
	(i) Fund:	[[•]/Not Applicable]
	(ii) Fund Manager:	[[•]/Not Applicable]
	(iii) Back Stop Date:	[[•]/Not Applicable]
IV.	INSTALMENT AND EARLY REDEMPTION	[APPLICABLE/NOT APPLICABLE]
		[Items 41-47 have been intentionally omitted] ²⁴
41.	Instalment Redemption	[Applicable/Not Applicable]
	(i) Instalment Amount:	[[•] per Calculation Amount/Not Applicable]
	(ii) Instalment Date(s):	[[•]/Not Applicable]
42.	Optional Early Redemption (Call)	[Applicable/Not Applicable]
	(i) Early Redemption Date(s):	[•]
	(ii) Early Redemption Amount(s) of each Note:	[•] per Calculation Amount
43.	Optional Early Redemption (Put)	[Applicable/Not Applicable]
	(i) Early Redemption Date(s):	[•]
	(ii) Early Redemption Amount(s) of each Note:	[•] per Calculation Amount
44.	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons:	[[•] per Calculation Amount/Such percentage per Calculation Amount as may be determined by the Issuer]
45.	Substantial Repurchase Event	[Applicable/Not Applicable]

²⁴ Include where instalment and early redemption provisions are marked as "Not Applicable"

46.	Early Redemption Date(s) of Notes with "Autocallable" or "Autocallable Rate" performance structure:	[[•]/Not Applicable]
	• Call Barrier Level:	[[•]/Not Applicable]
47.	Payment of Unwind Amount on Early Redemption:	[Applicable/Not Applicable]
V.	PROVISIONS APPLICABLE TO DISRUPTION, ADJUSTMENTS AND OTHER EXTRAORDINARY EVENTS	
48.	Change in Law:	[As set out in Condition 9 (<i>Change in Law</i>)/Not Applicable]
49.	Increased Costs of Hedging:	[As set out in Condition 10 (<i>Increased Costs of Hedging</i>)/Not Applicable]
50.	Hedging Disruption:	[As set out in Condition 11 (<i>Hedging Disruption</i>)/Not Applicable]
51.	Market Disruption:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
52.	Market Disruption Commodity:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
53.	Disruption Currency:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
54.	Calculation Adjustment:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
55.	Corrections:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
	• [Number of Exchange Business Days:	[•]/As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions]
56.	Correction Commodity:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
57.	Correction Currency:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
58.	Extraordinary Events:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]
59.	Rate Option Fallback:	[As set out in Part 2: <i>Additional Conditions for Certain Structured Notes</i> to the Conditions/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

60. Form of Notes: [Bearer Notes:]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Swiss Franc Notes]
- [Registered Notes:]
- Global Registered Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is held under the New Safekeeping Structure)]
- [VP Notes]
- [The Notes are VP Notes in uncertificated and dematerialised book entry form]
- [VPS Notes:]
- [The Notes are VPS Notes in uncertificated and dematerialised book entry form]
- [Swedish Notes]
- [The Notes are Swedish Notes in uncertificated and dematerialised book entry form]
- [Finnish Notes]
- [The Notes are Finnish Notes in uncertificated and dematerialised book entry form]
61. New Global Note: [Yes] [No]
62. Additional Financial Centre(s) or other special provisions relating to payment dates: [[•]/Not Applicable]
63. Calculation Agent: [[•]/Not Applicable]
64. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No.]
65. Governing Law: [English Law/
Finnish Law/
Swedish Law/
Norwegian Law/

Danish Law]

[PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the issue [and admission to trading on the regulated market of the Irish Stock Exchange] of the Notes described herein pursuant to the €15,000,000,000 Structured Note Programme of Nordea Bank AB (publ).

RESPONSIBILITY

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

Signed on behalf of Nordea Bank AB (publ):

By:

Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to the official list and to trading on the [Irish Stock Exchange/Nasdaq Stockholm/Nasdaq Helsinki/Nasdaq Copenhagen/Oslo Børs/Nordic Derivatives Exchange/Luxembourg Stock Exchange] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to the official list and to trading on the [Irish Stock Exchange/Nasdaq Stockholm/Nasdaq Helsinki/Nasdaq Copenhagen/Oslo Børs/Nordic Derivatives Exchange/Luxembourg Stock Exchange] with effect from [•].]

[Application will be made for the Notes to be listed on the SIX Swiss Exchange. Application has been made for the Notes to be admitted to trading on [SIX Structured Products (formerly Scoach Switzerland)] [in the case of derivatives]/[the SIX Swiss Exchange] [in the case of bonds] with effect from [•]/other.]. The last trading day is expected to be on [•].] [Not Applicable.]
2. **RATINGS**

The Notes to be issued have not been rated:
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

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

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer." *(Amend as appropriate if there are other interests)*

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]
4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i)]	Reasons for the offer	[•]
[(ii)]	Estimated net proceeds:	[•]
[(iii)]	Estimated total expenses in relation to admission to trading::	[•]
5. **[Fixed Rate Notes only – YIELD]**

Indication of yield: [Indicatively [•], but in no event lower than [•]/[•] per cent. per annum]

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

Details of historic [LIBOR/EURIBOR/STIBOR/NIBOR/CIBOR/CDOR] rates can be obtained from [Reuters].]

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

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.^{25]}

Basket	Reference Asset(s)	Basket Participation	Stock Exchange and Options or Futures Exchange	Initial Price	Strike Level	Source for past and future performance data
[Basket A] [/Single Basket]	[•]	[•]	[•]	[•] / [As determined in accordance with the Conditions set out in the Base Prospectus] [•]	[•]	[•]
[Basket B]	[•]	[•]	[•]	[•]	[•]	[•]

Basket	Reference Entity(ies) (Interest)/ Reference Entity(ies)/Reference Entity(ies) (Interest)	Basket Participation (Interest)/ Basket	Observation Start Date	Observation End Date	Source for past and future performance data
[Basket A]	[•]	[•]	[•]	[•]	[•]
[Basket B]	[•]	[•]	[•]	[•]	[•]

[CDS Maturity: [•]]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information]²⁶.

²⁵ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

²⁶ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

[Option]	CDS	CDS Maturity and Convention Spread	CDS Factor	Reference Entities/Index	Source for past and future performance data
[Option1]	[•]	[•]	[•]	[•]	[•]
[Option 2]	[•]	[•]	[•]	[•]	[•]
[Option 3]	[•]	[•]	[•]	[•]	[•]
[Option 4]	[•]	[•]	[•]	[•]	[•]

8. **FURTHER DETAILS OF BASKET PARTICIPATION**

Basket Participation (Interest): [Applicable/Not Applicable]

- Fixed Basket Participation (Interest): [Applicable/Not Applicable]
- Rainbow Basket Participation (Interest): [Applicable/Not Applicable]

Ranking (Best performing first)	Weighting
1	[•]%
2	[•]%
3	[•]%
N	[•]%

- Replacement Cliquet Basket Participation (Interest): [Applicable/Not Applicable]
- Momentum Basket Participation (Interest): [Applicable/Not Applicable]
- Accumulating Rainbow Basket Participation (Interest): [Applicable/Not Applicable]

Basket Participation: [Applicable/Not Applicable]

- Fixed Basket Participation: [Applicable/Not Applicable]
- Rainbow Basket Participation: [Applicable/Not Applicable]

Ranking (Best performing first)	Weighting
1	[•]%
2	[•]%
3	[•]%
N	[•]%

- Replacement Cliquet Basket Participation: [Applicable/Not Applicable]
- Momentum Basket Participation: [Applicable/Not Applicable]

- Accumulating Rainbow [Applicable/Not Applicable]
Basket Participation:

9. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

[Swiss Security Number: [•]]

[Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that the designation "yes" means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,]²⁷ 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 satisfaction of the Eurosystem eligibility criteria.]

[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 one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting 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 ECB being satisfied that Eurosystem eligibility criteria have been met.]²⁸

Clearing system(s) [and identification number, if applicable]: Euroclear / Clearstream, Luxembourg / Euroclear Finland / Euroclear Sweden / VP / VPS / SIS

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. **DISTRIBUTION**

U.S. Selling Restrictions: [TEFRA C/TEFRA D/Not Applicable]

²⁷ Insert this text for registered notes.

²⁸ Include this text if "yes" is selected, in which case bearer Notes must be issued in NGN form.

	[(In the case of Swiss Franc Notes) – TEFRA D in accordance with usual Swiss practice]
Section 871(m):	[The Notes are [not] subject to U.S. federal withholding tax under Section 871(m).]
Prohibition of Sales to EEA Retail Investors	[Applicable/Not Applicable] <i>(If the offer of the Notes is concluded prior to 1 January 2018, "Not Applicable" should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and no KID will be prepared, "Applicable" should be specified.)</i>

11. TERMS AND CONDITIONS

Offer Price:	[[•]/Not Applicable. The Notes will initially be created and held by the Issuer for its own account, in order that they are available for resale to prospective investors from time to time. The Notes will be offered for purchase over the relevant securities exchange at the price that is the official price quoted on the securities exchange from time to time]
Conditions to which the offer is subject:	[Not Applicable/[•]] [The Issuer reserves its rights to cancel the offer under the following circumstances; (a) if the aggregate principal amount of Notes purchased on or before <i>[insert date]</i> is less than <i>[insert amount]</i> ; (b) if the <i>[insert relevant variable]</i> cannot be set at <i>[relevant value corresponding to the indicated minimum value]</i> ; or (c) if any event of an economic, financial or political nature occurs and which may jeopardise a successful offer, as determined by the Issuer]. [The Issuer may also replace any Reference Asset listed in the table(s) above at any time on or prior to <i>[insert date]</i> with a comparable type of underlying Reference Asset].
Description of the application process:	[Not Applicable/[•]/Prospective investors should purchase Notes through an intermediary that is a direct or indirect member of the relevant securities exchange where the Notes are admitted to trading]
Offer Period:	[[The Issuer intends to make an offer of the Notes from and including <i>[specify date]</i> to but excluding <i>[specify date]</i> /at any time on or prior to the issue of the Notes] (the " Offer Period ")][Not Applicable]].
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable. [Notes will be offered for purchase over the relevant securities exchange and there will be no offer for subscription]/[•]/The terms on which any subscriptions may be reduced

	will be determined in accordance with the terms and conditions agreed between the relevant investor and the relevant distributor or authorised offeror.]
Details of the minimum and/or maximum amount of application:	[Not Applicable/[•]]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable [purchases of Notes will be settled in accordance with the standard procedures of the relevant settlement system] /[•]/ The Issuer will use reasonable endeavours to settle any application to purchase instruments promptly following the communication of any order by a distributor or authorised offeror. Arrangements for the delivery of the Notes to investors, and payment of the applicable purchase price, will be determined in accordance with the procedures agreed between the relevant investor and the relevant distributor or authorised offeror.]
Manner in and date on which results of the offer are to be made public:	[Not Applicable. [Notes will be made available for sale on a continuing basis and therefore may be purchased at any time throughout their life and at a variety of different prices depending on prevailing market conditions at the time of purchase] /[•]]
Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/[•]]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable. [Notes will be offered for purchase over the relevant securities exchange and therefore the Issuer will not provide notification of allotments]/[•]/ Notification of allotments will be provided by the relevant distributor or authorised offeror in accordance with the terms and conditions agreed between the relevant investor and such distributor or authorised offeror]
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/[•]] [Address: [[•]]]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/[In connection with the issuance of this type of notes, the Issuer incurs costs for, among other things, production, distribution, licences, stock exchange listing and risk management. In order to cover these costs, the Issuer charges brokerage fees and commission. The commission is included in the purchase price charged by the Issuer to the relevant purchaser, distributor or authorised offeror and will amount to a maximum of [] per cent per year, calculated on the price of the Notes].

12. **[Swiss Franc Notes only - DOCUMENTS AVAILABLE]**

Copies of the Final Terms and the Base Prospectus are available [at UBS AG, Prospectus Library, P.O. Box, CH-8098 Zürich, Switzerland (tel: +41 44 239 47 03, fax: +41 44 239 21 11 or email: swiss-prospectus@ubs.com) / from the offices of Credit Suisse AG at

Uetlibergstrasse 231, 8070 Zürich, Switzerland].]

13. **[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 Admission Board of the SIX Swiss Exchange.]

14. **[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 2016], which would materially affect its ability to carry out its obligations under the Notes.]

15. **[Swiss Franc Notes only - LISTING/TRADING INFORMATION]**

- (a) Trading Size and Ratio: [minimum and maximum trading size and the standard exercise ratio]
- (b) First Trading Day: [first trading day]
- (c) Last Trading Day and Time: [last trading day as well as (in the case of derivatives) the time of day at which trading shall cease]
- (d) [(In the case of derivatives) Capital Protection: [Capital protection [specify] / no capital protection]]
- (e) [(In the case of derivatives) Type of quoting: [the Notes are traded or quoted including accrued interest (dirty trading)] [accrued interest is shown separately (clean trading)]]

16. **[Swiss Franc Notes only – INFORMATION RELATING TO UNDERLYINGS]**

[insert the information on the underlying instruments required by section 4 of scheme F (for derivatives) and the tax information in relation to a purchase of underlying instruments required by section 3.2.12 of scheme F (for derivatives) of the SIX Swiss Exchange (for derivatives) in respect of Notes to be listed on the SIX Swiss Exchange, to the extent such information is not already included elsewhere in the Final Terms.]

17. **[Swiss Franc Notes only – ADDITIONAL INFORMATION]**

Fees charged by the Issuer to the Noteholders post issuance: [none] [give details]

THE NORDEA GROUP

Overview

NBAB and its subsidiaries (the "**Nordea Group**" or the "**Group**") is a large financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income with additional operations in Estonia, Russia and Luxembourg, and branches in a number of other international locations.

The Nordea Group's parent company, NBAB, is a public Swedish limited liability company incorporated under Swedish law. NBAB'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 30 September 2017, the Nordea Group's assets totalled EUR 615.3 billion and tier 1 capital EUR 27.5 billion. As of the same date, the Nordea Group had approximately 11 million customers across the markets in which it operates, of which approximately 10 million are household customers in customer programmes and 0.5 million are corporate and institutional customers in the Nordic markets.

In addition, the Nordea Group acts as an asset manager within the Nordic region with EUR 331 billion in assets under management as at 30 September 2017. 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**").

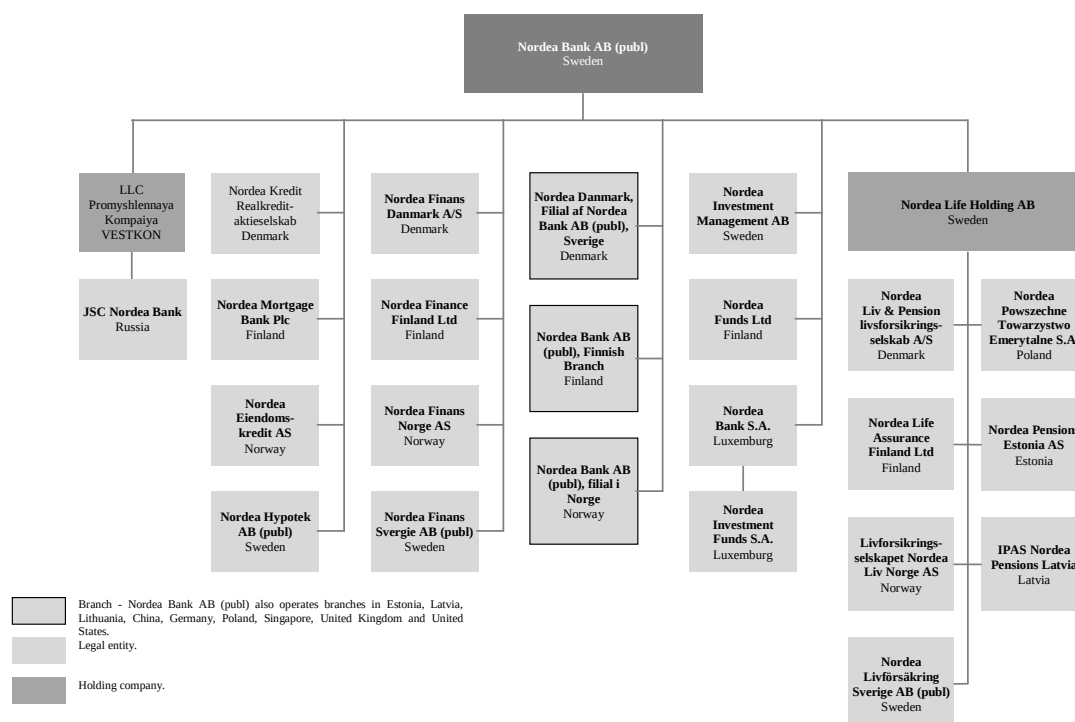
After the Group's parent company had adopted the name Nordea AB (publ) at the end of 2000, the name "Nordea" was gradually introduced within the Group and, by December 2001, the banks and branch offices within the Group had adopted the name Nordea.

Legal Structure

To improve operating capacity, reduce risk exposure and enhance capital efficiency, Nordea's Board of Directors initiated a change in the Nordea Group's legal structure in June 2003. The internal restructuring commenced in 2003 when NBAB, the parent company of the Nordea Group, acquired Nordea Bank Sverige AB (publ), Nordea Bank Danmark and Nordea Bank Norge from Nordea Bank Finland. At the same time, NBAB also acquired Nordea North America, Inc. from Nordea Bank Finland. Following these transactions, NBAB was established as a bank and its name was changed to Nordea Bank AB (publ). Thereafter, Nordea Bank Sverige merged with Nordea Bank AB (publ). The merger was registered with the Swedish Patent and Registration Office (currently the Swedish Companies Registration Office) on 1 March 2004.

NBAB announced on 4 February 2016 that the Board of Directors of NBAB, together with each of the boards of directors of Nordea Bank Danmark, Nordea Bank Finland and Nordea Bank Norge, had signed cross-border merger plans (together, the "**Merger Plans**"). On 17 March 2016, the general meeting of Nordea Bank's 2016 shareholders approved the Merger Plans that were entered into with the aim to convert Nordea's Danish, Finnish and Norwegian subsidiary banks to branches of Nordea Bank by means of cross-border mergers (the "**Mergers**"). The Mergers took effect on 2 January 2017 under the European Cross Border Mergers Directive (2005/56/EC) and Nordea Bank Danmark, Nordea Bank Finland and Nordea Bank Norge became branches of Nordea Bank. On 1 October 2016, as part of the Mergers process, a new mortgage credit bank (Nordea Mortgage Bank Plc) was established in Finland to continue the covered bond operations conducted by Nordea Bank Finland. Nordea Bank believes that the new simplified legal structure strengthens governance and supports the Nordea Group's work to increase agility, efficiency and economies of scale.

The following chart sets forth the general legal structure of the Nordea Group following the completion of the Mergers.



Re-domiciliation and Merger

In the first quarter of 2017, the Nordea Group commenced an assessment of the options to address the impact on the Nordea Group of the Swedish regulatory framework, including its deviation from the regulatory framework of the EU's banking union. The options assessed included, among other things, moving the corporate headquarters of the Nordea Group from Sweden.

On 6 September 2017, following the completion of the assessment, the Board of Directors of Nordea Bank AB decided to initiate a re-domiciliation of the parent company of the Nordea Group from Sweden to Finland. This decision was based on the Nordea Group's unique pan-Nordic and international structure, which means that the existing national regulatory frameworks do not fully accommodate the Nordea Group's operating model and recent strategic developments. The Group expects that domiciling the parent company of the Nordea Group in a country that is participating in the EU's banking union will mean that the Nordea Group will be subject to a similar regulatory framework as its European peers, with a greater consistency of the application of laws and regulations and, therefore, more of a level playing field. This is expected by Nordea to promote the interests of customers, shareholders and employees. The operations of the Nordea Group, including in its Nordic home markets, will remain unchanged after the re-domiciliation and no changes in the day-to-day operations are expected from a customer perspective. Only a limited number of employees of the Nordea Group are expected to be affected by the re-domiciliation.

The re-domiciliation of the parent company of the Nordea Group to Finland is intended to be carried out as a cross-border reversed merger by way of absorption through which Nordea Bank AB (publ) (for the purposes of this section "**Nordea Sweden**") will be merged into a newly established Finnish subsidiary, Nordea Holding Abp ("**Nordea Finland**") (the "**Merger**"). Nordea Finland, which was registered with the Finnish Trade Register on 27 September 2017, was established specifically for the purposes of the Merger as a wholly owned subsidiary of Nordea Sweden. Upon the completion of the proposed Merger, Nordea Finland will become the new parent company of the Nordea Group and the Nordea Group's registered office will be transferred to Helsinki, Finland. Nordea Finland will conduct business operations directly in Finland and through branches outside Finland.

Baltic Operations

On 25 August 2016, the Group announced that Nordea Bank AB and DNB, Norway's largest financial services group as measured by total assets, had entered into an agreement to combine their operations in Estonia, Latvia and Lithuania into a new bank. The completion of the transaction was subject to customary closing conditions, including the requirement that Nordea and DNB obtain the necessary regulatory approvals following satisfactory outcomes of discussions with regulators and authorities. Following these conditions being met, the transaction was completed on 1 October 2017. The new Baltic bank, which is called Luminor, will comprise Nordea's and DNB's customers across the three markets. Nordea will hold approximately 56 per cent. of the economic rights, reflecting the equity value of the Nordea Group's contribution to the new company at the time of the closing of the transaction, and approximately 50 per cent. of the voting rights of the new company. Nordea and DNB will have equal representation on Luminor's board of directors and the majority of board members, including the chairman, will be independent. In Nordea Bank AB's consolidated financial results, Luminor will be accounted for using the equity method from the fourth quarter of 2017.

The Nordea Group's Organisation

Overview

The Nordea Group's organisational structure is built around four main business areas: Personal Banking, Commercial and Business Banking, Wholesale Banking and Wealth Management. In addition to the business areas, the Nordea Group's organisation includes the following six Group functions: Group Corporate Centre, Group Finance & Treasury, Group Risk Management & Control, Group Compliance, Chief of Staff Office and Group People.

In the Nordea Group's organisation, all parts of the value chains, namely customer responsibility, support, products, staff and IT development, have been incorporated into the four 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, NBAB believes that the responsibilities for creating efficiencies will be clearer and that the Nordea Group will be able to respond to new regulatory and investor demands in a more agile manner. The four main business areas are designed to support the relationship strategy for each specific customer segment. Having one operating model and an end-to-end value chain aims to ensure optimal delivery, increasing time spent with customers and reducing the time required to bring new products and services to the market.

Of the Nordea Group's business areas, Personal Banking serves Nordea's household customers. The business area includes advisory and service staff, channels and product units under a common strategy, operating model and governance across markets. Personal Banking comprises the units Personal Banking Denmark, Personal Banking Finland, Personal Banking Norway, Personal Banking Sweden and Digital Banking, Products, Strategy & Development and COO Personal Banking.

Commercial & Business Banking serves Nordea's corporate customers (Corporate Banking) and small and medium-sized corporate customers (Business Banking) and includes the following customer segments: Commercial Banking, Business Banking, Transaction Banking, Corporate Strategy & Development, Digital Banking, and COO Commercial & Business Banking.

Wholesale Banking provides services and financial solutions to the Nordea Group's largest corporate and institutional customers. Customers are served through a pan-Nordic platform complemented by selected international branches. The business area provides its customers with products and services within corporate banking, cash management and trade finance services, investment banking and capital markets products. The Wholesale Banking business area includes the business units Corporates & Investment Banking, Nordea Bank Russia, Fixed Income Currency & Commodities ("**FICC**"), Equities and Core Functions, including Wholesale Banking COO.

Wealth Management provides investment, savings, life insurance and risk management products. Customers are served through various channels, including a pan-Nordic Private Banking platform complemented by an International Private Banking unit. The business area manages customers' assets and gives financial advice to affluent and high net worth individuals as well as institutional investors. Wealth Management includes the units Private Banking, including Private Banking Denmark, Finland, Norway,

Sweden and International Asset Management, Life & Pensions, Savings & Wealth Offerings, Business Development and Operations.

Group Corporate Centre provides strategic frameworks, common infrastructure and processes for the Nordea Group. Group Corporate Centre supports the Nordea Group within capital models, balance sheet management and investor relations. Through the COO organization, Group Corporate Centre is also responsible for fully implementing one operating model by harmonising processes and services and supporting simplification, IT and compliance activities across the Nordea Group. Group Corporate Centre consists of Group COO organisation, COO Group Functions, COO Project Management Office, Group Simplification, Business Transformation, Regulatory Change Management and Group IT, Group Treasury and Asset & Liability Management and Investor Relations.

Group Finance & Treasury provides financial reporting frameworks for the Nordea Group and includes Group Reporting, Group Business Control & Reporting, Group Financial Management, Group Valuation Control and Management Office.

Group Risk Management & Control manages and monitors all aspects of risks, including credit, market or operational risk. Group Risk Management & Control includes Group Credit Risk, Group Market and Counterparty Credit Risk, Group Operational Risk, Group Credit & Financial Reporting Control, Group Recovery & Resolution Planning and Group Strategic Risk Management and Analysis.

Group Compliance includes the units supporting each Business Area and Group Function, Compliance Operations, Financial Crime and Monitoring.

Group People is responsible for group-wide strategic partnering, support and service in all human resources ("HR") matters and includes the units HR in Denmark, Finland, Norway and Sweden, Staffing, HR Core, Compensation & Benefit, Leadership, Performance Management and Talent Management.

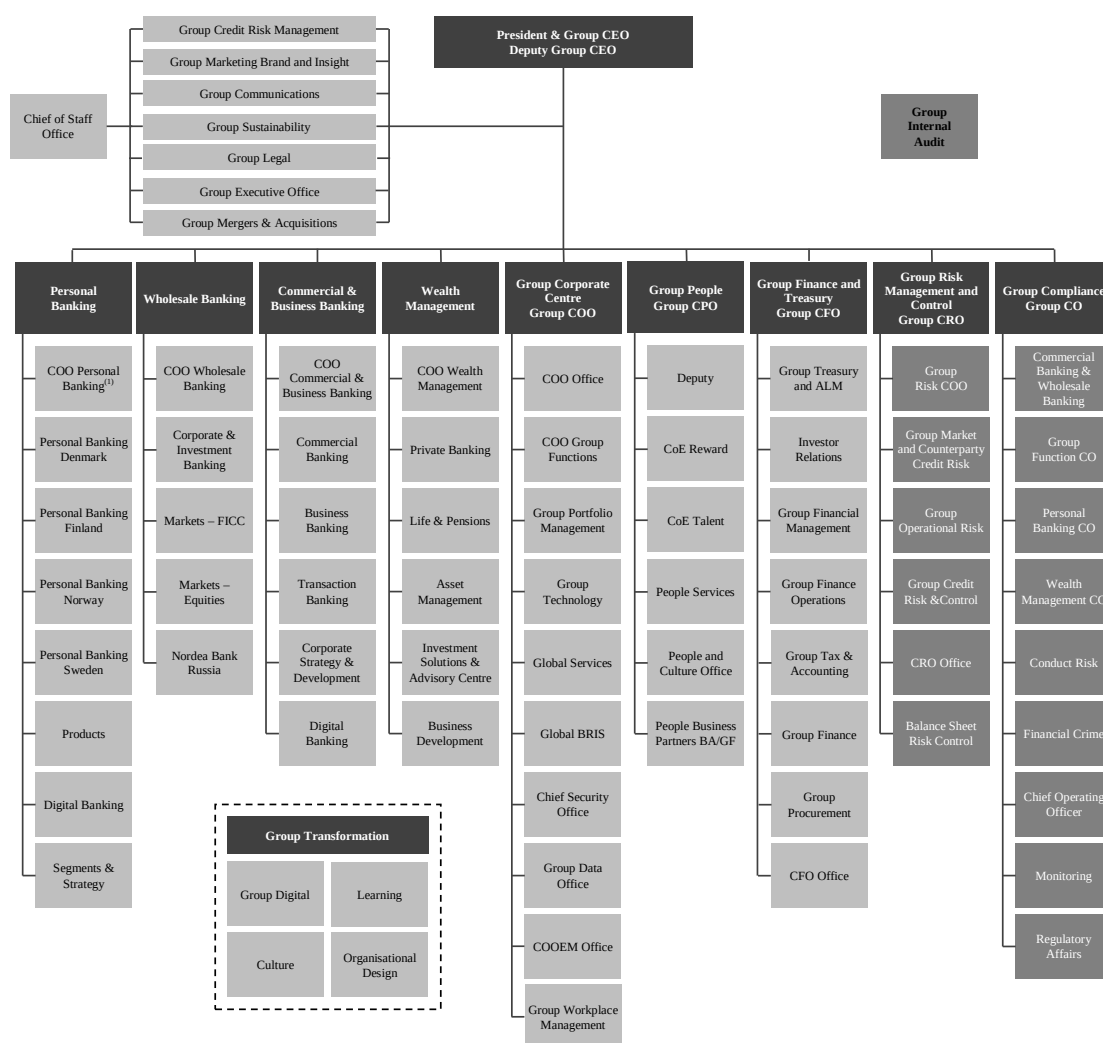
Chief of Staff Office is a common organisation for centralised group-wide functions delivering key and strategic services across the whole Nordea Group. Chief of Staff Office provides services related to legal advice, marketing and communication, facility management and executive management support. Chief of Staff Office includes the units Group Marketing & Communications, Group Executive Office, Group Legal and Group Workplace Management.

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 four main business areas, Personal Banking, Commercial & Business Banking, Wholesale Banking and Wealth Management. 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 at the date of this Base Prospectus.



Personal Banking

Of the Nordea Group's business areas, Personal Banking serves Nordea's household customers. The business area includes advisory and service staff, channels and product units under a common strategy, operating model and governance across markets. Personal Banking includes the units Personal Banking Denmark, Personal Banking Finland, Personal Banking Norway, Personal Banking Sweden and Digital Banking, Products, Strategy & Development, and COO Personal Banking.

Within Personal Banking, the Nordea Group operates through a multitude of channels in the household customer segment to ensure that household customers can access the bank when and how it suits them. To cater for the changing customer needs and preferences, the Nordea Group is continuously strengthening its online offerings. The Nordea Group's goal is to build broad and deep relationships with its customers online. The ambition is to create online solutions for those personal customers who want a full-service solution. In addition, the Nordea Group is working to simplify and digitise the key processes and products. Through the Nordea Group's common customer relationship system, the multitude of channels is integrated so that customer interaction in one channel is simultaneously recorded in all other channels. The Nordea Group segments its customers to provide the best service, advice and product solutions to customers, thereby aiming to ensure loyalty, brand value and increasing business and income.

Commercial and Business Banking

Commercial and Business Banking serves large corporate customers (Corporate Banking) and small and medium-sized corporate customers (Business Banking), and includes the units Commercial Banking, Business Banking, Transaction Banking, Corporate Strategy & Development, Digital Banking; and COO Commercial & Business Banking.

In the Nordic markets, Commercial & Business Banking divides its corporate customers further into three cross-country corporate segments based on their business potential and the complexity of their banking needs. The three segments are Commercial Banking, Business Banking and Business Banking Direct. The Nordea Group has developed a distinct value proposition, including contact policy, service level and product solutions, for each segment to provide comprehensive offerings and ensure "house bank" relationships.

Wholesale Banking

Wholesale Banking provides financial solutions to large Nordic and international corporate and institutional customers. The offering includes a diverse range of financing, investment banking and capital markets products and securities services. The mission of the Wholesale Banking business area is to provide strong relationship and product offerings to the largest Nordic corporate and institutional customers of the Nordea Group. Nordea Bank Russia is also part of Wholesale Banking. The Wholesale Banking business area aims to ensure integration of the value chain from customer units through product, support and IT units.

NBAB believes that its strategy for the largest corporate customers has proven robust during the ongoing transformation of the banking industry. NBAB 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 offerings.

The Wholesale Banking business area includes the business units Corporates & Investment Banking, Nordea Bank Russia, FICC, Equities and Core functions, including Wholesale Banking COO.

Corporates & Investment Banking

As of 1 August 2016, Investment Banking and Corporate & Institutions were combined into the new division, Corporate & Investment Banking ("**C&IB**"). Corporates & Investment Banking is a customer-responsible organisation serving the largest corporate and institutional customers. Corporates & Investment Banking consist of four individual divisions, covering each of the Nordic countries (C&IB Denmark, C&IB Finland, C&IB Norway and C&IB Sweden), and International Division (five branches located in Frankfurt, London, New York, Shanghai and Singapore and two representative offices located in Sao Paulo and Beijing). In addition, C&IB includes the units Advisory, Debt Capital Markets, Financial Institutions Group and Shipping, Offshore & Oil Services. The C&IB divisions serve corporate and institutional customers with a strong customer centric focus through the Nordea Group's Wholesale Banking Customer Service Model.

In the Wholesale Banking Customer Service Model, the customer units and product units have joint ownership and responsibility for maintaining and developing profitable customer relationships. The customer responsible unit has the overall responsibility for the customer relationship, including customer profitability and credit risk. Product units are responsible for the sales, delivery, profitability and inherent (operational) risks of their products. Corporate and institutional customers are offered tailored solutions and the full range of financial services by the Nordea Group, such as loans, deposits, cash management services, project finance, export and trade finance, corporate finance and capital markets products. In addition to Nordic corporate and institutional customers, Corporates & Investment Banking is also responsible for the corporate part of the Nordea Group's international business.

Nordea Bank Russia

Nordea Bank Russia offers bank services to corporate customers. Corporate customers of Nordea Bank Russia include leading Russian, Nordic and international companies operating in Russia. Nordea Bank Russia offers account and cash services, cash management, lending, trade and project finance, leasing and factoring, deposit taking and bank card services. In 2015, the strategy for the Russian operations was sharpened with focus on the largest Russian corporates and Nordic international companies. New mortgage lending was ceased and operations were streamlined accordingly. In addition, a more selective approach for all new businesses was applied. Due to the challenging geopolitical and economic environment, and in line with the Nordea Group's strategy to reduce its risks and exposure in Russia and focus on corporate banking services only, the Nordea Group made a decision in 2016 to sell its existing

portfolio of mortgage and consumer loans in Russia. The sale of this portfolio was completed in the first quarter of 2017. The buyer was Sovcombank. A dominant portion of Nordea Bank Russia's business is conducted from the offices in Moscow and St. Petersburg, where the majority of the employees are located.

Markets — Equities and FICC

The Nordea Group runs what it believes is the leading capital markets and investment banking operation in the Nordic region. Capital Markets is responsible for handling trading, research and sales within areas such as foreign exchange, fixed income, equities, structured products, debt capital markets and corporate finance, offering its products to all Nordea Group's customer segments.

Capital Markets is a customer driven franchise where the trading activities are driven by the management of the risk inherent in customer transactions, with no proprietary trading. Capital Markets consist of three main divisions: FICC, Investment Banking and Equities located primarily in the Nordic capitals. Markets FICC offers risk management products but also intermediation of credit and capital through, among other things, repurchase agreements and securities lending.

Wealth Management

Wealth Management provides high quality investment, savings and risk management solutions, 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 vision of Wealth Management is to become the leading wealth manager in the Nordic region, with global reach and global capabilities. Wealth Management strives to form strong client relationships, based on high quality of advice and solutions, delivered efficiently through an integrated value chain. The Wealth Management business area consists of three primary areas, Private Banking (including Private Banking Denmark, Finland, Norway, Sweden and International), Asset Management and Life & Pensions.

Private Banking advises wealthier customers of Nordea Group on all aspects of their financial situation. The Nordea Group operates its Private Banking business through an integrated model with Personal Banking. 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 of non-Nordic origin.

Asset Management is responsible for investment management and investment funds within the Nordea Group and also for serving institutional clients and third-party distributors with investment products. The products are delivered to both household customers and corporate customers, including institutional clients. The product range comprises investment funds and discretionary mandates within all asset classes but with the majority within actively managed equity, fixed income and balanced products.

Life & Pensions provides life insurance, pension products and services in eight countries in Europe. Life & Pensions serves both the individual and corporate segments with traditional as well as unit-linked products. The operations are conducted in legal entities wholly owned by Nordea Life Holding AB while the customers are served through banking branches, Life & Pensions' own sales force or via tied agents, brokers and to a small extent other financial institutions.

Wealth Management additionally consists of the units Savings & Wealth Offering that is responsible for the savings product offering to Nordea's retail and private banking customers, Operations that is responsible for operational processes including IT and processing for regulatory requirements, and Business Development that is responsible for project management, communications, human resources and planning and control.

Group Corporate Centre, Group Finance & Treasury, Group Risk Management & Control and Group Compliance

Within the Nordea Group, four units, namely, Group Corporate Centre, Group Finance & Treasury, Group Risk Management & Control and Group Compliance, are primarily responsible for risk, capital, liquidity and balance sheet management.

Group Corporate Centre

Group Corporate Centre is a Group function providing strategic and financial frameworks and processes as well as professional services and advice within their area of expertise. Group Corporate Centre aims to ensure that the Nordea Group operates with an adequate strategy and portfolio composition. Group Corporate Centre is also responsible for the measurement and analysis relating to performance as well as capital and liquidity management of the Nordea Group. Group Corporate Centre directly contributes to the Nordea Group's results by providing capital and funding and proprietary trading.

Group Finance & Treasury

Group Finance & Treasury was organised as a separate Group Function in 2016 and is responsible for securing adequate processes relating to financial reporting. Group Finance & Business Control includes Group Reporting, Group Business Control & Reporting, Group Financial Management and Group Valuation Control.

Group Risk Management & Control

Group Risk Management & Control manages and monitors all aspects of risk, including credit, market or operational risk. Group Risk Management & Control develops risk models, credit policies, credit processes and IT tools that support business areas and other business units within the Nordea Group together with efficient processes and prudent risk management.

Nordea Bank also has a unit called Group Credit Risk Management that is separate from its internal control unit and the Chief Risk Officer ("**CRO**"). The unit is responsible for Nordea Bank's credit risk management including credit decision process and credit committee work, credit analysis and credit processes. Ari Kaperi acts as Head of Group Credit Risk Management and left Group Executive Management as of 1 January 2017. Julie Galbo joined as a member of Group Executive Management and Head of Group Risk Management and Control as of 1 January 2017.

Group Compliance

Group Compliance coordinates, facilitates and oversees the effectiveness and integrity of the Nordea Group's compliance risk management. Group Compliance comprises the compliance functions in business areas and group functions. It includes the units led by the Compliance Officers in each of Personal Banking, Commercial & Business Banking, Wholesale Banking and Wealth Management and Group Functions as well as the Compliance Operations, Compliance Monitoring and the Nordea Group's financial crime change programme.

Strategy

The Nordea Group is a universal banking group with a relationship strategy centered on its customers and advisory capabilities. The Nordea Group's strategic direction is primarily driven by, and reflective of, the needs of its customers and the challenging macroeconomic and regulatory environment in which the Nordea Group and its customers operate. The Nordea Group strives to provide excellent customer experiences and holistic financial solutions in a low risk, efficient and diversified manner. By serving the customers and fine-tuning its business, Nordea Bank believes that the Nordea Group can further develop its low risk focused and stable franchise, providing access to funding at competitive price levels and delivering on its target for the years 2016 to 2018 of return on equity above the Nordic peer weighted average. In operational terms, during the past years, the Nordea Group has had a clear focus on constantly improving its cost and capital efficiency in order to maintain a sustainable operating model, secure competitive offerings and remain a solid banking institution. As part of the ongoing wider transformation of the Nordea Group, and in order to strengthen corporate governance, decrease administrative complexity and enhance efficiency, the Nordea Group has simplified its legal structure by converting Nordea's Danish, Finnish and Norwegian subsidiary banks to branches of Nordea.

The Nordea Group will continue to evolve into "One Nordea" and deliver the future relationship bank model through strengthened culture and consistent execution focusing on the following four areas:

- ***clear customer vision***, meeting customer needs with a constant focus as being considered easy to deal with, relevant and competent, anywhere and anytime and where the personal and digital relationship makes NBAB a safe and trusted partner.

- **common way of working**, the Nordea Group's four main business areas' value chains are designed to support the focused relationship strategy and NBAB believes that having one operating model and business area ownership of the end-to-end value chain ensures a comprehensive view, accountability and congruity, and it also safeguards operational efficiency by improving the quality of customer relationships, increasing the time spent with customers and reducing the time required to bring new products and services to market.
- **simplification of common systems**, to deliver excellent customer experiences in the face of digitalisation, changing customer behaviour and increased operational regulations, NBAB believes that the Nordea Group will need to become more agile and realise the full potential of scale while ensuring continued resilience; to do so, the Nordea Group will continue to adopt and develop best practices and strive for transparency and reduced complexity in products and processes.
- **common values**, clear values and principles are reflected in the objectives and incentives that are set within the Nordea Group, and how managers lead, develop and support people; values and leadership are the strongest drivers of performance and corporate culture. NBAB believes that the pan-Nordic platform of the Nordea Group with scalability, superior Nordic distribution power with global capabilities and actively managed business portfolio and focus on low volatility will continue to create significant value for all stakeholders.

Main Strategic Priorities

The Nordea Group has embarked on a number of strategic initiatives to meet the customer vision and to drive cost efficiency, compliance and prudent capital management.

Strengthening of Customer-Centric Organisation

To facilitate an even sharper customer focus, the Nordea Group adjusted its organisation in 2016 to reflect the distinctive needs of the different household and corporate customer segments. Following these changes, the Nordea Group has four main business areas, namely Personal Banking, Commercial & Business Banking, Wholesale Banking and Wealth Management. By having one operating model and an end-to-end value chain for each segment, the Nordea Group seeks to ensure optimal delivery, while increasing the time spent with customers and reducing the time required to bring new products and services to market.

Digitalisation and Distribution Transformation

Digitalisation is one of the main drivers for change in banking as well as in many other industries. Customer preferences and expectation on accessibility, easiness and personalisation are key reasons behind this trend. The Nordea Group has seen and continues to see a rapid increase in customer demand for mobile solutions. In order to generate a truly digital bank, the Nordea Group is executing a transformational change agenda between 2016 to 2018. The transition activities include the shift from physical to digital distribution and the establishment of e-branches. For example, transactions that were traditionally handled through branches are now available to customers on a 24/7 basis through mobile banking. Advisory meetings are also increasingly being held remotely.

One Bank

To better reflect the Nordic way in which the Nordea Group operates, the Nordea Group's legal structure has been simplified as part of the ongoing wider transformation of the Nordea Group. On 2 January 2017, Nordea's Danish, Finnish and Norwegian subsidiary banks were converted into branches of Nordea Bank. Nordea Bank believes that the new simplified legal structure strengthens governance and supports the Nordea Group's work to increase agility, efficiency and economies of scale. The Nordea Group's ambition with the transformation is to make it even easier for its customers to deal with the Nordea Group crossborder while at the same time leveraging on the Nordea Group's expertise as "One Nordea."

Simplification

In order to accommodate the rapid change in customer preferences towards digitised distribution as well as the increasing operational regulation, the Nordea Group is currently simplifying parts of its operations. In line with this strategy, the Nordea Group is building new core banking and payment platforms and a

Group common data warehouse, with the aim of significantly increasing agility, economies of scale and resilience, while, at the same time, reducing complexity. The core banking platform will contain customer information, loans and deposits, the payment platform will be used for conducting domestic, international and Single Euro Payments Area ("SEPA") payments, and the common data warehouse will consolidate existing data warehouses into one. The Nordea Group's customer and counterparty data operations will consolidate country-specific data into one solution.

Trust and Responsibility

The Nordea Group has set a target to be best in class in terms of regulatory compliance and will continue to further strengthen its focus on compliance and emphasis on implementing new rules and regulation quickly, thereby making it possible to capture the benefits of the compliance-related investments and form a deeper understanding of the Nordea Group's customers and risks.

Business Area Strategies

The Nordea Group's four main business areas all have their own strategic focus areas that contribute to the Nordea Group's relationship strategy.

Personal Banking

Leveraging its scale to cost efficiently serve all its customers on their daily banking needs, Personal Banking will further focus on improving accessibility and convenience, with the goal of ensuring that the business area's strong competence can be leveraged by customers to an even larger degree. Providing the right digital solutions and experiences to customers continues to play a key role in this development. Benefiting from the Nordea Group's simplification initiatives and technology investments, including the cost-efficient daily banking platform, Personal Banking will provide its customers with standardised, easy-to-use products they need for every-day activities. Meeting customers' preferences for self-service is an important element of these daily banking products. For more advanced customer needs, Personal Banking will continue to make its advisors easily available through remote meetings, aimed to ensure great value for customers and an efficient high-end distribution model for the bank. Across the full scale of offerings, digital solutions are increasingly taking a prime role in all interactions from offering convenient daily banking experiences to supporting and complementing advisors in more advanced matters. Based on these focus areas, Personal Banking will further tailor offers and services to match needs and preferences of its different customer groups.

Commercial & Business Banking

The strategic focus areas of Commercial & Business Banking are (i) to be best in class in advisory that is tailored to customer needs and preferences, (ii) to provide a best in class digital experience that is available anywhere and anytime, and (iii) to utilise efficiency and scale in leveraging the Nordea Group's Nordic model with the goal of making the business area even more cost and capital efficient. Commercial & Business Banking is strengthening its advisory services, focusing on cross sales and increasing flexibility for customers by expanding advisory, sales and service to digital channels. With new digital channels and virtual branches, Commercial & Business Banking seeks to improve the customer experience by increasing the business area's availability with more contact points and easier access. Commercial & Business Banking aims to provide a best in class digital experience by building a common integrated digital platform and using analytics to increase relevance and tailor digital interactions to individual customer needs and preferences. Commercial & Business Banking also seeks to deliver efficiency and scale by simplifying and digitising products and processes across geographies, by running capital efficiency initiatives and working on how to best deploy its resources as well as by building the platforms of the future, with the goal of ultimately allowing it to move quicker and meet future and current customer expectations.

Wholesale Banking

Wholesale Banking focuses on shifting towards capital-light solutions, managing for returns as well as leveraging its leading market position in the Nordic region. The essence of the business area's strategy is to develop long-term relationships and provide constant value-add for customers in supporting their business. Wholesale Banking aims to maintain its position as a leading wholesale bank in the Nordic region, with global relevance and multi-local presence. In order to support its organisation to achieve

these goals, Wholesale Banking combined Investment Banking and Corporate & Institutions into the new division, C&IB, in 2016. The aim of the new organisation is to be better equipped to improve relevance and commercial impact towards customers as well as to support the further alignment of business selection and capital allocation while continuously aiming to ensure strong customer-centric relationships. The Wholesale Banking COO organisation, which has a key role in the even more regulated and digital environment, was gradually implemented during 2016 to secure compliance, end-to-end process and improvements with focus on quality, risk and efficiency. Wholesale Banking also supports the Nordea Group's simplification initiatives and enhances straight-through-processes in Wholesale Banking.

Wealth Management

The strategy of Wealth Management is to form strong client relationships, based on superior quality of advice and solutions, delivered efficiently through an integrated value chain. Wealth Management aims to take advantage of digitisation and operational streamlining to enhance efficiency across the organisation. Wealth Management prioritises strategic investments in (i) establishing leading digital offerings to enhance value propositions and improve advisor efficiency, including upgraded digital touchpoints, (ii) new product offerings to meet shifting client demand adapted to the current low yield environment, with product capabilities including leveraging its strong multi-asset investment process and alternative investments, and (iii) establishing a leading retirement offering that targets a large, growing and underserved segment by developing new advisory and product capabilities. Wealth Management continues to focus on prudent resource management and prioritisation by balancing new investments with efficiency gains and allocating resources to where it believes most value is created. Enhanced collaboration across the Nordea Group is essential to reaching these objectives as it can facilitate increased knowledge sharing to provide an excellent investment offering in a cost-effective manner.

Recent Developments

Liv & Pension in Denmark

On 10 January 2017, Nordea Life Holding AB completed the sale of 25 per cent. of its holding in Nordea Liv & Pension Livsforsikringsselskab A/S in Denmark to Foreningen NLP, which represents the customers of Nordea Liv & Pension. The transaction has been approved by the Danish Financial Supervisory Authority. The purchase price amounted to EUR 291 million and the tax exempt gain to EUR 125 million. The gain was accounted for directly in equity at the completion of the transaction. In addition, Foreningen NLP invested EUR 125 million in tier 1 subordinated debt issued by Nordea Liv & Pension. In connection with the transaction, Nordea Liv & Pension distributed EUR 375 million to Nordea Life Holding AB improving Nordea Life group's solvency capital position by approximately 16 percentage points.

Capital Adequacy

The Nordea Group needs to keep sufficient capital to cover all risks taken (required capital) over a foreseeable future. In order to do this, the Nordea Group strives to attain efficient use of capital through active management of the balance sheet with respect to different asset, liability and risk categories.

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 CRD IV framework.

The Nordea Group is approved by the financial supervisory authorities to use the internal ratings based ("IRB") approach when calculating the capital requirements for the main part of its credit portfolio. The Nordea Group uses the Advanced IRB approach for corporate lending in the Nordic countries and in the International Units. The Retail IRB approach is used for the Nordic retail exposure classes and mortgage companies as well as for the Finnish finance company. The Foundation IRB approach is used for exposures in the Nordic finance companies, OJSC Nordea Bank ("**Nordea Bank Russia**") and the Baltic branches, as well as derivative and securities lending exposures. NBAB uses the standardised approach to calculate risk exposure amount ("REA") for exposures to equities in the banking book. Acquisitions of new portfolios are treated under the standardised approach until they are approved for the IRB approach by the relevant financial supervisory authority. As of 31 December 2016, 87 per cent of the Nordea Group's credit risk exposure amount was covered by IRB approaches. NBAB aims to implement the IRB approach for some of the remaining portfolios in 2017. 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 Nordea Group's common equity tier 1 (CET1) capital was strengthened in 2016 through profit and continued focus on capital management. In the third quarter of 2016, the Nordea Group entered into a synthetic securitisation transaction trade related to EUR 8.4 billion of the Nordea Group's loans as originator of a portfolio with corporate and small and medium-sized enterprise loans in Sweden and Denmark. The risk transfer was performed through a collateralised credit default swap ("CDS") structure. No assets were derecognised from Nordea Group's balance sheet and the Nordea Group continues to service the loans. Investors are responsible for a pre-agreed amount of incurred credit losses of the reference portfolio. The transaction was reported as a derivative as from the third quarter of 2016 and improved Nordea Group's common equity tier 1 ("CET1") capital ratio by approximately 30 basis points. Nordea also issued EUR 1 billion 10-year non-call five-year tier 2 subordinated notes in September 2016, which strengthened the total capital ratio by 60 basis points. The Nordea Group's CET1 capital ratio was 18.4 per cent. as of 31 December 2016, compared to 16.5 per cent. and 15.7 per cent. as of 31 December 2015 and 2014, respectively.

The outcome of the Supervisory Review and Evaluation Process ("SREP") undertaken by the EU Supervisory College and communicated in October 2016 indicated that the Nordea Group's common equity tier 1 (CET1) requirement as of the third quarter of 2016 was 17.3 per cent. The common equity tier 1 (CET1) requirement was assessed to be 17.4 per cent. as of 31 December 2016. The combined buffer requirement consists of a 3 per cent. systemic risk buffer, a 2.5 per cent. capital conservation buffer and a countercyclical buffer of approximately 0.5 per cent. The countercyclical buffer is expected to increase to approximately 0.7 per cent. as of 31 December 2017 after the planned increase in the countercyclical buffer rates in Sweden during the first quarter of 2017 and in Norway in the fourth quarter of 2017. The pillar 2 other part consists of the Swedish Financial Supervisory Authority (the "SFSA") standardised benchmark models for pillar 2 risks as well as other pillar 2 add-ons as a result of the SREP. The final capital requirement for 2017 will depend on the outcome of the 2017 SREP which NBAB expects to be communicated in October 2017. The pillar 2 add-ons, including risk weight floors, do not affect the maximum distributable amount ("MDA") level at which automatic restrictions on distributions linked to the combined buffer requirement would come into effect. A formal decision on pillar 2 has not been made. The SFSA has specifically stated that it intends to continue its practice of, in normal situations, not making a formal decision about the capital requirement under pillar 2. As of the date of this Base Prospectus, the MDA restrictions engage at a level of approximately 10.5 per cent. and, **provided that** a formal decision about the capital requirement under pillar 2 has not been made, this is expected to increase to approximately 10.7 per cent. when the countercyclical buffer rates in Sweden and Norway are increased in 2017. The Nordea Group's capital policy of maintaining a management buffer of 50-150 basis points above the capital requirement remains unchanged.

NORDEA BANK AB (PUBL)

Operational Overview

Nordea Bank AB (publ) or, as the case may be, a predecessor to NBAB, 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*".

NBAB conducts banking operations in Sweden within the scope of the Nordea Group's business organisation. NBAB develops and markets financial products and services to household customers, corporate customers and the public sector.

Legal Structure and Subsidiaries

Nordea Bank Sverige AB (publ) was a wholly owned subsidiary of NBAB (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). NBAB was incorporated on 8 October 1997 in accordance with Swedish law. NBAB's registered office is located in Stockholm, Sweden. NBAB is subject to the Swedish Companies Act (2005:551) and is licensed to conduct banking operations in accordance with the Swedish 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. NBAB is subject to substantial regulation in all markets in which it operates. NBAB is registered at the Swedish Companies Registration Office under the name Nordea Bank AB. NBAB 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, SE-105 71 Stockholm, Sweden (telephone no. +468-614-7000). NBAB has a number of directly and indirectly owned subsidiaries. NBAB shares are listed on the stock exchanges in Stockholm, Helsinki and Copenhagen.

Share Capital and Shareholders

According to NBAB's Articles of Association, the share capital of NBAB shall not be less than EUR 2,700,000,000 and not more than EUR 10,800,000,000. Shares may be issued in two classes, Ordinary shares and C-shares. As of the date of this Base Prospectus, all existing shares of NBAB are ordinary shares. 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. The Articles of Association set forth reciprocal rights and obligations between each owner and each class in the case of any issuance of new shares in NBAB.

As of the date of this Base Prospectus, NBAB's share capital is EUR 4,049,951,919, consisting of 4,049,951,919 ordinary shares with a quota value (*kvotvärde*) of EUR 1.00. Each share entitles the holder to one vote. NBAB is not entitled to vote with any shares it holds in itself.

The following table sets forth information relating to NBAB's five largest shareholders as of 31 October 2017:

Shareholder	Number of shares (million)	Per cent. of share capital and votes
Sampo plc	860.4	21.3%
Nordea-fonden	158.2	3.9%
Alecta	113.7	2.8%
Swedbank Robur Funds	106.0	2.6%
Blackrock	81.0	2.0%

Board of Directors

According to the Articles of Association, NBAB's 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 10 members elected by the shareholders at the shareholders' meeting for the period until and including the annual general meeting in 2018. In addition, three members and one deputy member are appointed by the employees. Employees have a right,

according to Swedish legislation, to be represented on the board. The CEO of NBAB 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:

	<u>Year of birth</u>	<u>Board member since</u>	<u>Position</u>
Björn Wahlroos.....	1952	2008	Chairman
Lars G Nordström	1943	2003	Vice Chairman
Pernille Erenbjerg	1967	2017	Member
Robin Lawther	1961	2014	Member
Sarah Russell	1962	2010	Member
Silvija Seres	1970	2015	Member
Kari Stadigh.....	1955	2010	Member
Birger Steen	1966	2015	Member
Maria Varsellona	1970	2017	Member
Lars Wollung	1961	2017	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:

	<u>Year of birth</u>	<u>Board member since</u>	<u>Position</u>
Toni H. Madsen	1959	2013	Employee Representative
Hans Christian Riise	1961	2013	Employee Representative
Gerhard Olsson	1978	2016	Employee Representative
Kari Ahola	1960	2006	Deputy Employee Representative

The members of the Board of Directors and Group Executive Management 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, no members of the Board of Directors are employed by the Nordea Group.

No potential conflicts of interest exist between any duties to NBAB 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 and UPM-Kymmene Corporation. In addition, he is Board Chairman of Hanken School of Economics and a member of the Board of Directors of several charities, including the Finnish Business and Policy Forum EVA/ETLA and the Mannerheim Foundation.

Lars G Nordström has been a member of the Board of Directors since 2003 and has served as its Vice Chairman since 2017. As of the date of this Base Prospectus, Mr Nordström is the Chairman of the Board of Directors of Vattenfall AB and a member of the Board of Directors of Viking Line Abp. He is the Board Chairman of the Finnish-Swedish Chamber of Commerce. Mr. Nordström is also a member of the Board of Directors Swedish-American Chamber of Commerce and the Centre for Business and Policy Studies (SNS). He is also a member of the Royal Swedish Academy of Engineering Sciences (IVA) and an Honorary Consul of Finland in Sweden.

Pernille Erenbjerg has been a member of the Board of Directors since 2017. As of the date of this Base Prospectus, Ms. Erenbjerg is Group CEO and President of TDC A/S and a member of the Board of Directors and chairman of the audit committee of Genmab A/S and DFDS A/S.

Robin Lawther has been a member of the Board of Directors since 2014. As of the date of this Base Prospectus, Ms. Lawther is a member of the Board of Directors of Oras Invest Ltd and a board member of UK Government Investments Limited.

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 Holdings NV and a member of the Board of Directors of several group companies (including the Management Board of Aegon NV). She is

also vice chairman of the Supervisory Board of La Banque Postale Asset Management SA, and member of the Supervisory Board of Nederlandse Investeringsinstelling NV. Ms. Russell is also a board member of the American Chamber of Commerce in the Netherlands.

Silvija Seres has been a member of the Board of Directors since 2015. As of the date of this Base Prospectus, Ms Seres is a member of the Board of Directors of Academedia AB, Eidsiva Energi AS, Oslo Börs VPS Holding ASA and Synchron International AB. Ms. Seres is also Board Chairman of Polyteknisk Forening, a member of the Board of Directors of Norsk Rikskringkasting AS (NRK), Oslo Business Region AS, Simula Research Laboratory AS, Transparency International Norge, Seema AS and Kavli Trust and a member of the Corporate Assembly and the Nomination Committee of Telenor ASA.

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 Ltd and Mandatum Life Insurance Company Limited and is a member of the Board of Directors of Nokia Corporation and Waypoint Group Holding Ltd. He is also vice chairman of the Board of Directors of the Federation of Finnish Financial Services and a member of the Niilo Helander Foundation.

Birger Steen has been a member of the Board of Directors since 2015. As of the date of this Base Prospectus, Mr Steen is a member of the Board of Directors of Schibsted ASA, Skooler AS and Nordic Semiconductor ASA. Mr. Steen is also a member of the Board of Trustees of the Nordic Heritage Museum in Seattle, the United States.

Maria Varsellona has been a member of the Board of Directors since 2017. As of the date of this Base Prospectus, Ms. Varsellona is the Chief Legal Officer of, and member of the Group Leadership in, Nokia Corporation and a member of the Board of Directors of Alcatel-Lucent S.A. and Alcatel-Lucent Shanghai Bell.

Lars Wollung has been a member of the Board of Directors since 2017. As of the date of this Base Prospectus, Mr. Wollung is the Chairman of the Board of Directors of IFS AB (publ), The North Alliance Group AS and mySafety Group AB.

Group Executive Management

Group Executive Management currently consists of 10 members, including the CEO. The President and CEO is appointed by the Board of Directors and is charged with the day-to-day management of the Nordea Group and the Nordea Group's group-wide affairs in accordance with applicable laws and regulations, including the Swedish Code of Corporate Governance (*Svensk kod för bolagsstyrning*) (the "**Swedish Corporate Governance Code**"), as well as the instructions provided by the Board of Directors. The instructions regulate the division of responsibilities and the interaction between the CEO and the Board of Directors. The CEO works closely with the Chairman of the Board of Directors, for example, in planning the meetings of the Board of Directors.

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

Name	Year of birth	Group Executive Management member since	Position
Casper von Koskull.....	1960	2010	President and Group CEO
Torsten Hagen Jørgensen.....	1965	2011	Deputy Group CEO and Group COO, Executive Vice President and Head of Group Corporate Centre
Erik Ekman.....	1969	2015	Executive Vice President, Head of Commercial and Business Banking
Matthew Elderfield.....	1966	2016	Group Compliance Officer, Head of Group Compliance
Julie Galbo.....	1971	2017	Group CRO and Head of Group Risk Management & Control
Heikki Ilkka*.....	1970	2016	Executive Vice President, Group Chief Financial Officer and Head of Group Finance & Treasury
Topi Manner.....	1974	2016	Executive Vice President, Head of Personal Banking
Martin Persson.....	1975	2016	Executive Vice President, Head of Wholesale Banking
Snorre Storset.....	1972	2015	Executive Vice President, Head of Wealth Management

Name	Year of birth	Group Executive Management member since	Position
Karen Tobiasen.....	1965	2016	Chief People Officer, Head of Group People
* On 15 November 2017, Nordea announced that Mr. Ilkka has decided to leave Nordea to return to auditing and re-join Ernst & Young as a partner. Mr. Ilkka will end his employment with Nordea by the end of February 2018 and will remain a member of Group Executive Management until such time. A process to identify a new Group CFO for Nordea has been initiated.			

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

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

Casper von Koskull has been the President and Group CEO of Nordea since 2015 and has been a member of Group Executive Management since 2010. Mr. von Koskull has held several executive positions since he joined the Nordea Group in 2010, most recently as Head of Wholesale Banking from 2011 to 2015. As of the date of this Base Prospectus, Mr. von Koskull is a board member of the Swedish Bankers' Association and the European Business Leaders' Convention.

Torsten Hagen Jørgensen has been Deputy CEO and Group Chief Operating Officer since 2015, Head of Group Corporate Centre since 2013 and Executive Vice President and a member of Group Executive Management since 2011. Mr. Jørgensen has held several executive positions since he joined the Nordea Group in 2005, most recently as Group Chief Financial Officer ("CFO") from 2013 to 2015.

Erik Ekman has been Executive Vice President and a member of Group Executive Management since 2015 and Head of Commercial & Business Banking since 2016. Mr. Ekman has held several executive positions since he joined the Nordea Group in 2008, most recently as Head of Wholesale Banking from 2015 to 2016.

Matthew Elderfield has been Group Compliance Officer, Head of Group Compliance and a member of Group Executive Management since 2016. Prior to joining Nordea in 2016, Mr. Elderfield served as Global Head of Compliance at Lloyds Banking Group. Before Lloyds Banking Group, Mr. Elderfield held a number of senior international regulatory roles, most recently as Deputy Governor of the Central Bank of Ireland.

Julie Galbo has been Group CRO and Head of Group Risk Management & Control and a member of Group Executive Management since 2017. Ms. Galbo has held various executive positions at the Nordea Group, most recently as Head of Regulatory Change Management from 2015 to 2016. Ms. Galbo served as Head of Division, State Capital Injections at the Danish Ministry of Economics and Business Affairs in 2010 and as Deputy Director General of the Danish Financial Supervisory Authority from 2010 to 2014.

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

Topi Manner has been Executive Vice President, Head of Personal Banking and a member of Group Executive Management since 1 July 2016. Mr. Manner has held several executive positions since he joined the Nordea Group in 1998, most recently as Head of Banking Finland & Baltics from 2012 to 2016. As of the date of this Base Prospectus, he is a member of the Board of Directors of the Finnish Chamber of Commerce and the International Chamber of Commerce in Finland and a member of the governing council of the Inter-Alpha Group of Banks.

Martin Persson has been Executive Vice President, Head of Wholesale Banking and a member of Group Executive Management since 2016. Mr. Persson joined the Nordea Group in 2012 and served as the Co-Head of Markets Equities, Nordea Markets from 2012 to 2016.

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

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

Karen Tobiasen, has been Chief People Officer, Head of Group People and a member of Group Executive Management since 2016. Prior to joining Nordea in 2016, Ms. Tobiasen held several senior positions with the Royal Philips Group, most recently as Chief Human Resources Officer at Philips Lighting. As of the date of this Base Prospectus, she is a member of the Board of Directors of Oriflame Holding AG.

Independence

NBAB 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 the Chairman of the Board of Directors of Sampo plc and Kari Stadigh is the Group CEO and President of Sampo plc which owns more than 10 per cent. of all shares and votes in NBAB.

All of the members elected by the shareholders are independent of NBAB 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 Corporate Governance Code, which states that at least two of the Board members elected by the general meeting of shareholders who are independent of the company and the company's executive management shall also be independent of the company's major shareholders.

External Auditors

According to the Articles of Association, one or two auditors shall be elected by the general meeting for a term of one year.

The auditor appointed by the 2015 AGM for the period until the end of the next annual general meeting was Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, SE-113 97 Stockholm, Sweden. At the 2016 AGM, Öhrlings PricewaterhouseCoopers AB was re-elected as the auditor until the end of the 2017 AGM. At the 2017 AGM, Öhrlings PricewaterhouseCoopers AB was re-elected as the auditor until the end of the 2018 AGM. The auditor is authorised by, and a member of, FAR SRS.

Legal Proceedings and Investigations

Within the framework of normal business operations, the Nordea Group faces claims in civil lawsuits and disputes, most of which involve relatively limited amounts. The Nordea Group is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active. These types of claims and proceedings expose the Nordea Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licenses or authorisations, or loss of reputation, criticism or penalties by supervisory authorities as well as the potential for regulatory restrictions on its businesses. As at the date of this Base Prospectus, none of the current disputes may have, or have had, significant adverse effects on the Nordea Group or its financial position.

In April 2016, the so-called "Panama papers," that is, more than 11.5 million documents leaked from the files of a Panamanian law firm, were released to the public. The Panama papers primarily comprise documentation with respect to offshore companies set up by a Panamanian law firm. Following the publication of the Panama papers, the SFSA and other authorities in markets where the Nordea Group operates have requested information related to customers with offshore structures and the Nordea Group's role in relation to such structures. In March 2017, the SFSA announced that Nordea will not be subject to sanctions by the SFSA in connection with the SFSA's investigation relating to the Panama papers. As of the date of this Base Prospectus, inquiries by other authorities are still ongoing and it is too early to assess

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

Nordea initiated an internal investigation following the publication of the Panama papers to assess whether the Panama-related offshore structures in Nordea Bank S.A. in Luxembourg ("**Nordea Bank Luxembourg**") and Nordic Private Banking had adhered to internal policies as well as external tax rules and anti-money laundering. In July 2016, Nordea announced that the internal investigation had been completed. The investigation did not find evidence that employees had initiated the establishment of offshore structures, nor that they had proactively contributed to customers' potential tax evasion. The investigation did, however, find that many of the reviewed know-your-customer files did not meet the standards set forth in the Nordea Group's policy. These findings were mainly related to the so-called enhanced due diligence required for high-risk customers. Nordea has decided on a number of actions to address the key findings and recommendations made in connection with the investigation. These actions include the integration of Nordea Bank Luxembourg into the Nordea Group's Nordic organisation to ensure a consistent implementation of compliance policies. The Nordea Group has also established an internal tax board to strengthen its tax compliance organisation.

In June 2015, the Danish Financial Supervisory Authority (*Finanstilsynet*) (the "**DFSA**") investigated the compliance of Nordea Bank Danmark with applicable anti-money laundering regulations. Nordea announced on 17 June 2016 that the DFSA's investigation had resulted in issues being raised by the DFSA and that the matter will, in accordance with Danish administrative practice, be handed over to the Danish police for further handling and possible sanctions. Nordea is addressing the issues raised by the DFSA and maintains dialogue with the DFSA about such progress. Nordea Bank Danmark was approached by the Danish police about the case in August 2017 and is cooperating with the police in their investigation.

To address the deficiencies highlighted by the SFSA in 2015, and the similar deficiencies highlighted by the DFSA, the Nordea Group has established a financial crime change program, which is a holistic approach to developing a Group-wide and sustainable standard for the prevention of financial crime. Broader activities aimed at strengthening the general compliance framework in the Nordea Group have also been accelerated. Initiatives are targeted both at strengthening regulatory implementation capability in the first line, and strengthening Group Compliance to ensure the second line role is executed in accordance with regulatory and internal requirements. In addition to the financial crime change program, the Nordea Group is investing in enhanced compliance standards, processes and resources. The Nordea Group has developed a revised operating model for Group Compliance, accelerated compliance-related recruitment and introduced dedicated first line compliance and operational risk support units.

Dividends

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

- 2016: EUR 0.65 per share, total dividend payment of EUR 2,625 million;
- 2015: EUR 0.64 per share, total dividend payment of EUR 2,584 million;
- 2014: EUR 0.62 per share, total dividend payment of EUR 2,501 million;
- 2013: EUR 0.43 per share, total dividend payment of EUR 1,734 million; and
- 2012: EUR 0.34 per share, total dividend payment of EUR 1,370 million.

Notices

Notices to the Noteholders are given in accordance with Condition 16 (*Notices*) of the Terms and Conditions of the Notes.

Articles of Association

The objects of NBAB can be found in article 3 of its Articles of Association. The objects of NBAB 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.

Material Agreements

NBAB 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 NBAB's ability to perform its obligations.

Corporate Governance

Corporate governance in Nordea Bank AB 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 Annual Accounts Act of Credit Institutions and Securities Companies, the Nasdaq rules and the rules and principles of the Swedish Code of Corporate Governance.

SELECTED FINANCIAL INFORMATION

The tables below show certain selected summarised financial information which, without material changes, is derived from the Issuer's audited consolidated financial statements for the year ended 31 December 2016 and unaudited consolidated financial statements for the nine months ended 30 September 2017, the "2017 Q3 Statements"), which are set out in the Annexes to this Base Prospectus.

NBAB'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" issued by the Swedish Financial Reporting Board as well as the accounting regulations of the SFSA's (FFFS 2008:25, including amendments), have also been applied.

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

Income Statement

	Group			
	Year ended 31 December		Nine-month period ended 30 September	
	2016	2015 ²⁹	2017	2016
	(EUR millions)			
Interest income.....	7,747	8,549	5,741	5,842
Interest expense	-3,020	-3,586*	-2,184	-2,324
Net interest income	4,727	4,963*	3,557	3,518
Fee and commission income	4,098	4,092*	3,169	3,016
Fee and commission expense	-860	-862*	-639	-645
Net fee and commission income	3,238	3,230*	2,530	2,371
Net result from items at fair value.....	1,715	1,645*	1,093	1,217
Profit from companies accounted for under the equity method.....	112	39	7	108
Other operating income.....	135	263	54	103
Total operating income	9,927	10,140	7,241	7,317
Operating expenses				
General administrative expenses:				
Staff costs	-2,926	-3,263	-2,351	-2,239
Other expenses.....	-1,646	-1,485	-1,197	-1,171
Depreciation, amortisation and impairment charges of tangible and intangible assets.....	-228	-209	-193	-157
Total operating expenses.....	-4,800	-4,957	-3,741	-3,567
Profit before loan losses	5,127	5,183	3,500	3,750
Net loan losses	-502	-479	-298	-373
Operating profit	4,625	4,704	3,202	3,377
Income tax expense.....	-859	-1,042	-783	-711
Net profit for the period	3,766	3,662	2,419	2,666
Attributable to:				
Shareholders of Nordea Bank AB (publ)	3,766	3,662	2,407	2,666
Non-controlling interests.....	-	-	12	-
Total.....	3,766	3,662	2,419	2,666

²⁹ As discussed in more detail under "Changed accounting policies and presentation" in the audited consolidated financial statements of the Issuer for the year ended 31 December 2016 which are set out in Annex 1 to this Base Prospectus, figures marked with a "*" have been restated due to changed presentation and are unaudited.

Balance Sheet

	Group			
	31 December		30 September	
	2016	2015 ³⁰	2017	2016
	(EUR millions)			
Assets				
Cash and balances with central banks	32,099	35,500	48,284	49,266
Loans to central banks	11,235	13,224	5,841	10,862
Loans to credit institutions	9,026	10,762*	14,362	12,752
Loans to the public	317,689	340,920	313,706	325,596
Interest-bearing securities	87,701	86,535*	87,580	82,974
Financial instruments pledged as collateral	5,108	8,341	7,279	10,389
Shares	21,524	22,273*	29,540	22,200
Assets in pooled schemes and unit-linked investment contracts ³¹	23,102	20,434*	25,472	23,149
Derivatives	69,959	80,741	48,637	80,529
Fair value changes of the hedged items in portfolio hedge of interest rate risk	178	151	143	137
Investments in associated undertakings	588	515	572	775
Intangible assets	3,792	3,208	4,071	3,594
Properties and equipment	566	557	634	572
Investment properties	3,119	3,054*	3,280	2,984
Deferred tax assets	60	76	81	232
Current tax assets	288	87	519	328
Retirement benefit assets	306	377	379	123
Other assets	18,973	18,587*	16,305	20,553
Prepaid expenses and accrued income	1,449	1,526	1,620	1,590
Assets held for sale	8,897	-	6,972	8,585
Total assets	615,659	646,868	615,277	657,190
Liabilities				
Deposits by credit institutions	38,136	44,209	54,243	58,387
Deposits and borrowings from the public	174,028	189,049*	182,247	187,411
Deposits in pooled schemes and unit-linked investment contracts ³² ..	23,580	21,088*	25,828	23,633
Liabilities to policyholders	41,210	38,707*	42,471	40,086
Debt securities in issue	191,750	201,937	182,625	191,380
Derivatives	68,636	79,505	45,485	77,400
Fair value changes of the hedged items in portfolio hedge of interest rate risk	2,466	2,594	1,754	3,678
Current tax liabilities	487	225	565	833
Other liabilities	24,413	25,745*	30,236	25,481
Accrued expenses and prepaid income	1,758	1,805	1,942	1,846
Deferred tax liabilities	830	1,028	823	620
Provisions	306	415	239	345
Retirement benefit obligations	302	329	246	492
Subordinated liabilities	10,459	9,200	9,181	10,096
Liabilities held for sale	4,888	-	5,094	4,432
Total liabilities	583,249	615,836	582,979	626,120
Equity				
Non-controlling interests	1	1	162	1
Share capital	4,050	4,050	4,050	4,050

³⁰ As discussed in more detail under "Changed accounting policies and presentation" in the audited consolidated financial statements of the Issuer for the year ended 31 December 2016 which are set out in Annex 1 to this Base Prospectus, figures marked with a "*" have been restated due to changed presentation and are unaudited..

³¹ As discussed in more detail under "Changed accounting policies and presentation" in the audited consolidated financial statements of the Issuer for the year ended 31 December 2016, the Nordea Group has reclassified certain investments made on behalf of customers in interest-bearing securities and shares in pension pools and unit-linked investment contracts to the separate balance sheet line "assets in pooled schemes and unit-linked investment contracts." The unaudited figures as of 31 December 2015 in the above table reflect this reclassification.

³² As a result of the accounting policy changes discussed in footnote 10 above, the corresponding liabilities to customers have been reclassified to the separate balance sheet line "deposits in pooled schemes and unit-linked investment contracts." The unaudited figures as of 31 December 2015 in the above table reflect this reclassification.

	Group			
	31 December		30 September	
	2016	2015 ³⁰	2017	2016
	<i>(EUR millions)</i>			
Share premium reserve	1,080	1,080	1,080	1,080
Other reserves	-1,023	-1,188	-1,216	-1,256
Retained earnings.....	28,302	27,089	28,222	27,195
Total equity	32,410	31,032	32,298	31,070
Total liabilities and equity	615,659	646,868	615,277	657,190
Assets pledged as security for own liabilities.....	189,441	184,795	201,479	193,078
Other assets pledged	8,330	9,038	5,400	5,179
Contingent liabilities.....	23,089	22,569	19,363	22,514
Credit Commitments.....	77,881	74,679	77,117	77,157
Other Commitments.....	1,553	3,323	2,355	1,601

Cash Flow Statement

	Group			
	Year ended 31 December		Nine-month period ended 30 September	
	2016	2015	2017	2016
	<i>(EUR millions)</i>			
Operating activities				
Operating profit	4,625	4,704	3,202	3,377
Adjustment for items not included in cash flow.....	3,892	2,824	2,652	2,748
Income taxes paid	-952	-1,056	-1,006	-688
Cash flow from operating activities before changes in operating assets and liabilities.....	7,565	6,472	4,848	5,437
Cash flow from operating activities	3,280	196	19,657	22,204
Cash flow from investing activities.....	-934	-522	-579	-762
Cash flow from financing activities	-1,553	-1,746	-3,359	-1,560
Cash flow for the period	793	-2,072	15,719	19,882
Cash and cash equivalents at the beginning of period	40,200	39,683	41,860	40,200
Translation differences.....	867	2,589	-2,805	-740
Cash and cash equivalents at the end of the period	41,860	40,200	54,774	59,342
Change	793	-2,072	15,719	19,882

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.

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. It should also be noted that there are differences in the tax treatment of different Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Swedish Taxation

Under Swedish tax law, payments in respect of the Notes, the Coupons and the Receipts are generally not subject to Swedish taxation, **provided that** the holder is neither resident in Sweden nor engaged in a trade or business in Sweden to which the holding is attributable. An investor in the Notes should not be subject to taxation in Sweden solely by his holding of such Notes, the Coupons or the Receipts or of income therefrom.

Sweden does not levy withholding tax on interest payments to an investor not resident in Sweden. Nor does Sweden levy stamp duty.

An investor who is a limited liability company tax resident in Sweden is generally taxed on interest income and capital gains at the standard corporate income tax rate (currently 22 per cent.). Special tax rules may apply for certain investors, e.g. insurance companies, pension funds and investment funds.

An investor who is an individual (or an estate of a deceased individual) tax resident in Sweden is generally taxed on interest income and capital gains at a rate of 30 per cent. For individuals (and estates of deceased individuals) a 30 per cent. preliminary tax (Sw. *preliminärskatt*) is normally withheld from interest payments.

For investors subject to taxation in Sweden, the calculation of capital gains/losses and the possibility to deduct losses against other income is dependent on the further classification of the Notes (e.g. listing, currency and reference assets).

The above description is intended as general information only and each investor should consult his own tax advisor for information on specific tax consequences that may arise as a result of acquiring, holding and disposing of the Notes.

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. The overview assumes that the Issuer is acting out of its head office, currently held in Stockholm, and not out of the Danish Branch (Nordea Danmark, Filial af Nordea Bank AB (publ), Sverige) or a permanent establishment in Denmark.

Provided that the Issuer of the Notes is not a tax resident of Denmark for Danish tax purposes and that the payments on the Notes of both principal and interests do not have a Danish source, payments on the Notes may be paid by the Issuer without withholding or deduction for or on account of Danish withholding tax

Finnish Taxation

The following summary does not purport to present any comprehensive or complete picture of all Finnish tax aspects that could be of relevance to a Holder of the Notes. The comments in this part are based on current Finnish tax law as applied in Finland and the Finnish Tax practice (which are subject to changes that could prospectively or retroactively affect the stated tax consequences). They assume that the payments of principal and interest on the Notes by the Issuer do not have a Finnish source and that the Issuer is acting out of its headquarters, and not out of its Finnish Branch or permanent establishment, for

the purposes of the Notes. Prospective Holders of Notes should consult their own professional advisors as to their tax position.

Payments of interest in accordance with the Terms and Conditions are not subject to withholding tax in Finland **provided that** the recipient is not resident in Finland for tax purposes, unless the Notes relate to business carried on in Finland (through a permanent establishment in Finland). Investors that are not resident in Finland for tax purposes are, furthermore, not subject to Finnish tax on capital gains arising from the transfer of Notes, unless the transfer relates to business carried on in Finland through a permanent establishment.

For physical persons that are resident in Finland for tax purposes and for Finnish estates of deceased persons, interest on Notes may constitute income subject to tax withholding under the tax prepayment act (20.12.1996/1118, *Fi. Ennakkoperintälaki*), if the interest is paid using a Finnish intermediary, or, in case of Notes issued by NBAB, Finnish Branch, interest income pursuant to the act on withholding tax for interest income (28.12.1990/1341, *Fi. Laki korkotulon lähdeverosta*). The tax withholding applicable to interest income in such case and the withholding tax on interest income are both at present 30 per cent. Index-linked yield is generally treated as interest income.

Interest on Notes issued by NBAB to physical persons that are resident in Finland for tax purposes and Finnish estates of deceased persons constitutes capital income. The tax rate applicable to capital income is at present 30 per cent. The tax rate for the part of capital income which exceeds 30,000 euros per year is, 34 per cent. If Notes issued by NBAB, Finnish Branch, are offered in circumstances where there is no obligation to publish a prospectus, the interest on such Notes may constitute capital income for physical persons that are resident in Finland for tax purposes and Finnish estates of deceased and be taxed at the tax rate applicable to capital income.

Where Notes are sold by a Finnish physical person or Finnish estate of deceased person prior to the due date, any capital gains and payment of accrued interest (*Fi. jälkimarkkinahyvitys*) is taxed in at the tax rate applicable to capital income (see above). Correspondingly, the subscriber is generally entitled to deduct the paid accrued interest from the taxable capital income of the year of subscription. Capital gains arising from a sale of assets are, however, exempted from tax if the total amount of the sales prices of the assets sold by the note holder does not exceed EUR 1,000 in a tax year. Capital losses arising from the transfer of notes are deductible from capital gains arising from the sale of assets in the same year or during the following five years. Capital losses may secondarily be deducted also from other capital income than capital gains. The capital losses will not, however, be tax deductible if the total amount of the acquisition prices of the assets sold by the note holder does not exceed EUR 1,000 in a tax year.

If the recipient of the interest paid on the Notes is a corporation further defined in Income Tax Act (30.12.1992/1535, *Fi. Tuloverolaki*, as amended) residing in Finland for tax purposes, such interest is subject to taxation either as income from business activities (business income source) or from passive assets (other income source) of the recipient corporation. Taxable income of a Finnish corporation is determined separately for business activities and other activities, both of which are taxed at a flat rate of 20 per cent.

Where Notes are sold by a Finnish resident corporation, any sales price is included either in the income from business activities or income from passive assets of the Finnish resident corporation. The acquisition cost of the Notes sold is deductible either from business or from other income depending on which assets the Notes belonged to at the time the Notes were sold. In general, a capital loss arising from the transfer of Notes attributable to business activities is deductible from business income. A loss of business activities can be carried forward for ten tax years. Capital losses attributable to other income can only be offset against capital gains arising from the transfer of passive assets and can be carried forward only for five tax years.

The Note holders are advised to consult their own tax advisers concerning their tax reporting obligations and the overall tax consequences of their ownership of the Notes.

Republic of Austria

This summary is based on Austrian tax laws as currently in force and as applied on the date of this Base Prospectus. The following discussion reflects the Issuer's understanding of certain material aspects of Austrian tax laws in connection with the acquisition, ownership and disposition of the Notes. The

discussion is of general nature and included herein solely for information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors should consult their professional legal and tax advisors with respect to their particular circumstances.

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 (*Körperschaftsteuer*) 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 Austrian Income Tax Act 1988 (*Einkommensteuergesetz 1988*, Federal Law Gazette 1988/400 – "**ITA**") generally at progressive tax rates between 0 per cent. and 55 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.

This overview of Austrian tax issues is based on the assumption that the Notes do not qualify as equity or units in an Austrian or non-Austrian investment fund for Austrian tax purposes (as in these cases the tax consequences may substantially differ).

Fiscal Reform Act 2015/2016

Due to the fiscal reform enacted by Federal Law Gazette I 2015/118, certain tax rates have been changed with effect as of 1 January 2016. *Inter alia*, the highest progressive income tax rate has been raised to 55 per cent. for yearly taxable income exceeding EUR 1.000.000 (limited in time for the years 2016 to 2020). Furthermore, the special tax rate applicable to investment income and capital gains derived from debt instruments such as the Notes has been raised to 27.5 per cent.

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 27.5 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 27.5 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 27.5 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 55 per cent. for yearly taxable income exceeding EUR 1.000.000) 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 capital gains tax applies 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. 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 27.5 per cent. applies equally.

Austrian Resident Corporate Investors

Resident corporate investors deriving business income from the Notes may avoid the deduction of CPT by filing a statement of exemption with the securities account keeping 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*). Income derived from the Notes by corporate investors (including any capital gains) is subject to corporate income tax at the general corporate income tax rate of 25 per cent. A special tax regime applies for private foundations (*Privatstiftungen*).

Repeal of the EU Savings Tax Directive

On 10 November 2015, the Council of the European Union adopted Council Directive (EU) 2015/2060 by which Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Tax Directive**") has been repealed with effect of 1 January 2016. The repeal was adopted as a consequence of the adoption by the Council in December 2014 of Directive 2014/107/EU amending provisions on the mandatory automatic exchange of information between tax administrations. In respect of Austria, however, special transitional periods applied and the EU Savings Tax Directive continued to apply with regard to Austria until 31 December 2016. Legislation implementing the repeal of the EU Savings Tax Directive and of the EU Withholding Tax Act (*EU-Quellensteuergesetz*, Federal Law Gazette I 2004/33 – "**EU-QuStG**"), by which the EU Savings Tax Directive has been implemented in Austria, with effect of 1 January 2017 as well as other statutory adjustments regarding the limited income tax liability for interest income applicable to non-resident individuals (see below) has been adopted in Austria on 14 July 2016 by the EU Federal Tax Amendment Act 2016 (*EU-Abgabenänderungsgesetz 2016*, Federal Law Gazette I 2016/77 – "**EU-AbgÄG 2016**").

Non-Resident Individuals and Non-Resident Corporate Investors

Due to the changes of the ITA by the EU-AbgÄG 2016, as discussed above, since 1 January 2017 interest income falls within the limited income tax liability applicable to non-resident individuals in case the interest payment or the accrued interest is deemed "domestic" (section 98 para 1 no. 5 of the ITA as amended by the EU-AbgÄG 2016) and provided that CPT has to be deducted. This is the case if the paying office (*auszahlende Stelle*) or the custodian bank (*depotführende Stelle*) is located in Austria. Interest payments are deemed domestic in case the debtor's domicile, legal seat or place of effective management is located in Austria or in case the debtor is an Austrian branch of a foreign bank. Interest income derived from debt instruments (interest payments, accrued interest) is deemed domestic in case

the debt securities have been issued by an Austrian issuer. For non-resident corporate entities deriving business income from Notes the current exemption in section 98 para 1 no. 5 of the ITA continues to apply pursuant to which interest payments and accrued interest which are not received by natural persons are exempt from the limited income tax liability. In addition, non-resident corporate investors deriving business income from Notes may avoid the deduction of CPT by filing a declaration of exemption (*Befreiungserklärung*) with the Austrian paying office and with the competent Austrian tax office, as section 94 no. 5 of the ITA has not been changed or amended. Furthermore, a new exemption applies in case interest income or accrued interest is received by individuals which are resident in countries in respect of which an automatic exchange of financial account information with Austria is implemented. Qualifying residency in such a country must be proven by a certificate of residence.

Applicable double taxation treaties may provide for a reduction of or relief from CPT.

In case non-residents receive income from Notes through an Austrian permanent establishment, they are to a large extent subject to the same tax treatment as resident investors. Investors should consult their professional advisers to clarify their position.

Other Taxes

Currently, Austria does not levy inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) anymore. However, pursuant to section 121a of the Federal Fiscal Code (*Bundesabgabenordnung*, Federal Law Gazette 1961/194 as amended), gifts exceeding certain amounts must be notified to the Austrian tax authorities within a three-month notification period. In addition, it should be mentioned that certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates are subject to foundation transfer tax (*Stiftungseingangssteuer*) pursuant to the Federal Foundation Transfer Act (*Stiftungseingangssteuergesetz*, Federal Law Gazette I 2008/85). This tax is triggered, if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. The tax is based on the market value of the transferred assets less any debt economically linked to these assets. In general, the applicable tax rate amounts to 2.5 per cent. However, in certain cases a higher tax rate of 25 per cent. applies.

There is no transfer tax, registration tax or similar tax payable in Austria by the holders of Notes as a consequence of the acquisition, ownership, disposition or redemption of Notes (when issued in bearer form only). The sale and purchase of Notes is not subject to Austrian stamp duty **provided that** no other transaction potentially taxable under the Federal Stamp Duty Act (*Gebührengesetz* 1957, Federal Law Gazette 1957/267 as amended) such as an assignment is entered into for which a document (*Urkunde*) within the meaning of the Stamp Duty Act is executed.

French Taxation

The following is a general description of certain French withholding tax considerations relating to the Notes to the extent that the Notes would qualify as debt instruments for French tax purposes. It is not a description of general French tax considerations relating to the Notes.

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.

However, pursuant to Articles 125 A and 125 D of the French Code *général des impôts*, and subject to certain limited exceptions, interest and other similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24 per cent. withholding tax. This withholding tax is an advance payment made in respect of the personal income tax of the individual receiving the interest or revenue, which is deductible from their personal income tax liability in respect of the year in which the withholding has been made. Social contributions (the *contribution sociale généralisée* (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* of 2 per cent. and the *contribution au remboursement de la dette sociale* (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 individuals who are fiscally domiciled (*domiciliés fiscalement*) in France. Practical steps to be taken for purposes of levying this withholding tax and social contributions will depend on the place where the paying agent is located.

Prospective purchasers of Notes who are fiscally domiciled (*domiciliés fiscalement*) or have their seat in France 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

German withholding tax

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 plus solidarity surcharge thereon plus church tax (if applicable) 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 per cent. (including solidarity surcharge (*Solidaritatzuschlag*)) 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 in eine Kapitalgesellschaft*), such transaction is treated like a sale. Losses from the sale of Notes can only be offset against other savings income and, if there is no sufficient other positive savings income, carried forward to subsequent assessment periods.

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 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. If similar Notes kept or administered in the same custodial account have been acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining the capital gains. 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 German 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.

For individuals who are subject to church tax, 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 the latter case, the investor has to include the savings income in the tax return and will then be assessed to church tax.

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, e.g. if the investor is subject to church tax and has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). 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 spouses or registered life partners the application can only be filed for savings income of both spouses/ life partners.

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 spouses or registered life partners). 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.

With regard to individuals holding the Notes as business assets, the provisions regarding German withholding tax (*Kapitalertragsteuer*) apply, in principle, as set out above for private investors. However, investors holding the Notes as business assets cannot file a withholding tax exemption certificate with the German Disbursing Agent. Instead, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Notes if, for example, (a) the Notes are held by a corporation or (b) the proceeds from the Notes qualify as income of a domestic business and the investor notifies this to the German Disbursing Agent by use of the officially required form.

Any withholding tax levied is credited as prepayment against the German (corporate) income tax amount. If the tax withheld exceeds the respective (corporate) income tax amount, the difference will be refunded within the tax assessment procedure.

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 based on the laws and practices currently in force in Ireland of Irish withholding tax on interest and addresses the tax position of investors who are the absolute beneficial owners of the Notes. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, including dealers in securities 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 the laws of their country of residence, citizenship or domicile.

Taxation of Noteholders

Withholding Tax

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 may be treated as having an Irish source if:

- (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) bearer Notes will not be physically located in Ireland; and (iv) the Issuer will not maintain a register of any registered Notes in Ireland.

Encashment Tax

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) on any interest, dividends or annual payments payable out of or in respect of the stocks, funds, shares or securities of a company not resident in Ireland, where such interest, dividends or annual payments are collected or realised by a bank or encashment agent in Ireland for payment to any person who is Irish resident.

Encashment tax will not apply where the holder of the Notes is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

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 and SIX Swiss Exchange are recognised stock exchanges. The Issuer's understanding of current HMRC practice is that securities which are officially listed and (to the extent relevant) admitted to trading on (a) the Main Market of the Irish Stock Exchange; or (b) the SIX Swiss

Exchange in accordance with the International Reporting Standard or Swiss Reporting Standard, 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 basic 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 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

Any discount element on Notes issued at an issue price of less than 100 per cent. of their principal amount will not generally be subject to any United Kingdom withholding tax, but may be subject to reporting requirements as outlined above.

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*" 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.

Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Final Terms of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), 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.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer and does not consider the tax consequences of any such substitution.

Luxembourg Taxation

The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. This summary is based upon the laws as in effect on the date of this Base Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Prospective holders of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes on the basis of this Base Prospectus, including the effect of any state or local taxes, under the tax laws of Luxembourg and each country of which they are residents.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only.

A holder of Notes may not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Withholding tax

All payments of interest (including accrued but unpaid) 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, regarding resident individual holders of Notes, the application of the Luxembourg law of 23 December 2005, as amended, which has introduced a 20 per cent. withholding tax on savings income.

Pursuant to the law of 23 December 2005 as amended, Luxembourg resident individuals who are the beneficial owners of savings income paid or ascribed by a paying agent established outside Luxembourg, in a Member State of either the European Union or the European Economic Area, can opt to self declare and pay a 20 per cent. tax (the "**Levy**") on these savings income.

The 20 per cent. withholding tax as described above or the Levy is 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 law of 23 December 2005, as amended, would be assumed by the Luxembourg paying agent (if any) within the meaning of this law and not by the Issuer.

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 Personal 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 non-resident entities 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 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 Lithuanian Personal Income Tax Law (please see below for details).

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 an 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 Lithuanian Personal Income Tax Law, i.e.:

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

- if the individual's place of personal, social or economic interests is in Lithuania rather than in a foreign country during the calendar year;
- if the individual is present in Lithuania for a period or periods in the aggregate of 183 days or more during the calendar year;
- 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 and received by Lithuanian residents after 1 January 2014 for Notes acquired before 31 December 2013 is exempt from personal income tax **provided that** redemption of the Notes commences not earlier than 366 days after the date of the issue or acquisition of the Notes.

Interest on the Notes made through a Lithuanian intermediary and received by Lithuanian residents after 1 January 2014 for Notes acquired after 1 January 2014 is exempt from personal income tax only if it does not exceed EUR 3,000 per one fiscal year.

Interest on Notes received by Lithuanian residents after 1 January 2016 is exempt from personal income tax if it does not exceed EUR 500 per one fiscal year. The amount of interest exceeding EUR 500 per one fiscal year is subject to 15 per cent personal income tax.

Personal income tax shall be paid by the Lithuanian residents.

Income from transfer of the Notes, exceeding EUR 500 per one fiscal year, received by a Lithuanian resident individual will be subject to 15 per cent personal income tax.

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 with 15 per cent corporate income tax (5 per cent corporate income tax rate may be applicable to small corporations) in the hands of 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.

Income from transfer of the Notes received by a Lithuanian resident legal entity will be subject to 15 per cent. corporate income tax (5 per cent. corporate income tax rate may be applicable to small corporations. Small corporation is defined as a corporation with not more than 10 employees on average and whose revenue does not exceed EUR 300,000 per tax year).

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.

Withholding Tax

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. (as of 1 January 2018 – 20 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

Provided that the Notes will be listed, the interest income will not be subject to taxation in Latvia. If the Notes will not be listed, the interest income on the Notes paid through a professional intermediary in Latvia will, in principle, be subject to a 10 per cent. (as of 1 January 2018 – 20 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. (as of 1 January 2018 – 3 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. (as of 1 January 2018 – 20 per cent.), if the payer is Latvian resident company, or 23 per cent. (if the payer is Latvian individual resident). Interest income paid by a credit institution registered in Latvia to non-residents located or registered in low-tax or no-tax jurisdictions will be subject to 5 per cent. withholding tax (as of 1 January 2018 – 20 per cent.), but purchase price paid by a Latvian resident company to non-residents located or registered in low-tax or no-tax jurisdiction for listed Notes will not be subject to withholding tax **provided that** the purchase price corresponds to the market price of the Notes.

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

The interest income on the Notes paid to non-resident companies will not be subject to taxation in Latvia.

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. (as of 1 January 2018 – 20 per cent.), if the payer is Latvian resident company, or 23 per cent. (if the payer is Latvian individual resident). Interest income paid by a credit institution registered in Latvia to non-residents located or registered in low-tax or no-tax jurisdictions will be subject to 5 per cent. withholding tax (as of 1 January 2018 – 20 per cent.), but purchase price paid by a Latvian resident company to non-residents located or registered in low-tax or no-

tax jurisdiction for listed Notes will not be subject to withholding tax **provided that** the purchase price corresponds to the market price of the Notes.

Norwegian Taxation

The following section is a summary of the Norwegian withholding tax consequences in respect of interest on the Notes. The following summary is based on the laws currently in force and as applied on the date of this Base Prospectus in the Kingdom of Norway which are subject to change, possibly with retroactive effect.

The summary does not address other Norwegian tax consequences resulting from the acquisition, ownership and disposition of the Notes. Prospective purchasers of the Notes should consult with and rely upon their own tax advisors with respect to the tax consequences of investing in the Notes under the laws of the Kingdom of Norway.

Norwegian withholding tax

Payments of interest on the Notes are not subject to any withholding tax in Norway, **provided that** the Issuer is not resident in Norway for tax purposes or issues the Notes in connection with business activities carried out in Norway.

It should be noted that the Norwegian government issued a white paper in October 2015 describing a tax reform for the period 2016-2018 which includes the possible introduction of withholding tax on interest payments from Norway. A detailed proposal will in such case be submitted for public consultation when ready.

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.

Spanish Taxation

On the basis that the Issuers are not resident in Spain for tax purposes and do not have a permanent establishment in Spain from which the payments derived, payments under the Notes would be made free of withholding or deduction of any Spanish taxes as they would not constitute Spanish source income.

In the case where the Notes were deposited or managed by a Spanish resident entity acting as depositary or custodian, a withholding obligation may exist for such entity under certain conditions.

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.

Swiss Federal Withholding Tax

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 4 November 2015 the Swiss Federal Council announced a mandate to the Swiss Federal Finance Department to institute a group of experts tasked with the preparation of a new proposal for a reform of the Swiss withholding tax system. The new proposal is expected to include in respect of interest payments the replacement of the existing debtor-based regime by a paying agent-based regime for Swiss withholding tax similar to the one published on 17 December 2014 by the Swiss Federal Council and repealed on 24 June 2015 following the negative outcome of the legislative consultation with Swiss official and private bodies. Under such a new paying agent-based regime, if enacted, a paying agent in Switzerland may be required to deduct Swiss withholding tax on any payments or any securing of payments of interest in respect of a Note for the benefit of the beneficial owner of the payment unless certain procedures are complied with to establish that the owner of the Note is not an individual resident in Switzerland.

Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act

Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of FATCA. The agreement ensures that the accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the U.S. and Switzerland. On 8 October 2014, the Swiss Federal Council approved a mandate for negotiations with the U.S. on changing the current direct-notification-based regime to a regime where the relevant information is sent to the Swiss Federal Tax Administration, which in turn provides the information to the U.S. tax authorities. The new regime may come into force earliest in 2018.

Automatic Exchange of Information in Tax Matters

On November 19, 2014, Switzerland signed the Multilateral Competent Authority Agreement (the "MCAA"). The MCAA is based on article 6 of the OECD/Council of Europe administrative assistance convention and is intended to ensure the uniform implementation of Automatic Exchange of Information (the "AEOI"). The Federal Act on the International Automatic Exchange of Information in Tax Matters (the "AEOI Act") entered into force on 1 January 2017. The AEOI Act is the legal basis for the implementation of the AEOI standard in Switzerland.

The AEOI is being introduced in Switzerland through bilateral agreements or multilateral agreements. The agreements have, and will be, concluded on the basis of guaranteed reciprocity, compliance with the principle of speciality (i.e. the information exchanged may only be used to assess and levy taxes (and for criminal tax proceedings)) and adequate data protection.

Based on such multilateral or bilateral agreements and the implementing laws of Switzerland, Switzerland will begin to collect data in respect of financial assets, including, as the case may be, Notes, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a EU member state or in a treaty state from, depending on the effectiveness date of the agreement, 2017 or 2018, as the case may be, and begin to exchange it from 2018 or 2019.

The Netherlands Taxation

Withholding Tax

All payments by the Issuer under the Notes may be made without 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 or therein.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Monetary Authority of Singapore ("**MAS**") in force at the date of this Base Prospectus and are subject to any changes in such laws, guidelines or circulars, or the interpretation of such laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Base Prospectus are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling, or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements below are also only with respect to Notes issued by the Issuer. Prospective holders of the Notes are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

General

Under the Income Tax Act, Cap 134 of Singapore, (the "**SITA**") an individual is a tax resident in Singapore in a year of assessment if in the preceding year he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more or if he resides in Singapore.

A Singapore tax resident individual is taxed at the current progressive rates ranging from 0 per cent. to 22 per cent.. Non-resident individuals, subject to certain exceptions, are subject to Singapore income tax on income accruing in or derived from Singapore at the current rate of 22 per cent.

A company is a tax resident in Singapore if the control and management of its business is exercised in Singapore.

The corporate tax rate in Singapore is currently 17 per cent. In addition, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. New companies will also, subject to certain conditions and exceptions, be eligible for full tax exemption on the first S\$100,000 and 50 per cent. tax exemption on the next S\$200,000 of normal chargeable income a year for each of the company's first three consecutive years of assessment.

Qualifying Debt Securities Scheme

With respect to any tranche of the Notes issued as debt securities under the Programme (the "**Relevant Notes**") during the period from the date of this Base Prospectus to 31 December 2018 where more than half of the issue of such Relevant Notes is distributed by Financial Sector Incentive (Capital Market), Financial Sector Incentive (Standard Tier) or Financial Sector Incentive (Bond Market) companies (as defined in the SITA), such tranche of Relevant Notes may be qualifying debt securities ("**QDS**") under the SITA.

If the Relevant Notes are QDS, subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes paid by the Issuer and derived by any company or a body of persons (as defined in the SITA) in Singapore is subject to tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates).

Notwithstanding the foregoing:

- (i) if, during the primary launch of any tranche of Relevant Notes, such Relevant Notes are issued to fewer than four persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and
- (ii) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from that tranche of Relevant Notes held by:
 - (A) any related party of the Issuer; or
 - (B) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the concessionary rate of tax described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**break cost**", "**prepayment fee**" and "**redemption premium**" are defined in the SITA as follows:

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to **"break cost"**, **"prepayment fee"** and **"redemption premium"** in this Singapore tax disclosure have the same meaning as defined in the SITA.

All foreign-sourced income received in Singapore on or after 1 January 2004 by Singapore tax-resident individuals will be exempt from income tax, **provided that** such foreign-sourced income is not received through a partnership in Singapore.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the SITA shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose Qualifying Income derived from the Relevant Notes is not exempt from tax (including for the reasons described above) is required under the SITA to include such income in a return of income made under the SITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as the MAS may specify and such other particulars in connection with the QDS as the MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where:
 - (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and
 - (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered, at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and
- (d) cannot be reopened with a resulting tenure of less than 10 years to the original maturity date.

However, even though a particular tranche of Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

- (a) any related party of the Issuer; or
- (b) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard ("**FRS**") 39 or FRS 109 may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39 or FRS 109. Please see the section below on "Income Tax Implications Arising from the Adoption of FRS 39 and FRS 109".

Income Tax Implications Arising from the Adoption of FRS 39 and FRS 109

Section 34A of the SITA provides for the tax treatment of financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to tax payers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement".

FRS 109 is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the SITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from the Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the SITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer or by one or more Authorised Offerors acting on the Issuer's behalf.

The United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Authorised Offeror will be required to represent and agree, that 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 Authorised Offeror(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 Authorised Offeror 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 an Authorised Offeror may violate the registration requirements of the Securities Act.

In addition, certain Series of Notes in respect of which any payment is determined by reference to an index or formula, or to changes in prices of securities or commodities, or certain other Notes will be subject to such additional U.S. selling restrictions as the Issuer and the relevant Authorised Offeror may agree.

Prohibition of Sales to EEA Retail Investors

From 1 January 2018, unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Authorised Offeror will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression an "offer" includes 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 .

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **"Relevant Member State"**), each Authorised Offeror 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 relevant Final Terms in relation thereto 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 in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) **Qualified investors:** at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) **Fewer than 150 offerees:** at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Authorised Offeror 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 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, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Authorised Offeror 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, would not, if it was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Denmark

Each Authorised Offeror 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, as replaced, with effect from 3 January 2018, by the Danish Capital Markets Act, as amended or replaced from time to time and Executive Orders issued thereunder.

Finland

Each Authorised Offeror 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 (746/2012, as amended, Fi: *Arvopaperimarkkinalaki*) and any regulation or rule made thereunder, as supplemented and amended from time to time.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Authorised Offeror will be required to represent and agree that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Norway

Notes denominated in NOK may not be offered or sold within Norway or to or for the account or benefit of persons domiciled in Norway, unless the Norwegian Act on Securities Trading and relevant regulations relating to the offer of VPS Notes and the registration in the VPS has been complied with.

Each Authorised Offeror will be required to represent and agree, that it will comply with all laws, regulations and guidelines applicable to the offering of Notes in Norway.

The Netherlands

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

- (a) **Specific Dutch selling restriction for exempt offers:** Each Authorised Offeror will be required to represent and agree that it will not make an offer of Notes which are the subject of an 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 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 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 above in the paragraph headed "*Public Offer Selling Restriction Under the Prospectus Directive*".

- (b) **Regulatory capacity to offer Notes in The Netherlands:** Each Authorised Offeror which does not have the requisite Dutch regulatory capacity to make offers or sales of financial instruments in The Netherlands will be required to represent and agree with the Issuer that it has not offered or sold and will not offer or sell any of the Notes of the Issuer in The Netherlands, other than

through one or more investment firms acting as principals and having the Dutch regulatory capacity to make such offers or sales.

- (c) **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 of the markets or systems 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. In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with. As used herein "**Zero Coupon Notes**" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Sweden

Each Authorised Offeror 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.

Ireland

Each Authorised Offeror will be required to represent and agree, that:

- (i) it will not underwrite the issue of, or place the Notes: (a) in respect of the period prior to 3 January 2018, 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; and (b) in respect of the period on and from 3 January 2018, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended, the "**MiFID II Regulations**") including, without limitation, Regulation 5 (*Requirement for authorisation*) (and certain provisions concerning MTFs and OTFs)) thereof or any rules or codes of conduct made under the MiFID II Regulations, and the provisions of the Investor Compensation Act 1998 (as amended);
- (ii) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Acts 2014 (as amended), the Central Bank Acts 1942 to 2015 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; and
- (iii) 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 Regulation (EU 596/2014) (as amended) and any rules and guidance issued under Section 1370 of the Companies Act 2014.

France

(i) *Private placement in France*

Each Authorised Offeror 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, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions 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*) acting for their own account, 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*.

(ii) *Offer to the public in France*

Each Authorised Offeror will be required to represent and agree, that, unless the approval of this Base Prospectus by the Central Bank has been notified to the *Autorité des marchés financiers* (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 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.

Estonia

Each Authorised Offeror will be required to represent and agree, that it has complied and will comply with all laws applicable in Estonia, especially provisions of the Estonian Securities Market Act (*väärtpaberituru seadus*), and all applicable regulations and guidelines with respect to anything done by it in relation to any Notes in, from or otherwise involving Estonia.

Lithuania

Each Authorised Offeror 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.

Latvia

Each Authorised Offeror will be required to represent and agree, that the Notes have not been offered and will not be offered in Latvia by way of a public offering, unless in compliance with all applicable provisions of the laws of Latvia and in particular in compliance with the Financial Instruments Market Law (*Finanšu instrumentu tirgus likums*) and any regulation or rule made thereunder, as supplemented and amended from time to time.

Spain

Each Authorised Offeror 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 Recast Text of the Securities Market Law (Texto Refundido de la Ley del Mercado de Valores) approved by Royal Decree Legislative 4/2015, of 23 October ("**TRLMV**"), Royal Decree 1310/2005, of 4 November, developing partially the 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 Base Prospectus.

The Notes may not be offered or sold in Spain other than by institutions authorised under the TRLMV 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 TRLMV and any other applicable legislation.

Singapore

Each Authorised Offeror will be required to acknowledge, that this Base Prospectus (including the relevant Final Terms) has not been registered as a prospectus with the MAS under the SFA. Accordingly, each Authorised Offeror will be required to represent and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus (including the relevant Final Terms) or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Base Prospectus (including the relevant Final Terms) has not been registered as a prospectus with the MAS under the SFA. Accordingly, this Base Prospectus (including the relevant Final Terms) and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) 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:

1. to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
2. where no consideration is or will be given for the transfer;
3. where the transfer is by operation of law;
4. as specified in Section 276(7) of the SFA; or
5. as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

No Notes linked to collective investment schemes (as defined under the SFA) may be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore.

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 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 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.

GENERAL INFORMATION

1. The establishment of the Programme and the most recent update were authorised by a duly convened meeting of the Board of Directors of the Issuer on 13 December 2012.
2. None of the Issuer or 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 Issuers are 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 2016, 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 30 September 2017 the date to which the latest published 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 the years ended 31 December 2016 and 2015 by the public accountants Öhrlings PricewaterhouseCoopers AB. The auditors 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 audited consolidated and unconsolidated financial statements of the Issuer for the years ended 31 December 2016 and 31 December 2015 including the audit reports relating thereto;
 - (e) the unaudited consolidated interim financial statements of the Issuer for the nine month period ended 30 September 2017;
 - (f) this Base Prospectus, together with any supplements thereto;
 - (g) the Final Terms for issues listed on any stock exchange and issued pursuant to this Base Prospectus; and
 - (h) the Issuer-ICSDs Agreement.
7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg or, in the case of VP Notes, the VP or, in the case of VPS Notes, the VPS or, in the case of Finnish Notes, Euroclear Finland or, in the case of Swedish Notes, Euroclear Sweden, or in the case of Swiss Franc Notes, the SIS. The appropriate common code and International Securities Identification Number for each issue allocated by Euroclear and Clearstream, Luxembourg and details of any other agreed clearance system(s) will be contained in the Final Terms relating thereto.
8. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

9. The address of VP is VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen 5.
10. The address of VPS is Norwegian Central Securities Depository, VPS ASA, P.O. 1174 Sentrum, 0107 Oslo.
11. The address of Euroclear Finland Ltd is Euroclear Finland Ltd, PB 1110, 00101 Helsinki, Finland.
12. The address of Euroclear Sweden AB is Swedish Central Securities Depository, Euroclear Sweden, Box 7822, SE 103 97 Stockholm, Sweden.
13. It is expected that each Series of Notes which is to be admitted to the Official List of the Irish Stock Exchange will be admitted separately as and when issued, subject only to the issue of the relevant Notes and the approval of the Programme in respect of such Note(s) will be granted on or about 19 December 2017. Notes may also be listed for trading on NASDAQ Stockholm, NASDAQ Helsinki, NASDAQ Copenhagen, Oslo Børs, Nordic Growth Market NGM AB – NDX (Nordic Derivatives Exchange) and the regulated market of the Luxembourg Stock Exchange.
14. It is expected that this Base Prospectus will be submitted to the SIX Swiss Exchange Ltd (the "**SIX Swiss Exchange**") for registration as an "issuance programme" for the listing of derivatives and an "issuance programme" for the listing of bonds, both in accordance with the listing rules of the SIX Swiss Exchange (the "**SIX Listing Rules**"). If approved, in respect of any Tranche (as defined herein) of Notes to be listed on the SIX Swiss Exchange during the 12 months from the date of this Base Prospectus, this Base Prospectus, together with the relevant Final Terms, will constitute the listing prospectus for purposes of the SIX Listing Rules.
15. Settlement arrangements will be agreed between the Issuer and the Fiscal Agent or, as the case may be, the Registrar in relation to each Series.
16. There are no material contracts that have been entered into outside the ordinary course of the Issuer's business and which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders in respect of the Notes being issued.
17. The Issuer does not intend to provide post-issuance information under paragraph 7.5 of Annex XII of Regulation (EC) No 809/2004.
18. The price and amount of Notes to be issued under the Programme will be determined by the Issuer at the time of issue in accordance with prevailing market conditions.
19. 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 THE ISSUER FOR THE YEAR
ENDED 31 DECEMBER 2016, INCLUDING THE AUDITOR'S REPORT AND NOTES
RELATING THERETO

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Income statement

EURm	Note	2016	2015
Operating income			
Interest income		7,747	8,549
Interest expense		–3,020	–3,586
Net interest income	G3	4,727	4,963
Fee and commission income		4,098	4,092
Fee and commission expense		–860	–862
Net fee and commission income	G4	3,238	3,230
Net result from items at fair value	G5	1,715	1,645
Profit from associated undertakings accounted for under the equity method	G19	112	39
Other operating income	G6	135	263
Total operating income		9,927	10,140
Operating expenses			
General administrative expenses:			
Staff costs	G7	–2,926	–3,263
Other expenses	G8	–1,646	–1,485
Depreciation, amortisation and impairment charges of tangible and intangible assets	G9	–228	–209
Total operating expenses		–4,800	–4,957
Profit before loan losses		5,127	5,183
Net loan losses	G10	–502	–479
Operating profit		4,625	4,704
Income tax expense	G11	–859	–1,042
Net profit for the year		3,766	3,662
Attributable to:			
Shareholders of Nordea Bank AB (publ)		3,766	3,662
Non-controlling interests		–	–
Total		3,766	3,662
Basic earnings per share, EUR	G12	0.93	0.91
Diluted earnings per share, EUR	G12	0.93	0.91

Statement of comprehensive income

EURm	2016	2015
Net profit for the year	3,766	3,662
Items that may be reclassified subsequently to the income statement		
Currency translation differences during the year	438	–544
Hedging of net investments in foreign operations:		
Valuation gains/losses during the year	–219	308
Tax on valuation gains/losses during the year	48	–68
<i>Available for sale investments¹</i>		
Valuation gains/losses during the year	186	–94
Tax on valuation gains/losses during the year	–42	23
Transferred to the income statement during the year	–69	–66
Tax on transfers to the income statement during the year	15	14
<i>Cash flow hedges:</i>		
Valuation gains/losses during the year	–569	611
Tax on valuation gains/losses during the year	147	–145
Transferred to the income statement during the year	525	–527
Tax on transfers to the income statement during the year	–137	126
Items that may not be reclassified subsequently to the income statement		
Defined benefit plans:		
Remeasurement of defined benefit plans during the year	–205	483
Tax on remeasurement of defined benefit plans during the year	47	–108
Other comprehensive income, net of tax	165	13
Total comprehensive income	3,931	3,675
Attributable to:		
Shareholders of Nordea Bank AB (publ)	3,931	3,675
Non-controlling interests	–	–
Total	3,931	3,675

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

Balance sheet

EURm	Note	31 Dec 2016	31 Dec 2015	1 Jan 2015
Assets				
Cash and balances with central banks		32,099	35,500	31,067
Loans to central banks	G13	11,235	13,224	6,958
Loans to credit institutions	G13	9,026	10,762	12,096
Loans to the public	G13	317,689	340,920	348,085
Interest-bearing securities	G14	87,701	86,535	85,666
Financial instruments pledged as collateral	G15	5,108	8,341	12,151
Shares	G16	21,524	22,273	24,002
Assets in pooled schemes and unit-linked investment contracts	G17	23,102	20,434	17,442
Derivatives	G18	69,959	80,741	105,119
Fair value changes of the hedged items in portfolio hedge of interest rate risk		178	151	256
Investments in associated undertakings and joint ventures	G19	588	515	487
Intangible assets	G20	3,792	3,208	2,908
Properties and equipment		566	557	509
Investment properties	G22	3,119	3,054	3,135
Deferred tax assets	G11	60	76	130
Current tax assets		288	87	132
Retirement benefit assets	G32	306	377	42
Other assets	G23	18,973	18,587	17,543
Prepaid expenses and accrued income	G24	1,449	1,526	1,614
Assets held for sale	G42	8,897	–	–
Total assets		615,659	646,868	669,342
Liabilities				
Deposits by credit institutions	G25	38,136	44,209	56,322
Deposits and borrowings from the public	G26	174,028	189,049	192,967
Deposits in pooled schemes and unit-linked investment contracts	G17	23,580	21,088	18,099
Liabilities to policyholders	G27	41,210	38,707	38,031
Debt securities in issue	G28	191,750	201,937	194,274
Derivatives	G18	68,636	79,505	97,340
Fair value changes of the hedged items in portfolio hedge of interest rate risk		2,466	2,594	3,418
Current tax liabilities		487	225	368
Other liabilities	G29	24,413	25,745	26,973
Accrued expenses and prepaid income	G30	1,758	1,805	1,943
Deferred tax liabilities	G11	830	1,028	983
Provisions	G31	306	415	305
Retirement benefit liabilities	G32	302	329	540
Subordinated liabilities	G33	10,459	9,200	7,942
Liabilities held for sale	G42	4,888	–	–
Total liabilities		583,249	615,836	639,505
Equity				
Non-controlling interests		1	1	2
Share capital		4,050	4,050	4,050
Share premium reserve		1,080	1,080	1,080
Other reserves		–1,023	–1,188	–1,201
Retained earnings		28,302	27,089	25,906
Total equity		32,410	31,032	29,837
Total liabilities and equity		615,659	646,868	669,342
Assets pledged as security for own liabilities	G34	189,441	184,795	163,041
Other assets pledged	G35	8,330	9,038	11,265
Contingent liabilities	G36	23,089	22,569	22,017
Commitments	G37	79,434	78,002	75,935

Statement of changes in equity

2016

EURm	Attributable to shareholders of Nordea Bank AB (publ) ²									
	Other reserves:							Total	Non-controlling interests	Total equity
	Share capital ¹	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings			
Balance at 1 Jan 2016	4,050	1,080	-1,617	71	-10	368	27,089	31,031	1	31,032
Net profit for the year	-	-	-	-	-	-	3,766	3,766	-	3,766
Items that may be reclassified subsequently to the income statement										
Currency translation differences during the year	-	-	438	-	-	-	-	438	-	438
Hedging of net investments in foreign operations:										
Valuation gains/losses during the year	-	-	-219	-	-	-	-	-219	-	-219
Tax on valuation gains/losses during the year	-	-	48	-	-	-	-	48	-	48
Available for sale investments:										
Valuation gains/losses during the year	-	-	-	-	186	-	-	186	-	186
Tax on valuation gains/losses during the year	-	-	-	-	-42	-	-	-42	-	-42
Transferred to the income statement during the year	-	-	-	-	-69	-	-	-69	-	-69
Tax on transfers to the income statement during the year	-	-	-	-	15	-	-	15	-	15
Cash flow hedges:										
Valuation gains/losses during the year	-	-	-	-569	-	-	-	-569	-	-569
Tax on valuation gains/losses during the year	-	-	-	147	-	-	-	147	-	147
Transferred to the income statement during the year	-	-	-	525	-	-	-	525	-	525
Tax on transfers to the income statement during the year	-	-	-	-137	-	-	-	-137	-	-137
Items that may not be reclassified subsequently to the income statement										
Defined benefit plans:										
Remeasurement of defined benefit plans during the year	-	-	-	-	-	-205	-	-205	-	-205
Tax on remeasurement of defined benefit plans during the year	-	-	-	-	-	47	-	47	-	47
Other comprehensive income, net of tax	-	-	267	-34	90	-158	-	165	-	165
Total comprehensive income	-	-	267	-34	90	-158	3,766	3,931	-	3,931
Dividend for 2015	-	-	-	-	-	-	-2,584	-2,584	-	-2,584
Disposal of own shares ³	-	-	-	-	-	-	31	31	-	31
Balance at 31 Dec 2016	4,050	1,080	-1,350	37	80	210	28,302	32,409	1	32,410

1) Total shares registered were 4,050 million.

2) Restricted equity was at 31 December 2016 EUR 4,889m, which consists of share capital was EUR 4,050m, equity method reserve was EUR 240m and development cost reserves EUR 599m. Equity method reserve and development costs reserve are recognised in retained earnings. Unrestricted equity was at 31 December 2016 EUR 27,520m.

3) Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares were 13.3 million. The total holdings of own shares related to LTIP is 10.9 million.

Statement of changes in equity, Nordea Group, cont.

2015

EURm	Attributable to shareholders of Nordea Bank AB (publ) ²									
	Share capital ¹	Share premium reserve	Translation of foreign operations	Other reserves:			Retained earnings	Total	Non-controlling interests	Total equity
				Cash flow hedges	Available for sale investments	Defined benefit plans				
Balance at 1 Jan 2015	4,050	1,080	-1,313	6	113	-7	25,906	29,835	2	29,837
Net profit for the year	-	-	-	-	-	-	3,662	3,662	-	3,662
Items that may be reclassified subsequently to the income statement										
Currency translation differences during the year	-	-	-544	-	-	-	-	-544	-	-544
<i>Hedging of net investments in foreign operations:</i>										
Valuation gains/losses during the year	-	-	308	-	-	-	-	308	-	308
Tax on valuation gains/losses during the year	-	-	-68	-	-	-	-	-68	-	-68
<i>Available for sale investments:</i>										
Valuation gains/losses during the year	-	-	-	-	-94	-	-	-94	-	-94
Tax on valuation gains/losses during the year	-	-	-	-	23	-	-	23	-	23
Transferred to the income statement during the year	-	-	-	-	-66	-	-	-66	-	-66
Tax on transfers to the income statement during the year	-	-	-	-	14	-	-	14	-	14
<i>Cash flow hedges:</i>										
Valuation gains/losses during the year	-	-	-	611	-	-	-	611	-	611
Tax on valuation gains/losses during the year	-	-	-	-145	-	-	-	-145	-	-145
Transferred to the income statement during the year	-	-	-	-527	-	-	-	-527	-	-527
Tax on transfers to the income statement during the year	-	-	-	126	-	-	-	126	-	126
Items that may not be reclassified subsequently to the income statement										
<i>Defined benefit plans:</i>										
Remeasurement of defined benefit plans during the year	-	-	-	-	-	483	-	483	-	483
Tax on remeasurement of defined benefit plans during the year	-	-	-	-	-	-108	-	-108	-	-108
Other comprehensive income, net of tax	-	-	-304	65	-123	375	-	13	-	13
Total comprehensive income	-	-	-304	65	-123	375	3,662	3,675	-	3,675
Share-based payments	-	-	-	-	-	-	2	2	-	2
Dividend for 2014	-	-	-	-	-	-	-2,501	-2,501	-	-2,501
Disposal of own shares ³	-	-	-	-	-	-	20	20	-	20
Change in non-controlling interests	-	-	-	-	-	-	-	-	-1	-1
Balance at 31 Dec 2015	4,050	1,080	-1,617	71	-10	368	27,089	31,031	1	31,032

1) Total shares registered were 4,050 million.

2) Restricted equity was at 31 December 2015 EUR 4,318m, of which share capital was EUR 4,050m and equity method reserve was EUR 268m. Equity method reserve is recognised in retained earnings. Unrestricted equity was at 31 December 2015 EUR 26,713m.

3) Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares were 18.6 million. The total holdings of own shares related to LTIP is 11.7 million.

Cash flow statement

EURm	2016	2015
Operating activities		
Operating profit	4,625	4,704
Adjustment for items not included in cash flow	3,892	2,824
Income taxes paid	–952	–1,056
Cash flow from operating activities before changes in operating assets and liabilities	7,565	6,472
Changes in operating assets		
Change in loans to central banks	7,824	–10,002
Change in loans to credit institutions	689	1,171
Change in loans to the public	14,357	5,173
Change in interest-bearing securities	–154	–831
Change in financial assets pledged as collateral	3,233	3,812
Change in shares	488	–937
Change in derivatives, net	–751	4,453
Change in investment properties	–174	38
Change in other assets	–3,217	–1,402
Changes in operating liabilities		
Change in deposits by credit institutions	–6,482	–13,495
Change in deposits and borrowings from the public	–9,686	–4,272
Change in liabilities to policyholders	2,602	2,361
Change in debt securities in issue	–7,357	4,374
Change in other liabilities	–5,657	3,281
Cash flow from operating activities	3,280	196
Investing activities		
Sale of business operations	–	175
Investments in associated undertakings and joint ventures	–5	0
Sale of associated undertakings and joint ventures	134	10
Acquisition of property and equipment	–124	–162
Sale of property and equipment	20	27
Acquisition of intangible assets	–658	–467
Sale of intangible assets	1	9
Net divestments in debt securities, held to maturity	–360	–139
Sale of other financial fixed assets	58	25
Cash flow from investing activities	–934	–522
Financing activities		
Issued subordinated liabilities	1,000	2,159
Amortised subordinated liabilities	–	–1,424
Divestment of own shares including change in trading portfolio	31	20
Dividend paid	–2,584	–2,501
Cash flow from financing activities	–1,553	–1,746
Cash flow for the year	793	–2,072
Cash and cash equivalents at the beginning of year	40,200	39,683
Translation difference	867	2,589
Cash and cash equivalents at the end of year	41,860	40,200
Change	793	–2,072

Cash flow statement, Nordea Group, cont.

Comments on the cash flow statement

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year for total operations. 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 items not included in cash flow includes:

EURm	2016	2015
Depreciation	221	189
Impairment charges	7	20
Loan losses	560	543
Unrealised gains/losses	-2	1,401
Capital gains/losses (net)	-72	-197
Change in accruals and provisions	126	143
Translation differences	919	811
Change in bonus potential to policyholders, Life	-115	236
Change in technical reserves, Life	2,491	1,053
Change in fair value of hedged items, assets/liabilities (net)	-92	-753
Other	-151	-622
Total	3,892	2,824

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	2016	2015
Interest payments received	7,649	8,810
Interest expenses paid	-3,198	-3,473

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 2016	31 Dec 2015
Cash and balances with central banks	32,099	35,500
Loans to central banks, payable on demand	8,538	2,684
Loans to credit institutions, payable on demand	1,093	2,016
Assets held for sale	130	-
Total	41,860	40,200

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

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

Loans to credit institutions, payable on demand include liquid assets not represented by bonds or other interest-bearing securities. Loans to central banks, payable on demand includes instruments where Nordea has the right to resell immediately.

Quarterly development

EURm	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2016	2015
Net interest income	1,209	1,178	1,172	1,168	1,203	1,233	1,274	1,253	4,727	4,963
Net fee and commission income	867	795	804	772	821	767	833	809	3,238	3,230
Net result from items at fair value	498	480	405	332	421	211	386	627	1,715	1,645
Profit from associated undertakings accounted for under the equity method	4	-2	101	9	3	18	8	10	112	39
Other operating income	32	15	74	14	197	24	22	20	135	263
Total operating income	2,610	2,466	2,556	2,295	2,645	2,253	2,523	2,719	9,927	10,140
General administrative expenses:										
Staff costs	-687	-743	-756	-740	-956	-756	-772	-779	-2,926	-3,263
Other expenses	-475	-389	-396	-386	-455	-303	-363	-364	-1,646	-1,485
Depreciation, amortisation and impairment charges of tangible and intangible assets	-71	-51	-54	-52	-65	-49	-50	-45	-228	-209
Total operating expenses	-1,233	-1,183	-1,206	-1,178	-1,476	-1,108	-1,185	-1,188	-4,800	-4,957
Profit before loan losses	1,377	1,283	1,350	1,117	1,169	1,145	1,338	1,531	5,127	5,183
Net loan losses	-129	-135	-127	-111	-142	-112	-103	-122	-502	-479
Operating profit	1,248	1,148	1,223	1,006	1,027	1,033	1,235	1,409	4,625	4,704
Income tax expense	-148	-260	-227	-224	-179	-253	-283	-327	-859	-1,042
Net profit for the year	1,100	888	996	782	848	780	952	1,082	3,766	3,662
Diluted earnings per share (DEPS), EUR	0.27	0.22	0.25	0.19	0.21	0.19	0.24	0.27	0.93	0.91
DEPS, rolling 12 months up to period end, EUR	0.93	0.87	0.84	0.83	0.91	0.92	0.95	0.89	0.93	0.91

5 year overview

Income statement¹

EURm	2016	2015	2014	2013	2012
Net interest income	4,727	4,963	5,349	5,525	5,563
Net fee and commission income	3,238	3,230	3,017	2,642	2,468
Net result from items at fair value	1,715	1,645	1,383	1,539	1,774
Profit from associated undertakings accounted for under the equity method	112	39	18	79	93
Other operating income	135	263	474	106	100
Total operating income	9,927	10,140	10,241	9,891	9,998
General administrative expenses:					
Staff costs	-2,926	-3,263	-3,159	-2,978	-2,989
Other expenses	-1,646	-1,485	-1,656	-1,835	-1,808
Depreciation, amortisation and impairment charges of tangible and intangible assets	-228	-209	-585	-227	-267
Total operating expenses	-4,800	-4,957	-5,400	-5,040	-5,064
Profit before loan losses	5,127	5,183	4,841	4,851	4,934
Net loan losses	-502	-479	-534	-735	-895
Operating profit	4,625	4,704	4,307	4,116	4,039
Income tax expense	-859	-1,042	-950	-1,009	-970
Net profit for the year from continuing operations	3,766	3,662	3,357	3,107	3,069
Net profit for the year from discontinued operations, after tax	-	-	-25	9	57
Net profit for the year	3,766	3,662	3,332	3,116	3,126

Balance sheet¹

EURm	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012
Cash and balances with central banks	32,099	35,500	31,067	33,529	36,060
Loans to central banks and credit institutions	20,261	23,986	19,054	22,512	18,574
Loans to the public	317,689	340,920	348,085	342,451	346,251
Interest-bearing securities and pledged instruments	92,809	94,876	97,817	96,889	94,596
Assets in pooled schemes and unit-linked investment contracts	23,102	20,434	17,442	-	-
Derivatives	69,959	80,741	105,119	70,992	118,789
Other assets	50,843	50,411	50,758	55,166	53,908
Assets held for sale	8,897	-	-	8,895	-
Total assets	615,659	646,868	669,342	630,434	668,178
Deposits by credit institutions	38,136	44,209	56,322	59,090	55,426
Deposits and borrowings from the public	174,028	189,049	192,967	200,743	200,678
Deposits in pooled schemes and unit-linked investment contracts	23,580	21,088	18,099	-	-
Liabilities to policyholders	41,210	38,707	38,031	47,226	45,320
Debt securities in issue	191,750	201,937	194,274	185,602	183,908
Derivatives	68,636	79,505	97,340	65,924	114,203
Subordinated liabilities	10,459	9,200	7,942	6,545	7,797
Other liabilities	30,562	32,141	34,530	31,897	32,841
Liabilities held for sale	4,888	-	-	4,198	-
Equity	32,410	31,032	29,837	29,209	28,005
Total liabilities and equity	615,659	646,868	669,342	630,434	668,178

1) The comparative figures for 2014/2015 have been restated, for more information see Note G1 "Accounting policies".

Ratios and key figures¹

	2016	2015	2014	2013	2012
Basic earnings per share, EUR	0.93	0.91	0.83	0.77	0.78
Diluted earnings per share, EUR	0.93	0.91	0.83	0.77	0.78
Share price ² , EUR	10.60	10.15	9.68	9.78	7.24
Total shareholders' return, %	16.3	8.2	9.2	44.6	21.0
Proposed/actual dividend per share, EUR	0.65	0.64	0.62	0.43	0.34
Equity per share ² , EUR	8.03	7.69	7.40	7.27	6.96
Potential shares outstanding ² , million	4,050	4,050	4,050	4,050	4,050
Weighted average number of diluted shares, million	4,037	4,031	4,031	4,020	4,026
Return on equity, %	12.3	12.2	11.4	11.0	11.6
Assets under management ² , EURbn	322.7	288.2	262.2	232.1	218.3
Cost/income ratio ³ , %	50	47	49	51	51
Loan loss ratio, basis points ⁴	15	14	15	21	26
Common Equity Tier 1 capital ratio excluding Basel I floor ^{2,5,6} , %	18.4	16.5	15.7	14.9	13.1
Tier 1 capital ratio, excluding Basel I floor ^{2,5,6} , %	20.7	18.5	17.6	15.7	14.3
Total capital ratio, excluding Basel I floor ^{2,5,6} , %	24.7	21.6	20.6	18.1	16.2
Tier 1 capital ^{2,5,6} , EURbn	27.6	26.5	25.6	24.4	24.0
Risk exposure amount, excluding Basel I floor ^{2,5,6} , EURbn	133	143	146	155	168
Number of employees (full-time equivalents) ²	31,596	29,815	29,643	29,429	29,491
Economic capital ^{2,5} , EURbn – Total operations	26.3	25.0	24.3	23.5	22.8
ROCAR ^{3,7} , %	13.4	14.8	14.0	13.7	13.9

1) For more information regarding ratios and key figures defined as Alternative performance measures, see <http://www.nordea.com/en/investor-relations/>. All key ratios reflect Nordea's continuing operations. The comparative figures for 2015 have been restated, for more information see Note G1 "Accounting policies".

2) End of the year.

3) Excluding non-recurring items in 2016, 2015 and 2014.

4) In 2016 the ratio is including Loans to the public reported as assets held for sale.

5) Since 2014 ratios are reported using the Basel III (CRR/CRDIV) framework.

6) Including result for the period.

7) ROCAR restated 2015 due to changed definition.

Business definitions

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.

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 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.

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.

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 closing balance of loans to the public (lending).

Non-servicing, not impaired

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

Own funds

Own funds include 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.

Price to Book

Nordea's stock market value relative to its book value of total equity.

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.

Return on assets

Net profit for the year as a percentage of total assets at end of the year.

Risk exposure amount

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.

ROCAR, % (Return on capital at risk)

Net profit excluding non-recurring items in percentage of Economic Capital. For Business areas it is defined as Operating profit after standard tax in percentage of Economic capital.

Tier 1 capital

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

Tier 1 capital ratio

Tier 1 capital as a percentage of risk exposure amount. The Common Equity Tier 1 capital ratio is calculated as Common Equity Tier 1 capital as a percentage of risk exposure amount.

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

Own funds as a percentage of risk exposure amount.

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) 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 accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments) and the Supplementary Accounting Rules for Groups (RFR 1) from the Swedish Financial Reporting Board have been applied.

The 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 3 February 2017 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 16 March 2017.

2. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2015 Annual Report. The new accounting requirements implemented during 2016 and their effects on Nordea's financial statements are described below.

The following new and amended standards and interpretations were implemented by Nordea 1 January 2016 but have not had any significant impact on the financial statements of Nordea:

- Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment entities – Applying the Consolidation Exception"
- Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"
- Amendments to IAS 1 "Disclosures Initiative"
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Annual Improvements to IFRSs, 2012–2014 Cycle

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

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

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

Changed presentation of pooled schemes and unit-linked investment contracts

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

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

G1. Accounting policies, cont.

EURm	31 Dec 2016			31 Dec 2015			1 Jan 2015		
	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy
Assets									
Loans to credit institutions	9,290	–264	9,026	10,959	–197	10,762	12,217	–121	12,096
Interest-bearing securities	89,375	–1,674	87,701	88,176	–1,641	86,535	87,110	–1,444	85,666
Shares	42,543	–21,019	21,524	40,745	–18,472	22,273	39,749	–15,747	24,002
Assets in pooled schemes and unit-linked investment contracts	–	23,102	23,102	–	20,434	20,434	–	17,442	17,442
Investment properties	3,258	–139	3,119	3,165	–111	3,054	3,227	–92	3,135
Other assets	18,979	–6	18,973	18,600	–13	18,587	17,581	–38	17,543
Liabilities									
Deposits and borrowings from the public	178,368	–4,340	174,028	193,342	–4,293	189,049	197,254	–4 287	192,967
Deposits in pooled schemes and unit-linked investment contracts	–	23,580	23,580	–	21,088	21,088	–	18,099	18,099
Liabilities to policyholders	60,439	–19,229	41,210	55,491	–16,784	38,707	51,843	–13,812	38,031
Other liabilities	24,424	–11	24,413	25,756	–11	25,745	26,973	–	26,973

Changed presentation of refinancing fees and pay-out fees

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

be found in the below table. The change in presentation has not had any impact on the balance sheet or equity.

Changed presentation of stability fees

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

EURm	2016			2015		
	Old policy	Restatement	New policy	Old policy	Restatement	New policy
Net interest income	4,855	–128	4,727	5,110	–147	4,963
- of which state guarantee fees		–128			–147	
Net fee and commission income	3,060	178	3,238	3,025	205	3,230
- of which state guarantee fees		128			147	
- of which refinancing/pay-out fees		50			58	
Net result from items at fair value	1,765	–50	1,715	1,703	–58	1,645
- of which refinancing/pay-out fees		–50			–58	

Changed presentation of “Net fee and commission income”

The presentation within Note G4 “Net fee and commission income” has, in addition to the changes described above, been changed. The main change is that income and expenses have been set off to better reflect the net return from different business activities. Commission expenses have been split more granularly to better match the related commission income. The gross impact on income and expense is also provided in Note G4.

Commission income in connection with initial public offerings (IPOs) have in addition been reclassified from “Custody and issuer services” to “Brokerage, securities issues and corporate finance” (impact full year 2015 EUR 27m), and commission expenses connected to asset management activities

from “Other” to “Asset management commissions” (impact full year 2015 EUR 80m). These reclassifications have been made to better reflect the purpose of services performed/received.

Presentation of disposal groups held for sale

Assets and liabilities held for sale consist of Nordea’s Baltic operations and lending to retail customers in Russia as further described in Note G42 “Disposal groups held for sale”. Assets and liabilities related to the disposal group are presented on the separate balance sheet lines “Assets held for sale” and “Liabilities held for sale” respectively as from the classification date. Financial instruments continue to be measured under IAS 39, while non-financial assets are held at the

G1. Accounting policies, cont.

lower of carrying amount and fair value. Comparative figures are not restated.

3. Changes in IFRSs not yet applied by Nordea IFRS 9 “Financial instruments”

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

Classification and measurement

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

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

Nordea has analysed whether the cash flows from the financial assets held as of 31 December 2015 are SPPI compliant. This has been performed by grouping contracts which are homogenous from a cash flow perspective and conclusions have been drawn for all contracts within that group.

No business model assessment or SPPI analysis has been made for Nordea Life & Pension as Nordea has awaited the IFRS 9 EU endorsement process.

The analysis of the business model and the SPPI review described above have not resulted in any significant changes compared to how the financial instruments are measured under IAS 39. No significant impact is thus expected on Nordea's financial position, financial performance or equity in the period of initial application. No significant impact on the capital adequacy, large exposures, risk management or alternative performance measures are expected in the period of initial application. These tentative conclusions are naturally dependent on the financial instruments on Nordea's balance sheet at transition.

Impairment

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

The assets to test for impairment will be divided into three groups depending on the stage of credit deterioration. Stage 1 includes assets where there has been no significant increase in

credit risk, stage 2 includes assets where there has been a significant increase in credit risk and stage 3 includes defaulted assets. Significant assets in stage 3 are tested for impairment on an individual basis, while for insignificant assets a collective assessment is performed. In stage 1, the provisions should equal the 12 month expected loss. In stage 2 and 3, the provisions should equal the lifetime expected losses.

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

Nordea's current model for calculating collective provisions defines a loss event as a deterioration in rating/scoring, but it is not expected that the loss event in the current model will equal the triggering event for moving items from stage 1 to stage 2 under IFRS 9.

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

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

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

It is expected the new requirements will increase loan loss provisions and decrease equity in the period of initial application. It is not expected to have any material impact on large exposures. The impact on capital adequacy is not possible to determine as it is expected the Basel committee will issue new rules for the transition to IFRS 9, but these are not yet final. It is furthermore expected that the long term effects, once the transitional rules become obsolete, will be negative on capital adequacy, as the reduction in equity is expected to reduce CET 1 capital. It is however not expected the full increase in provisions will decrease CET 1 capital as there are mitigating effects, for instance the current shortfall deduction that is expected to be reduced when provisions are calculated under IFRS 9.

G1. Accounting policies, cont.

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

Hedge accounting

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

Nordea's tentative conclusion is to continue using the IAS 39 hedge accounting requirements also after IFRS 9 has been implemented, but that remains to be confirmed.

IFRS 15 "Revenue from Contracts with Customers"

The IASB published the new standard, IFRS 15 "Revenue from Contracts with Customers" in 2014. Clarifications to the standard were published in April 2016. The new standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition standards and interpretations within IFRS, such as IAS 18 "Revenue". The new standard is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. The standard was endorsed by the EU-commission in 2016 and the clarifications are expected to be endorsed in 2017. Nordea does not currently intend to early adopt the standard. The standard does not apply to financial instruments, insurance contracts or lease contracts. Nordea has not finalised the investigation of the impact on the financial statements but the current assessment is that the new standard will not have any significant impact on Nordea's financial statements, capital adequacy, or large exposures in the period of initial application.

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

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

IFRS 16 "Leases"

The IASB has published the new standard, IFRS 16 "Leases". The new standard changes the accounting requirements for lessees. All leases (except for short term- and small ticket leases) should be accounted for on the balance sheet of the lessee as a right to use the asset and a corresponding liability, and the lease payments should be recognised as amortisation and interest expense. The accounting requirements for lessors

are unchanged. Additional disclosures are also required. The new standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The amendments are expected to be endorsed by the EU-commission in 2017. Nordea does not currently intend to early adopt the amendments. Nordea's current assessment is that the new standard will change the accounting of property leases which mainly affects Nordea's balance sheet.

Other changes in IFRS

The IASB has published the following new or amended standards that are assessed to have no significant impact on Nordea's financial statement, capital adequacy or large exposures in the period of initial application:

- Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"
- Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses"
- Amendments to IAS 7: "Disclosure Initiative"
- Amendments to IFRS 2: "Classification and Measurement of Share based Payment Transactions"

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 a description is made of:

- 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 classification of additional Tier 1 instruments
- assessing control for consolidation purposes
- 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 G40 "Assets and liabilities at fair value". Critical judgements that have a significant impact on the recognised amounts for financial instruments are 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.

G1. Accounting policies, cont.

- 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 are observable.

The critical judgements required when determining fair value of financial instruments that lack quoted prices or recently observed market prices also introduce a high degree of estimation uncertainty.

In all of these instances, decisions are based upon professional judgment in accordance with Nordea's accounting and valuation policies. The valuation policy is governed by the Group Valuation Committee, which is chaired by the Group CFO. 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 208,371m (EUR 244,266m) and EUR 129,441m (EUR 156,354m) 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 G40 "Assets and liabilities at fair value".

Estimation uncertainty also arises at initial recognition of financial instruments that are part of larger structural transactions. Although subsequently not necessarily held at fair value such instruments are initially recognised at fair value and as there is normally no separate transaction price or active market for such individual instruments the fair value has to be estimated.

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 2,247m (EUR 2,170m) 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 (generally 3–5 years) and to the estimated sector growth rate for the period beyond 3–5 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 340,376m (EUR 367,570m) at the end of the year. For more information, see Note G13 "Loans and impairment".

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 23 "Employee benefits".

The defined benefit obligation 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 also subject to estimation uncertainty. The main parameters used at year-end are disclosed in Note G32 "Retirement benefit obligations" together with a description of the sensitivity to changes in assumptions. The defined benefit obligation was EUR 3,434m (EUR 3,271m) at the end of the year.

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. 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.

G1. Accounting policies, cont.

The insurance liability was EUR 37,682m (EUR 35,190m) at the end of the year. The carrying amount's sensitivity to different assumptions is disclosed in Note G27 "Liabilities to policyholders".

Valuation of investment properties

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

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 properties were EUR 3,119m (EUR 3,054m) at the end of the year. See Note G22 "Investment properties" 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 agreements was initially 3–25 years with renewal options. The lease agreements include no transfers of ownerships of the assets by the end of the lease term, nor any economic benefit from appreciation in value of the leased properties. 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 G21 "Leasing".

Classification of additional Tier 1 instruments

Nordea has issued perpetual subordinated instruments where the interest payments to the holders are at the discretion of Nordea and non-accumulating. These instruments also include a requirement for Nordea to pay interest if the instruments are no longer allowed to be included in Tier 1 capital. If there is a requirement to pay interest based on the occurrence or non-occurrence of an uncertain future event that is beyond the control of both the issuer and the holder of the instrument, the instrument shall be classified as a financial liability. The inclusion of the subordinated loan in Tier 1 capital is decided by the regulators and is thus beyond the control of Nordea and the holders of the instrument. Nordea classifies the instruments as financial liabilities.

Assessing control for consolidation purposes

One decisive variable when assessing if Nordea controls another entity is whether Nordea is exposed to variability in returns from the investment. For structured entities where voting rights are not the dominant factor when determining control, critical judgement has to be exercised when defining when Nordea is exposed to significant variability in returns. Nordea's critical judgement is that Nordea is normally exposed to variability in returns when Nordea receives more than 30% of the return produced by the structured entity. This

is only relevant for structured entities where Nordea also is the investment manager and thus have influence over the return produced by the structured entity.

Another judgement relating to control is whether Nordea acts as an agent or as a principal. For unit linked and other contracts where the policyholder/depositor decides both the amount and which assets to invest in, Nordea is considered to act as an agent and thus does not have control.

Judgement also has to be exercised when assessing if a holding of a significant, but less than majority, share of voting rights constitute a so called de facto control and to what extent potential voting rights need to be considered in the control assessment. Nordea's assessment is that Nordea does currently not control any entities where the share of voting rights is below 50%.

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 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 21 "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 60m (EUR 76m) 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 G31 "Provisions" and Note G36 "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 exists when Nordea is exposed to variability in returns from its investments in another entity and has the ability to affect those returns through its power over the other entity. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights. For entities where voting rights does not decide control, see section "Structured entities" below.

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

G1. Accounting policies, cont.

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.

Note P20 "Investments in group undertakings" lists the major group undertakings in the Nordea Group.

Investments in associated undertakings and joint ventures

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 or joint control over those policies.

The equity method of accounting is also used for joint ventures where Nordea has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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.

Nordea does generally not have any sales or contribution of assets to or from associated undertakings or joint ventures. Other transactions between Nordea and its associated undertakings or joint ventures are not eliminated.

Note G19 "Investments in associated undertakings and joint ventures" lists the major associated undertakings in the Nordea Group.

Structured entities

A structured entity is an entity created to accomplish a narrow and well defined objective where voting rights are not the dominant factor in determining control. Often legal arrangements impose strict limits on the decision making powers of the management over the on-going activities of a structured entity. The same consolidation requirements apply to these entities, but as voting rights do not decide whether control exists, other factors are used to determine control.

Power can exist due to agreements or other types of influence over a structured entity. Nordea normally has power over entities sponsored or established by Nordea. Nordea has created a number of structured entities to allow clients to invest in assets invested in by the structured entity. Some structured entities invest in tradable financial instruments, such as shares and bonds (mutual funds). Structured entities can also invest in structured credit products or acquire assets from customers of Nordea, although only one such structured entity currently exists. Nordea is generally the investment manager and has sole discretion about investments and other administrative decisions and thus has power over these entities.

Typically, Nordea will receive service and commission fees in connection with the creation of the structured entity, or because it acts as investment manager, custodian or in some other function. Such income is normally not significant enough to expose Nordea to variability in returns and will thus not trigger consolidation. In some structured entities Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these structured entities Nordea is exposed to variability in returns and as the power over these entities affects the return, these structured entities are consolidated. Nordea normally considers a share of more than 30% of the return produced by a structured entity to give rise to variability and thus give control. Variability is measured as the sum of fees received and revaluation of assets held. For unit linked and other contracts where the policyholder/depositor decide both the amount and which assets to invest in, Nordea is considered to act as an agent and does thus not have control.

Further information about consolidated and unconsolidated structured entities is disclosed in note G47 "Interests in structured entities".

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. The average exchange rates are calculated based on daily exchange rates divided by the number of banking days in the period. 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 28 "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

G1. Accounting policies, cont.

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, 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 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.

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 G40 "Assets and liabilities at 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 and the joint ventures. Nordea's share of items accounted for in other comprehensive income in the associated undertakings and the joint ventures 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 and the joint venture'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 and the joint venture. Subsequently the investment in the associated undertaking and the joint venture increases/decreases with Nordea's share of the post-acquisition change in net assets in the associated undertaking and the joint venture 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 and joint ventures not individually significant the change in Nordea's share of the net assets is based on the external reporting of the associated undertakings and the joint ventures and affects the financial statements of Nordea in the period in which the information is available. The reporting from the associated undertakings and the joint ventures is, if applicable, adjusted to comply with Nordea's accounting policies.

G1. Accounting policies, cont.

Other operating income

Net gains from divestments of shares in group undertakings, associated undertakings and joint ventures 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. 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 G40 “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 excluding 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-bearing securities, classified into the categories Loans and receivables or Held to maturity, and on investments in associated undertakings and joint ventures 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”.

If observable indicators (loss events) indicate that an associated undertaking or the joint ventures is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associated undertaking or the joint venture 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 insurance” 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 insurance” and “Insurance risk expense, Life insurance” 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 insurance” 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 investment 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 insurance” 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 insurance” 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.

G1. Accounting policies, cont.

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. securities 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 section 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 (subsidiary or branch) is decided based upon the primary economic environment in which the entity operates. The parent company Nordea Bank AB (publ) uses two functional currencies (in addition to the functional currencies of the branches), 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 be designated as the hedging instrument. It also 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

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 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 items 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 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

G1. Accounting policies, cont.

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 com-

prehensive 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 price that at the measurement date would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

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 level 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.

The trade frequency and volume are monitored regularly in order to assess if markets are active or non-active. 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 exchanges, the counterparty's 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)

G1. Accounting policies, cont.

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 G40 “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 Committee and all models are reviewed on a regular basis.

For further information, see Note G40 “Assets and liabilities at fair value”.

12. Cash and balances with central banks

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 institutions is established
- The balance is readily available at any time

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 G39 “Classification of financial instruments” the classification of the financial instru-

ments 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 and lending in reverse repurchase agreements.

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. 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) classified as “Liabilities to policyholders” on the balance sheet are managed at fair value and consequently classified into the category Designated at fair value through profit or loss. This applies also to assets held under insurance contracts (defined in section 19 “Liabilities to policyholders”), which are classified into the category Designated at fair value through profit or loss to reduce an accounting mismatch with the liabilities to policyholders that are generally measured at current value.

Also assets held under so called “pooled schemes”, which is a product similar to unit-linked insurance, are classified into the category Designated at fair value through profit or loss to avoid an accounting mismatch with the related deposits that are managed at fair value and consequently also classified into the category Designated at fair value through profit or loss.

Nordea also applies the fair value option on certain financial assets and financial liabilities related to Markets. The

G1. Accounting policies, cont.

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 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 on 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”. From a presentation perspective the host contract is on the balance sheet presented as “Debt securities in issue” and the embedded derivative as “Derivatives”.

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”.

G1. Accounting policies, cont.

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.

Exchanged traded derivatives are generally accounted for as settled on a daily basis when cash is paid or received and the instrument is reset to market terms. Derivative assets and liabilities against central counterparty clearing houses are, as mentioned above, generally set off on the balance sheet, but net cash collateral received or paid is generally accounted for separately as cash collateral paid (asset) or received (liability), which is also the case for cash collateral paid or received in bilateral OTC derivative transactions. Cash collateral paid or received in bilateral OTC derivative transactions are consequently not offset against the fair value of the derivatives.

Issued debt and equity instruments

A financial instrument issued by Nordea is either classified as a financial liability or equity. Issued financial instruments are classified as a financial liability if the contractual arrangement results in Nordea having a present obligation to either deliver cash or another financial asset, or a variable number of equity instruments to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and classified as equity, net of transaction costs. Where issued financial instruments contain both liability and equity components, these are accounted for separately.

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 G39 “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 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.

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 the 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

G1. Accounting policies, cont.

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 forgoes 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 loan 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 properties 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 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 properties. In addition, the lease term is not for the major part

G1. Accounting policies, cont.

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/joint venture at the date of acquisition. Goodwill on acquisition of group undertakings and joint ventures is included in "Intangible assets". Goodwill on acquisitions of associated undertaking 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 and joint ventures is not tested for impairment separately, but included in the total carrying amount of the associated undertakings and the joint ventures. The policies covering impairment testing of associated undertakings and joint ventures 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 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 and IT-development not yet taken into use 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, including IT-development taken into use, 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 other assets. For goodwill and IT-development not yet taken into use, 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. Properties and equipment

Properties and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of properties and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of properties 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.

Properties 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.

G1. Accounting policies, cont.

18. Investment properties

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 properties 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 for all the companies in Nordea Life & Pensions, including companies in Sweden, Norway, Finland and Denmark.

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.

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.

The measurement of traditional life insurance provisions in Denmark and Finland 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 traditional life insurance provisions are mainly calculated on the basis of a prospective method. The discount rate used is equal to the original tariff rates adjusted for assumptions about expenses and risk.

The accounting policy for each company is based on the local structure of the business and is related to the solvency rules and national regulation concerning profit sharing and other requirements about collective bonus potential (not allocated provisions that protect the policyholders).

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, the same principle as used for general insurance contracts.

Investment contracts

Contracts classified as investment contracts are contracts with policyholders, which do not transfer sufficient insurance risk to be classified as insurance contracts and are written with an investment guarantee or a discretionary participation feature.

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-contracts (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 insurance” and/or “Change in collective bonus potentials, Life insurance”, 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.

G1. Accounting policies, cont.

20. Assets and deposits in pooled schemes and unit-linked investment contracts

Deposit in pooled schemes and unit-linked investment contracts are contracts with customers and policyholders where the total risk is born by the customers or the policyholders. The deposits are invested in different types of financial assets on behalf of the customers and policyholders.

Unit-Linked investment contracts include investment contracts written without any investment guarantees and that do not transfer sufficient insurance risk to be classified as insurance contracts.

The assets and deposits in these contracts are recognised and measured at fair value as described in section 13 above.

21. 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, associated undertakings and joint ventures 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.

22. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of Nordea Bank AB (publ) 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.

23. 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 26 "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 pension plans and defined contribution pension plans, reflecting national practices and conditions in the countries where Nordea operates. Defined benefit pension plans are predominantly sponsored in Sweden, Norway and Finland. The major defined benefit pension 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 determined using the projected unit credit method, the net amount is recognised as a liability ("Retirement benefit liabilities"). If not, the net amount is recognised as an asset ("Retirement benefit assets"). Non-funded pension plans are recognised as "Retirement benefit liabilities".

Most pensions in Denmark, but also plans in other countries, are based on defined contribution arrangements that hold no pension liability for Nordea. All defined benefit pension plans are closed for new employees. 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. Actuarial calculations including the projected unit credit method 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 G32 "Retirement benefit obligations").

G1. Accounting policies, cont.

When establishing the present value of the obligation and the fair value of any plan assets, remeasurement effects may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The remeasurement effects are recognised immediately in equity through other comprehensive income.

When the calculation results in a benefit the recognised asset is limited to 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 on the balance sheet as "Retirement benefit liabilities" or "Retirement benefit assets".

Discount rate in defined benefit pension 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. In Sweden, Norway and Denmark the observed covered bond credit spreads over the swap curve is derived from the most liquid long dated covered bonds and extrapolated to the same duration as the pension obligations using the relevant swap curves. In Finland the corporate bond credit spread over the government bond rate is extrapolated to the same duration as the pension obligation using the government bond curve.

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".

24. 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, financial assets classified into the category Available for sale and accumulated remeasurements of defined benefit pension plans, 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 and joint ventures, 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.

25. 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 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".

26. 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 Performance Share II are reflected as a probability adjustment to the initial estimate of

G1. Accounting policies, cont.

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, as is also the case with the Executive Incentive Programme (EIP). 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".

27. Related party transactions

Nordea defines related parties as:

- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Joint ventures
- Key management personnel
- Other related parties

All transactions with related parties are made on an arm's length basis, apart from loans granted to employees, see Note G7 "Staff costs".

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 P20 "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 and joint ventures

For the definition of Associated undertakings and joint ventures see section 5 "Principles of consolidation".

Further information on the associated undertakings and the joint ventures included in the Nordea Group is found in Note G19 "Investments in associated undertakings and joint ventures".

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 G45 "Related-party transactions".

28. Exchange rates

	Jan–Dec 2016	Jan–Dec 2015
EUR 1 = SEK		
Income statement (average)	9.4675	9.3537
Balance sheet (at end of year)	9.5525	9.1895
EUR 1 = DKK		
Income statement (average)	7.4453	7.4587
Balance sheet (at end of year)	7.4344	7.4626
EUR 1 = NOK		
Income statement (average)	9.2943	8.9434
Balance sheet (at end of year)	9.0863	9.6030
EUR 1 = RUB		
Income statement (average)	74.1913	67.9657
Balance sheet (at end of year)	64.3000	80.6736

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 section "Business area results" in this report are that the information for CODM is prepared using plan exchange rates and to that different allocation principles between operating segments have been applied.

Basis of segmentation

Compared with the 2015 Annual Report changes in the basis of segmentation have been made following the decision to divide Retail into two Business areas, Personal Banking and Commercial & Business Banking. The business area Personal Banking includes the personal customers formerly included in Retail Banking and the Business area Commercial & Business Banking includes the corporate customers formerly included in Retail Banking. As from the fourth quarter the new business areas are included in the reporting to the Chief Operating Decision Maker (CODM) and are consequently part of the segment reporting in Note G2. The new business areas are further broken down on operating segments. Comparative figures have been restated accordingly.

Financial results are presented for the four main business areas Personal Banking, Commercial & Business Banking, Wholesale Banking and Wealth Management, 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

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

Commercial Banking service large corporate customers and Business Banking service small and medium-sized corporate customers. Commercial & Business Banking works with a relationship-driven customer service model with a customer-centric value proposition for Nordea's corporate customers. The Commercial & Business Banking area also consists of Transaction Banking, which services both personal and corporate customers across the Nordea Group. The unit includes Cards, Trade Finance, Nordea Finance, and Cash Management.

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, Offshore & Oil Services 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.

Wealth management provides high quality investment, savings and risk management products. It also manages customers' assets and gives financial advice to affluent and high net worth individuals as well as to institutional investors. The division Private Banking provides wealth planning, full-scale investment advice, credit, and estate planning services to wealthy individuals, businesses and their owners, trusts and foundations. The division Asset Management is responsible for all actively managed investment products including internally managed investment funds and mandates as well as selected externally managed funds, and for serving the institutional asset management customers. Life & Pensions serves Nordea's Retail Private Banking and corporate customers with a full range of pension, endowment and risk products as well as tailor-made advice for bank distribution. Life & Pensions unallocated includes the result in Life & Pensions 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 & ALM.

G2. Segment reporting, cont.

Income statement 2016

EURm	Personal Banking	Commercial & Business Banking	Wholesale Banking	Wealth Management	Group Corporate Centre	Other Operating segments	Total operating segments	Reconciliation	Total Group
Net interest income	2,129	1,114	852	112	507	17	4,731	-4	4,727
Net fee and commission income	1,203	515	644	1,526	-16	1	3,873	-635	3,238
Net result from items at fair value	101	280	801	365	232	-5	1,774	-59	1,715
Profit from associated undertakings accounted for under the equity method	2	11	0	0	-2	102	113	-1	112
Other income	5	22	0	12	1	88	128	7	135
Total operating income	3,440	1,942	2,297	2,015	722	203	10,619	-692	9,927
- of which internal transactions ¹	-774	-419	-410	6	1,578	19	0	-	-
Staff costs	-859	-491	-634	-509	-292	80	-2,705	-221	-2,926
Other expenses	-1,003	-460	-274	-283	57	-76	-2,039	393	-1,646
Depreciation, amortisation and impairment charges of tangible and intangible assets	-50	-31	-20	-19	-64	-2	-186	-42	-228
Total operating expenses	-1,912	-982	-928	-811	-299	2	-4,930	130	-4,800
Profit before loan losses	1,528	960	1,369	1,204	423	205	5,689	-562	5,127
Net loan losses	-62	-161	-296	0	-	-	-519	17	-502
Operating profit	1,466	799	1,073	1,204	423	205	5,170	-545	4,625
Income tax expense	-337	-184	-247	-265	-133	-47	-1,213	354	-859
Net profit for the year	1,129	615	826	939	290	158	3,957	-191	3,766

Balance sheet 31 Dec 2016, EURbn

Loans to the public ²	149	80	56	11	-	-	296	22	318
Deposits and borrowings from the public ²	72	39	44	14	-	-	169	5	174

Income statement 2015

EURm	Personal Banking	Commercial & Business Banking	Wholesale Banking	Wealth Management	Group Corporate Centre	Other Operating segments	Total operating segments	Reconciliation	Total Group
Net interest income	2,158	1,208	1,006	121	380	7	4,880	83	4,963
Net fee and commission income	1,243	522	605	1,445	-16	1	3,800	-570	3,230
Net result from items at fair value	106	284	830	339	101	-5	1,655	-10	1,645
Profit from associated undertakings accounted for under the equity method	2	10	0	0	0	25	37	2	39
Other income	0	28	3	19	16	178	244	19	263
Total operating income	3,509	2,052	2,444	1,924	481	206	10,616	-476	10,140
- of which internal transactions ¹	-789	-460	-314	14	1,550	-1	0	-	-
Staff costs	-898	-520	-648	-504	-239	33	-2,776	-487	-3,263
Other expenses	-970	-423	-284	-289	135	-23	-1,854	369	-1,485
Depreciation, amortisation and impairment charges of tangible and intangible assets	-54	-24	-19	-8	-45	-2	-152	-57	-209
Total operating expenses	-1,922	-967	-951	-801	-149	8	-4,782	-175	-4,957
Profit before loan losses	1,587	1,085	1,493	1,123	332	214	5,834	-651	5,183
Net loan losses	-146	-170	-157	-1	0	0	-474	-5	-479
Operating profit	1,441	915	1,336	1,122	332	214	5,360	-656	4,704
Income tax expense	-346	-219	-320	-246	-127	-51	-1,309	267	-1,042
Net profit for the year	1,095	696	1,016	876	205	163	4,051	-389	3,662

Balance sheet 31 Dec 2015, EURbn

Loans to the public ²	145	80	61	11	-	-	297	44	341
Deposits and borrowings from the public ²	71	40	47	13	-	-	171	18	189

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

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

G2. Segment reporting, cont.

Break-down of Personal Banking

Income statement, EURm	Personal Banking Nordic		Personal Banking Baltic		Personal Banking Other ¹		Total Personal Banking	
	2016	2015	2016	2015	2016	2015	2016	2015
Net interest income	2,066	2,053	147	145	–84	–40	2,129	2,158
Net fee and commission income	1,593	1,636	37	33	–427	–426	1,203	1,243
Net result from items at fair value	101	127	23	14	–23	–35	101	106
Profit from associated undertakings accounted for under the equity method	2	2	0	0	0	0	2	2
Other income	3	0	2	0	0	0	5	0
Total operating income	3,765	3,818	209	192	–534	–501	3,440	3,509
- of which internal transactions	–646	–708	–27	–28	–101	–53	–774	–789
Staff costs	–647	–670	–28	–26	–184	–202	–859	–898
Other expenses	–1,385	–1,357	–63	–61	445	448	–1,003	–970
Depreciation, amortisation and impairment charges of tangible and intangible assets	–33	–35	0	–1	–17	–18	–50	–54
Total operating expenses	–2,065	–2,062	–91	–88	244	228	–1,912	–1,922
Profit before loan losses	1,700	1,756	118	104	–290	–273	1,528	1,587
Net loan losses	–28	–92	–21	–13	–13	–41	–62	–146
Operating profit	1,672	1,664	97	91	–303	–314	1,466	1,441
Income tax expense	–384	–399	–22	–22	69	75	–337	–346
Net profit for the year	1,288	1,265	75	69	–234	–239	1,129	1,095

Balance sheet 31 Dec, EURbn

Loans to the public	148	144	9	8	–8	–7	149	145
Deposits and borrowings from the public	75	74	5	4	–8	–7	72	71

1) Personal Banking Other includes the areas COO, Products and HR.

Break-down of Commercial & Business Banking

Income statement, EURm	Business Banking		Commercial Banking		Commercial & Business Banking Other ¹		Total Commercial & Business Banking	
	2016	2015	2016	2015	2016	2015	2016	2015
Net interest income	615	658	482	514	17	36	1,114	1,208
Net fee and commission income	398	408	304	284	–187	–170	515	522
Net result from items at fair value	84	89	234	230	–38	–35	280	284
Profit from associated undertakings accounted for under the equity method	0	0	6	5	5	5	11	10
Other income	0	4	2	7	20	17	22	28
Total operating income	1,097	1,159	1,028	1,040	–183	–147	1,942	2,052
- of which internal transactions	–306	–335	–123	–121	10	–4	–419	–460
Staff costs	–158	–157	–109	–110	–224	–253	–491	–520
Other expenses	–425	–431	–288	–297	253	305	–460	–423
Depreciation, amortisation and impairment charges of tangible and intangible assets	–5	–5	–3	–3	–23	–16	–31	–24
Total operating expenses	–588	–593	–400	–410	6	36	–982	–967
Profit before loan losses	509	566	628	630	–177	–111	960	1,085
Net loan losses	–87	–128	–69	–38	–5	–4	–161	–170
Operating profit	422	438	559	592	–182	–115	799	915
Income tax expense	–97	–105	–129	–142	42	28	–184	–219
Net profit for the year	325	333	430	450	–140	–87	615	696

Balance sheet 31 Dec, EURbn

Loans to the public	37	37	44	44	–1	–1	80	80
Deposits and borrowings from the public	23	22	19	20	–3	–2	39	40

1) Commercial & Business Banking Other includes the areas COO, Transaction Banking, Digital Banking and HR.

G2. Segment reporting, cont.

Break-down of Wholesale Banking

Income statement, EURm	Corporate & Institutional Banking		Shipping, Offshore & Oil Services		Banking Russia		Capital Markets unallocated		Wholesale Banking Other ¹		Total Wholesale Banking	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net interest income	526	601	264	294	178	204	-7	-4	-109	-89	852	1,006
Net fee and commission income	581	539	59	67	14	16	-48	-64	38	47	644	605
Net result from items at fair value	314	307	31	39	16	12	422	434	18	38	801	830
Other income	0	0	0	0	0	1	1	1	-1	1	0	3
Total operating income	1,421	1,447	354	400	208	233	368	367	-54	-3	2,297	2,444
- of which internal transactions	-211	-141	-137	-68	-77	-82	111	58	-96	-81	-410	-314
Staff costs	-33	-38	-18	-19	-35	-42	-287	-297	-261	-252	-634	-648
Other expenses	-415	-404	-46	-45	-18	-21	43	47	162	139	-274	-284
Depreciation, amortisation and impairment charges of tangible and intangible assets	0	0	0	0	-4	-9	0	0	-16	-10	-20	-19
Total operating expenses	-448	-442	-64	-64	-57	-72	-244	-250	-115	-123	-928	-951
Profit before loan losses	973	1,005	290	336	151	161	124	117	-169	-126	1,369	1,493
Net loan losses	-112	-142	-154	-6	-32	-22	0	0	2	13	-296	-157
Operating profit	861	863	136	330	119	139	124	117	-167	-113	1,073	1,336
Income tax expense	-198	-207	-31	-79	-28	-33	-28	-28	38	27	-247	-320
Net profit for the year	663	656	105	251	91	106	96	89	-129	-86	826	1,016

Balance sheet 31 Dec, EURbn

Loans to the public	39	42	13	13	4	6	-	-	-	-	56	61
Deposits and borrowings from the public	37	41	6	5	1	1	-	-	-	-	44	47

1) Wholesale Banking Other includes the areas International Divisions, COO and HR.

Break-down of Wealth Management

Income statement, EURm	Private Banking		Asset Management		Life & Pensions unallocated		Wealth Management Other ¹		Total Wealth Management	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net interest income	112	120	0	1	0	0	0	0	112	121
Net fee and commission income	632	635	853	761	349	340	-308	-291	1,526	1,445
Net result from items at fair value	87	93	1	2	277	244	0	0	365	339
Other income	10	13	7	5	7	9	-12	-8	12	19
Total operating income	841	861	861	769	633	593	-320	-299	2,015	1,924
- of which internal transactions	4	14	1	0	0	0	1	0	6	14
Staff costs	-163	-175	-148	-135	-115	-116	-83	-78	-509	-504
Other expenses	-244	-229	-103	-105	-59	-64	123	109	-283	-289
Depreciation, amortisation and impairment charges of tangible and intangible assets	-9	-4	0	0	-7	-3	-3	-1	-19	-8
Total operating expenses	-416	-408	-251	-240	-181	-183	37	30	-811	-801
Profit before loan losses	425	453	610	529	452	410	-283	-269	1,204	1,123
Net loan losses	0	-1	0	0	0	0	0	0	0	-1
Operating profit	425	452	610	529	452	410	-283	-269	1,204	1,122
Income tax expense	-94	-99	-134	-116	-99	-90	62	59	-265	-246
Net profit for the year	331	353	476	413	353	320	-221	-210	939	876

Balance sheet 31 Dec, EURbn

Loans to the public	11	11	-	-	-	-	-	-	11	11
Deposits and borrowings from the public	14	13	-	-	-	-	-	-	14	13

1) Wealth Management Other includes the areas Savings, COO and HR.

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	
	2016	2015	2016	2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Total Operating segments	10,619	10,616	5,170	5,360	296	297	169	171
Group functions ¹	12	10	-85	-30	-	-	-	-
Unallocated items ²	-11	64	-1	-243	33	46	12	19
Eliminations	-11	-5	-	-	-	-	-	-
Differences in accounting policies ³	-682	-545	-459	-383	-11	-2	-7	-1
Total	9,927	10,140	4,625	4,704	318	341	174	189

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

2) Including non-recurring items 2015 of EUR -263m.

3) Impact from different classification of assets/liabilities held for sale, plan exchange rates and internal allocation principles used in the segment reporting.

Total operating income split on product groups

EURm	2016	2015
Banking products	5,996	6,183
Capital Markets products	1,731	1,793
Savings products & Asset management	1,369	1,341
Life & Pensions	631	593
Other	200	230
Total	9,927	10,140

Banking products consists of three different product types. Account products includes account based products such as lending, deposits, cards and Netbank services. Transaction products consists 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 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 decisions.

Life & Pensions includes life insurance and pension products and services.

Geographical information

	Total operating income, EURm		Assets, EURbn	
	2016	2015	31 Dec 2016	31 Dec 2015
Sweden	2,487	2,590	168	180
Finland	1,855	2,091	92	75
Norway	1,582	1,692	87	80
Denmark	2,839	2,792	217	250
Baltic	336	247	3	10
Luxembourg	280	310	10	5
Russia	158	182	2	5
Other	390	236	37	42
Total	9,927	10,140	616	647

Nordea's main geographical markets comprise the Nordic countries, the Baltic countries, Luxembourg 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

Interest income

EURm	2016	2015
Loans to credit institutions	56	18
Loans to the public	6,630	7,350
Interest-bearing securities	433	551
Other interest income	628	630
Interest income¹	7,747	8,549

1) Of which contingent leasing income amounts to EUR 83m (EUR 94m). Contingent leasing income in Nordea consists of variable interest rates, excluding the fixed margin. If the contingent leasing income decreases there will be an offsetting impact from lower funding expenses.

Interest expense

EURm	2016	2015
Deposits by credit institutions	-87	-90
Deposits and borrowings from the public	-414	-652
Debt securities in issue	-3,014	-3,175
Subordinated liabilities	-372	-362
Other interest expenses ¹	867	693
Interest expense	-3,020	-3,586
Net interest income	4,727	4,963

1) The net interest income from derivatives, measured at fair value, related to Nordea's funding. This can have both a positive and negative impact on other interest expense, for further information see Note G1 "Accounting policies".

Interest income from financial instruments not measured at fair value through profit or loss amounts to EUR 5,927m (EUR 6,551m). Interest expenses from financial instruments not measured at fair value through profit or loss amounts to EUR -3,056m (EUR -3,213m).

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

G4. Net fee and commission income

EURm	2016	2015
Asset management commissions	1,369	1,261
- of which income	1,681	1,496
- of which expense	-312	-235
Life & Pension	306	299
- of which income	371	373
- of which expense	-65	-74
Deposit Products	30	31
- of which income	30	31
Brokerage, securities issues and corporate finance	226	225
- of which income	298	301
- of which expense	-72	-76
Custody and issuer services	59	55
- of which income	100	93
- of which expense	-41	-38
Payments	297	307
- of which income	413	408
- of which expense	-116	-101
Cards	226	271
- of which income	360	523
- of which expense	-134	-252
Lending Products	531	548
- of which income	552	562
- of which expense	-21	-14
Guarantees	161	177
- of which income	168	181
- of which expense	-7	-4
Other	33	56
- of which income	126	122
- of which expense	-93	-66
Total	3,238	3,230

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 510m (EUR 506m).

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 amounts to EUR 2,349m (EUR 2,171m). The corresponding amounts for fee expenses is EUR -65m (EUR -74m).

G5. Net result from items at fair value

EURm	2016	2015
Equity related instruments	-141	271
Interest related instruments and foreign exchange gains/losses	1,833	1,077
Other financial instruments (including credit and commodities)	-251	56
Investment properties	-1	-4
Life insurance ¹	275	245
Total	1,715	1,645

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

G5. Net result from items at fair value, cont.

Break-down of life insurance

EURm	2016	2015
Equity related instruments	1,338	893
Interest related instruments and foreign exchange gains/losses	970	-148
Investment properties	221	150
Change in technical provisions	-2,491	-529
Change in collective bonus potential	177	-169
Insurance risk income	168	213
Insurance risk expense	-108	-165
Total	275	245

Net result from categories of financial instruments¹

EURm	2016	2015
Available for sale assets, realised	69	66
Financial instruments designated at fair value through profit or loss	26	-89
Financial instruments held for trading ²	249	656
Financial instruments under fair value hedge accounting	-11	-5
- of which net result on hedging instruments	-106	-605
- of which net result on hedged items	95	600
Financial assets measured at amortised cost ³	18	58
Financial liabilities measured at amortised cost	-28	-30
Foreign exchange gains/losses excluding currency hedges	1,069	751
Other	48	-7
Financial risk income, net Life insurance ⁴	215	197
Insurance risk income, net Life insurance	60	48
Total	1,715	1,645

1) The figures disclosed for Life (financial risk income and insurance risk income) are disclosed on gross basis, i.e. before eliminations of intra-group transactions.

2) Of which amortised deferred day one profits amounts to EUR 30m (EUR 11m).

3) Of which EUR 18m (EUR 58m) related to instruments classified into the category "Loans and receivables" and EUR 0m (EUR 0m) related to instruments classified into the category "Held to maturity".

4) Premium income amounts to EUR 2,571m (EUR 2,500m).

G6. Other operating income

EURm	2016	2015
Divestment of shares ¹	-	182
Income from real estate	2	3
Sale of tangible assets	10	13
Other ²	123	65
Total	135	263

1) Gain from divestment of Nordea's merchant acquiring business to Nets of EUR 176m in 2015.

2) Gain related to Visa Inc.'s acquisition of Visa Europe amounting to EUR 76m in 2016.

G7. Staff costs

EURm	2016	2015
Salaries and remuneration (specification below) ¹	-2,352	-2,490
Pension costs (specification below)	-197	-295
Social security contributions	-427	-434
Other staff costs ²	50	-44
Total³	-2,926	-3,263

Salaries and remuneration

To executives ⁴		
- Fixed compensation and benefits	-24	-18
- Performance-related compensation	-8	-10
- Allocation to profit-sharing	0	-1
Total	-32	-29
To other employees	-2,320	-2,461
Total	-2,352	-2,490

1) Of which allocation to profit-sharing 2016 EUR 33m (EUR 84m) consisting of a new allocation of EUR 35m (EUR 84m) and an adjustment related to prior years of EUR -2m (EUR 0m).

2) Including capitalisation of IT-projects with EUR 164m (EUR 65m).

3) Of which EUR 185m in salaries and EUR 20m in pension costs, including social security contributions, in 2015 regards termination benefits in connection to the restructuring activities launched in the second quarter 2015.

4) 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 189 (185) individuals.

Pension costs¹

EURm	2016	2015
Defined benefits plans (Note G32) ²	31	-76
Defined contribution plans	-228	-219
Total	-197	-295

1) Pension cost for executives as defined in footnote 4 above, amounts to EUR 4m (EUR 1m) and pension obligations to EUR 18m (EUR 23m).

2) Excluding social security contributions. Including social security contributions EUR -31m (EUR 90m).

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) no later than one week before the Annual General Meeting on 16 March 2017.

Remuneration to the Board of Directors, Chief Executive Officer and Group Executive Management Board remuneration

The Annual General Meeting (AGM) 2016 decided to increase the remuneration to the Board of Directors (the Board). The remuneration was decided to be EUR 287,400 for the chairman, EUR 136,500 for the vice chairman and EUR 88,850 for other members. The annual remuneration for committee work was EUR 36,050 for the chairman of the committee and EUR 25,750 for other members. Board members employed by Nordea do not receive separate remuneration for their Board membership. There are no commitments for severance pay, pension or other remuneration to the members of the Board, except for a pension commitment to one Board member previously employed by Nordea.

Remuneration to the Board of Directors¹

EUR	2016	2015
Chairman of the Board:		
Björn Wahlroos	311,056	296,377
Vice Chairman of the Board:		
Marie Ehrling	171,395	161,614
Other Board members²:		
Elisabeth Grieg ³	-	23,808
Tom Knutzen	124,068	116,224
Robin Lawther	113,837	107,183
Lars G Nordström	113,837	107,183
Sarah Russell	113,837	107,183
Silvija Seres ⁴	113,837	83,374
Kari Stadigh	124,068	116,224
Birger Steen ⁴	107,689	64,639
Total	1,293,624	1,183,809

1) The Board remuneration consists of a fixed annual fee and a fixed annual fee for committee work. The fees are approved in EUR and paid out in SEK quarterly in four equal instalments. For accounting purposes it is converted back into EUR, using the average exchange rate each year. In the accounting the exchange rate effects have had a decreasing impact on the remuneration to the Board.

2) Employee representatives excluded.

3) Resigned as member of the Board as from the AGM 2015.

4) New member of the Board as from the AGM 2015.

Salary and benefits

Chief Executive Officer (CEO)

Casper von Koskull was appointed CEO 1 November 2015. The remuneration to the CEO consists of three components: Fixed salary, GEM Executive Incentive Programme (GEM EIP) and benefits.

The fixed annual salary as CEO was decided to be SEK 12,200,000 (EUR 1,288,620).

GEM EIP 2016 is based on agreed, specific targets and can amount to a maximum of 100% of the fixed salary. For 2016 the outcome of the GEM EIP amounted to EUR 749,204.

In accordance with remuneration regulations from the Swedish FSA 40% of GEM EIP 2016 will be paid out in 2017, 30% will be deferred to 2020 and 30% to 2022.

The benefits for 2016 amounted to EUR 29,499 and include primarily car benefits and tax consultation.

The total earned remuneration for 2016, as CEO, based on the three components amounted to EUR 2,071,015.

The CEO took part of the previous LTIPs. For more information on the LTIP programmes see the separate section on remuneration in the Board of Directors' report and below.

The fixed salary, GEM EIP and contract terms for the CEO are proposed by the Board Remuneration Committee (BRC) and approved by the Board in accordance with Nordea's remuneration guidelines approved by AGM 2016.

Group Chief Operating Officer and Deputy Chief Executive Officer (Group COO and Deputy CEO)

Torsten Hagen Jørgensen was appointed Group COO and Deputy CEO 1 November 2015. The remuneration to the Group COO and Deputy CEO consists of three components: Fixed salary, GEM EIP and benefits.

The fixed annual salary as Group COO and Deputy CEO was decided to be DKK 8,000,000 (EUR 1,074,502).

GEM EIP 2016 is based on agreed, specific targets and can amount to a maximum of 100% of the fixed salary. For 2016 the outcome of the GEM EIP amounted to EUR 624,715.

In accordance with remuneration regulations from the Swedish FSA 40% of GEM EIP 2016 will be paid out in 2017, 30% will be deferred to 2020 and 30% to 2022.

The benefits for 2016 amounted to EUR 13,264 and include primarily housing benefits.

G7. Staff costs, cont.

The total earned remuneration for 2016, as Group COO and Deputy CEO, based on the three components amounted to EUR 1,796,368.

The Group COO and Deputy CEO took part of the previous LTIPs. For more information on the LTIP programmes see the

separate section on remuneration in the Board of Directors' report and below.

The BRC prepares alterations in salary levels and outcome of GEM EIP as well as other changes in the remuneration package for the Group COO and Deputy CEO, for resolution by the Board.

Remuneration to the Chief Executive Officer and Group Executive Management (excl. LTIP)

EUR	Fixed salary ¹		GEM Executive Incentive Programme ²		Benefits ¹		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Chief Executive Officer (CEO):								
Christian Clausen ³	–	1,041,869	–	1,003,526	–	72,114	–	2,117,509
Casper von Koskull ⁴	1,292,312	217,383	749,204	179,123	29,499	8,164	2,071,015	404,670
Group Chief Operating Officer and Deputy Chief Executive Officer (Group COO and Deputy CEO):								
Torsten Hagen Jørgensen ⁵	1,158,389	178,761	624,715	165,175	13,264	2,015	1,796,368	345,951
Group Executive Management (GEM):								
8 (7) individuals excluding CEO and Group COO and Deputy CEO ⁶	4,554,196	4,800,274	2,443,852	3,657,267	60,690	108,072	7,058,738	8,565,613
Total	7,004,897	6,238,287	3,817,771	5,005,091	103,453	190,365	10,926,121	11,433,743
Former Chief Executive Officer (Former CEO):								
Christian Clausen ³	1,230,216	207,512	–	–	7,327	5,390	1,237,543	212,902
Total	8,235,113	6,445,799	3,817,771	5,005,091	110,780	195,755	12,163,664	11,646,645

1) The fixed salary is paid in local currencies and converted to EUR based on the average exchange rate each year. The fixed salary includes also holiday pay and car allowance. Benefits are included at taxable values.

2) The CEO and members of GEM were until 2012 offered a Variable Salary Part (VSP) and a share based Long Term Incentive Programme (LTIP). Instead of these two programmes the Board in 2013 decided, in order to reduce complexity, to offer a GEM Executive Incentive Programme (GEM EIP). The outcome from GEM Executive Incentive Programme (GEM EIP) 2016 has been expensed in full in 2016 but will be paid out over a five year deferral period with forfeiture clauses in order to comply with the remuneration regulations from the Swedish FSA. The GEM EIP is indexed with Nordea's total shareholder return (TSR) during the deferral period. The GEM EIP is further described in the separate section on remuneration in the Board of Directors' report and below. GEM EIP 2016 includes also a sign-on bonus for one new GEM member.

3) Remuneration as CEO is included for the period of appointment as CEO, for the period 1 January 2015 to 31 October 2015. Remuneration as former CEO and as senior executive advisor is included for the period 1 January to 31 December 2016 and for the period 1 November 2015 to 31 December 2015. The former CEO has during 2016 been a strategic partner and advisor to the CEO and GEM.

4) The fixed annual salary as CEO is SEK 12,200,000 (EUR 1,288,620). Remuneration as CEO is included for the period of appointment as CEO, for the period 1 January to 31 December 2016 and for the period 1 November to 31 December 2015. The remuneration as member of GEM is included together with other members of GEM for the period 1 January to 31 October 2015.

5) The fixed annual salary as Group COO and Deputy CEO is decided to be DKK 8,000,000 (EUR 1,074,502). Remuneration for the Group COO and Deputy CEO is included for the period of appointment as Group COO and Deputy CEO, for the period 1 January to 31 December 2016 and for the period 1 November to 31 December 2015. The remuneration as member of GEM is included together with other members of GEM for the period 1 January to 31 October 2015.

6) Remuneration to GEM members is included for the period they have been appointed. During 2016 four GEM members have resigned and five new GEM members have been appointed. Compensation during the notice period and termination benefits 2016, for resigned GEM members, amounted to EUR 1.2m and are excluded from the table above.

Long Term Incentive Programmes (LTIP) 2010–2012

	Expense¹ (EUR)		Number of outstanding shares²			
	2016	2015	LTIP 2012	LTIP 2011	LTIP 2010	Total
Chief Executive Officer (CEO):						
Christian Clausen	–	51,172	–	–	–	–
Casper von Koskull	–	6,550	42,195	26,220	8,097	76,512
Group Chief Operating Officer and Deputy Chief Executive Officer (Group COO and Deputy CEO):						
Torsten Hagen Jørgensen	–	6,076	39,140	23,464	6,363	68,967
Group Executive Management (GEM):						
8 (7) individuals excluding CEO and Group COO and Deputy CEO	–	145,327	46,485	25,330	6,523	78,338
Total	–	209,125	127,820	75,014	20,983	223,817
Former Chief Executive Officer (Former CEO):						
Christian Clausen	–	10,234	65,930	40,972	10,152	117,054
Total	–	219,359	193,750	115,986	31,135	340,871

1) The expense from the LTIP programmes is recognised as the vesting requirements are fulfilled over the three years vesting period starting the year of issuance. The expense 2015 includes expense from LTIP 2012 and LTIP 2012 was fully expensed in May 2015. The expense is calculated in accordance with IFRS 2 "Share-based Payment" and presented for the period appointed as CEO, Group COO and Deputy CEO, GEM and Former CEO.

2) 60% of the vested shares are deferred with forfeiture clauses due to remuneration regulations from the Swedish FSA and allotted over a five year period, for LTIP 2010 starting May 2013, for LTIP 2011 starting May 2014 and for LTIP 2012 starting May 2015. See also the separate Remuneration section on page 66 and below for more details. The numbers of outstanding shares are presented as of 31 December 2016. All shares in LTIP programs are fully vested and consequently not conditional.

G7. Staff costs, cont.

Group Executive Management (GEM)

The BRC prepares alterations in salary levels and outcome of GEM EIP as well as other changes in the remuneration package for members of GEM, for resolution by the Board. GEM EIP 2016, which is based on agreed, specific targets, can be a maximum of 100% of the fixed salary.

Benefits include primarily car and/or housing. As for the CEO and Group COO and Deputy CEO, some GEM members took part of the previous LTIPs.

Pension

Chief Executive Officer (CEO)

The CEO has a defined contribution plan in accordance with the Swedish collective agreement BTP1, with a complementing defined contribution plan on top of the collective agreement. The pension contribution in total is 30% of the fixed salary.

Group Chief Operating Officer and Deputy Chief Executive Officer (Group COO and Deputy CEO)

The Group COO and Deputy CEO has a defined contribution plan. The pension contribution is 30% of the fixed salary.

Group Executive Management (GEM)

The pension agreements vary due to local country practices.

Pension agreements are defined benefit plans, defined contribution plans or a combination of such plans.

One member has a defined benefit plan not based on a collective agreement. The defined benefit plan provides a retirement pension amounting to 50% of pensionable income for life from age 62, including statutory pension benefits. Three members have pensions in accordance with the Swedish collective agreement, one in BTP1 (defined contribution plan) and two in BTP2 (defined benefit plan), with complementing defined contribution plans on top of the collective agreement. Three members have pensions in accordance with the local country statutory pension system. Finally one member has a defined contribution plan not based on a collective agreement. Fixed salary is pensionable income for all GEM-members. Part of GEM EIP is included in the pensionable income for three members according to statutory pension rules and one individual agreement.

Pension expense and pension obligation

EUR	2016		2015	
	Pension expense ¹	Pension obligation ²	Pension expense ¹	Pension obligation ²
Board members³:				
Lars G Nordström	–	330,380	–	334,110
Chief Executive Officer (CEO):				
Christian Clausen ⁴	–	–	–2,159,170	–
Casper von Koskull ⁵	386,513	306,358	65,215	284,571
Group Chief Operating Officer and Deputy Chief Executive Officer (Group COO and Deputy CEO):				
Torsten Hagen Jørgensen ⁶	322,351	–	53,677	–
Group Executive Management (GEM):				
8 (7) individuals excluding CEO and Group COO and Deputy CEO ⁷	1,188,910	3,922,800	1,837,118	8,741,323
Total	1,897,774	4,559,538	–203,160	9,360,004
Former Chairman of the Board and CEOs:				
Vesa Vainio ⁸	–	5,375,054	–	5,376,111
Christian Clausen ⁴	338,280	–	62,254	–
Total	2,236,054	9,934,592	–140,906	14,736,115

1) The pension expense is related to pension premiums paid in defined contribution agreements and pension rights earned during the year in defined benefit agreements (Current service cost and Past service cost and settlements as defined in IAS 19). Of the total pension expense EUR 1,868,269 (1,366,811) relates to defined contribution agreements.

2) The pension obligation is calculated in accordance with IAS 19. The obligation is 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.

3) Employee representatives excluded. The pension obligation is in accordance with the collective pension agreement BTP2 and earned during the employment period for one Swedish board member.

4) The pension agreement changed from a defined benefit plan to a defined contribution plan as from 1 April 2015. The pension obligation/pension risk was transferred to the CEO 1 April 2015 and the pension obligation for the former CEO is hence accounted for as settled. The settlement led to a gain of EUR 2,611,144 which had a decreasing impact on the pension expense 2015. The pension agreement from 1 April 2015 is a defined contribution plan with a contribution amounting to 30% of fixed salary. The pension expense in 2015 is presented for the period appointed CEO, 1 January 2015 to 31 October 2015. The pension expense excluding the settlement was EUR 451,974 for the period

as CEO. The pension expense as Former CEO and strategic partner and advisor is presented for the period 1 January to 31 December 2016 and for the period 1 November to 31 December 2015.

5) The pension agreement is a defined contribution plan. The contribution is 30% of fixed salary, consisting of the collective agreement BTP1 and a complementary additional contribution. The pension expense as CEO is presented for the period appointed CEO, for the period 1 January to 31 December 2016 and for the period 1 November to 31 December 2015. The pension obligation is in accordance with the collective pension agreement BTP2 and earned as a member of GEM. The pension expense as member of GEM is included together with other members of GEM for the period 1 January 2015 to 31 October 2015.

6) The Group COO and Deputy CEO's pension agreement is a defined contribution plan and the contribution is 30% of fixed salary. The pension expense as Group COO and Deputy CEO is presented for the period appointed Group COO and Deputy CEO, 1 January to 31 December 2016 and for the period 1 November 2015 to 31 December 2015. The pension expense as member of GEM is included together with other members of GEM for the period 1 January 2015 to 31 October 2015.

7) Members of GEM included for the period they are appointed. The pension obligation is the obligation towards the members of GEM as of 31 December. Compensation during the notice period 2016, for resigned GEM members, amounted to EUR 0.3m and is excluded from the table above.

8) The pension obligation for Vesa Vainio is mainly due to pension rights earned in, and funded by, banks forming Nordea.

G7. Staff costs, cont.

Notice period and severance pay

In accordance with the employment contract the CEO has 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. The Group COO and Deputy CEO and six GEM members have a notice period of 6 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. One GEM member has a notice period of 6 months' and a severance pay equal to 18 months' salary to be reduced by the salary the executive receives as a result of any other employment during these 18 months. One GEM member has a notice period of 6 months. The Former CEO is not entitled to any severance pay.

Loans to key management personnel

Loans to key management personnel, as defined in Note G1 section 27, amount to EUR 5m (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 variable and was at 31 December 2016 1.8% for loans up to NOK 5m and 2.15% for loans above NOK 5m. In Finland the employee interest rate for loans corresponds to Nordea's funding cost with a margin of 40 basis points up to EUR 0.4m, and 60 basis points on the part that exceeds EUR 0.4m. 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). 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

	2016			2015		
	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Rights LTIP 2012						
Outstanding at the beginning of the year	280,628	841,884	280,628	1,254,300	3,141,893	1,254,300
Granted ¹	20,363	61,089	20,363	66,029	165,168	66,029
Forfeited	–	–	–	–136,196	–395,678	–136,196
Alloted	–79,430	–238,290	–79,430	–903,505	–2,069,499	–903,505
Outstanding at end of year	221,561	664,683	221,561	280,628	841,884	280,628
- of which currently exercisable	–	–	–	–	–	–
Rights LTIP 2011						
Outstanding at the beginning of year	212,541	355,118	95,641	269,671	450,568	121,352
Granted ¹	15,422	25,768	6,940	14,513	24,248	6,531
Forfeited	–	–	–	–	–	–
Alloted	–76,825	–128,360	–34,570	–71,643	–119,698	–32,242
Outstanding at end of year ²	151,138	252,526	68,011	212,541	355,118	95,641
- of which currently exercisable	–	–	–	–	–	–
Rights LTIP 2010						
Outstanding at the beginning of year	86,955	91,858	39,119	132,584	140,078	59,664
Alloted	–45,644	–48,218	–20,534	–45,629	–48,220	–20,545
Outstanding at end of year ²	41,311	43,640	18,585	86,955	91,858	39,119
- of which currently exercisable	–	–	–	–	–	–

1) Granted rights are compensation for dividend on the underlying Nordea share during the year.

2) Allotment of rights have been deferred following retention requirements by the Nordic FSAs. There is no exercise price for the deferred rights.

Participation in the Long Term Incentive Programmes (LTIPs) requires that the participants take direct ownership by investing in Nordea shares.

	LTIP 2012		
	Matching Share	Performance Share I	Performance Share II
Ordinary share per right	1.00	1.00	1.00
Exercise price. EUR	–	–	–
Grant date	13 May 2012	13 May 2012	13 May 2012
Vesting period	36 months	36 months	36 months
Contractual life	36 months	36 months	36 months
Allotment	April/May 2015	April/May 2015	April/May 2015
Fair value at grant date ¹	EUR 5.44	EUR 5.43	EUR 1.97

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.

G7. Staff costs, cont.

	LTIP 2012
Service condition, Matching Share / Performance Share I and II	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.
Performance condition, Performance Share I	Average RAROCAR during the period 2012 up to and including 2014. Full allotment will be obtained if the RAROCAR amounts to 17%.
Performance condition, 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 allotment will be obtained if the RAROCAR amounts to 14% and if Nordea's P/B-ranking is 1–5.
Cap	The market value of the allotted shares is capped to the participants' annual salary for year-end 2011.
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.

Conditions and requirements

For each ordinary share the participants lock in to the LTIPs, they are granted a conditional Matching Share to receive ordinary shares based on continued employment, with certain exemptions, and the conditional Performance Share I and II to receive additional ordinary shares also based on fulfillment of certain performance conditions. The performance conditions for Performance Share I comprise a target growth in risk-adjusted return on capital at risk (RAROCAR). The performance conditions for Performance Share II are market related and comprise a target in RAROCAR and in P/B-ranking compared to a peer group. Furthermore the profit for each right is capped.

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.

LTIP 2012/2011/2010 are not allotted in full due to deferral and retention requirements by Nordic FSAs.

Fair value calculations

The fair value is measured through the use of generally accepted valuation models with the following input factors:

	LTIP 2012
Weighted average share price	EUR 6.70
Right life	3.0 years
Deduction of expected dividends	No
Risk free rate	Not applicable
Expected volatility	Not applicable

Expenses for equity-settled share-based payment programmes¹

EURm	LTIP 2012
Total expense during 2016	–
Total expense during 2015	–2

1) All amounts excluding social security contribution.

As the exercise price is zero for LTIP 2012, the value has a limited sensitivity to expected volatility and risk-free interest.

The value of the Performance Share II is based on market related conditions and fulfilment of the 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 cap has 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.

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 transferred after three years or transferred 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. Due to that the allocation of variable compensation is not finally decided during the current year, the deferred amount during the year in the table below relates to variable compensation earned the previous year.

In addition Nordea in 2013 introduced the Executive Incentive Programme ("EIP") which aims to strengthen Nordea's capability to retain and recruit the best talents. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's result, profitability and long term value growth. EIP reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long term result is to be considered when determining the targets. The EIP shall not exceed the fixed salary. EIP shall be paid in the form of cash and be subject to TSR-indexation, deferral, forfeiture clauses and retention as per relevant remuneration regulations. The main part of EIP 2016 is paid no earlier than autumn 2020. Participation in the programme is offered to up to 400 managers and key employees, except GEM who are instead offered a GEM EIP (further information about the GEM EIP can be found in the Remuneration section in the Board of Director's Report), within the Nordea Group. EIP is offered instead of Nordea's LTIP and VSP for the invited employees. The allocation of the EIP 2016 is decided during spring 2017, and a reservation of EUR 36m excl. social costs is made 2016. 80% of the allocated amount will be subject to TSR-indexation.

The below table only includes deferred amounts indexed with Nordea TSR. EIP has been included as from 2014, when deferred. Further information regarding all deferred amounts can be found in the separate report on remuneration published on Nordea's homepage (www.nordea.com).

	Share linked deferrals	
EURm	2016	2015
Opening balance	67	32
Reclassification ¹	0	12
Reclassification to liabilities held for sale	–1	–
Deferred/earned during the year	50	47
TSR indexation during the year	19	3
Payments during the year ²	–25	–26
Translation differences	0	–1
Closing balance	110	67

1) Relates to a reclassification from deferred amounts that are indexed with a fixed rate.

2) There have been no adjustments due to forfeitures.

G7. Staff costs, cont.

Average number of employees

	Total		Men		Women	
	2016	2015	2016	2015	2016	2015
Full-time equivalents						
Denmark	8,717	8,288	4,789	4,486	3,928	3,802
Sweden	7,276	6,957	3,502	3,346	3,774	3,611
Finland	7,104	6,946	2,329	2,181	4,775	4,765
Norway	3,140	3,137	1,692	1,678	1,448	1,459
Poland	1,571	1,197	765	585	806	612
Russia	829	1,085	261	268	568	817
Estonia	559	480	121	114	438	366
Latvia	457	436	141	125	316	311
Luxembourg	441	393	277	243	164	150
Lithuania	378	360	147	123	231	237
United States	120	110	61	57	59	53
Singapore	85	86	38	39	47	47
United Kingdom	77	82	48	52	29	30
Germany	55	58	31	32	24	26
China	30	29	12	13	18	16
Switzerland	29	32	20	23	9	9
Brazil	5	5	5	4	0	1
Total average	30,873	29,681	14,239	13,369	16,634	16,312
Total number of employees (FTEs), end of period	31,596	29,815				

Gender distribution

In the parent company's Board of Directors 56% (56%) were men and 44% (44%) were women. In the Board of Directors of the Nordea Group companies, 77% (73%) were men and 23%

(27%) were women. The corresponding numbers for Other executives were 76% (69%) men and 24% (31%) women. Internal Boards consist mainly of management in Nordea, employee representatives excluded.

G8. Other expenses

EURm	2016	2015
Information technology	-573	-485
Marketing and representation	-79	-84
Postage, transportation, telephone and office expenses	-125	-145
Rents, premises and real estate	-309	-373
Other	-560	-398
Total	-1,646	-1,485

Auditors' fees

EURm	2016	2015
PricewaterhouseCoopers		
Auditing assignments	-7	-5
Audit-related services	-1	0
Tax advisory services	-1	-1
Other assignments	-5	-1
Total	-14	-7
KPMG		
Auditing assignments	-	-1
Audit-related services	-	-1
Tax advisory services	-	0
Other assignments	-	-1
Total	-	-3
E&Y		
Auditing assignments	-	0
Audit-related services	-	0
Tax advisory services	-	0
Other assignments	-	-1
Total	-	-1
Total Auditors' fees	-14	-11

G9. Depreciation, amortisation and impairment charges of tangible and intangible assets

EURm	2016	2015
Depreciation/amortisation		
Properties and equipment	-106	-113
Intangible assets	-115	-76
Total	-221	-189
Impairment charges		
Intangible assets	-7	-20
Total	-7	-20
Total	-228	-209

G10. Net loan losses

EURm	2016	2015
Loan losses divided by class		
Provisions	-1	-
Reversals of previous provisions	1	1
Loans to credit institutions¹	0	1
Realised loan losses	-600	-605
Allowances to cover realised loan losses	474	448
Recoveries on previous realised loan losses	57	63
Provisions	-1,056	-1,074
Reversals of previous provisions	639	693
Loans to the public¹	-486	-475
Realised loan losses	-9	-11
Allowances to cover realised loan losses	9	11
Provisions	-96	-104
Reversals of previous provisions	80	99
Off-balance sheet items²	-16	-5
Net loan losses	-502	-479

1) See Note G13 "Loans and impairment".

2) Included in Note G31 "Provisions" as "Off-balance" and "Guarantees/commitments".

G11. Taxes

Income tax expense

EURm	2016	2015
Current tax	-1,015	-957
Deferred tax	156	-85
Total	-859	-1,042

For current and deferred tax recognised in Other comprehensive income, see Statement of comprehensive income.

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate in Sweden as follows:

EURm	2016	2015
Profit before tax	4,625	4,704
Tax calculated at a tax rate of 22.0%	-1,017	-1,035
Effect of different tax rates in other countries	-7	-34
Income from associated undertakings	21	6
Tax-exempt income	132	72
Non-deductible expenses	-19	-16
Adjustments relating to prior years	32	-17
Utilization of non-capitalized tax losses carry-forwards from previous periods	1	-
Change of tax rate	3	27
Not creditable foreign taxes	-5	-45
Tax charge	-859	-1,042
Average effective tax rate	19%	22%

Deferred tax

EURm	Deferred tax assets		Deferred tax liabilities	
	2016	2015	2016	2015
Deferred tax related to:				
Tax losses carry-forward	93	86	-	-
Loans to the public	28	22	397	430
Derivatives	17	8	285	394
Intangible assets	5	6	50	45
Investment properties	0	0	132	142
Retirement benefit assets/obligations	45	44	77	84
Liabilities/provisions	72	87	58	103
Other	3	17	34	24
Netting between deferred tax assets and liabilities	-203	-194	-203	-194
Total	60	76	830	1,028

EURm	2016	2015
Unrecognised deferred tax assets		
Unused tax losses carry-forward with no expire date	43	44
Total	43	44

G12. Earnings per share

	2016	2015
Earnings:		
Profit attributable to shareholders of Nordea Bank AB (publ) (EURm)	3,766	3,662
Number of shares (in millions):		
Number of shares outstanding at beginning of year	4,050	4,050
Average number of own shares	–15	–21
Weighted average number of basic shares outstanding	4,035	4,029
Adjustment for diluted weighted average number of additional ordinary shares outstanding ¹	2	2
Weighted average number of diluted shares outstanding	4,037	4,031
Basic earnings per share, EUR	0.93	0.91
Diluted earnings per share, EUR	0.93	0.91

1) Relates to the Long Term Incentive Programmes (LTIP). For further information on these programmes, see Note G1 "Accounting policies" section 22.

G13. Loans and impairment

EURm	Central banks and credit institutions		The public ¹		Total	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Loans, not impaired	20,254	23,988	314,572	337,622	334,826	361,610
Impaired loans	9	–	5,541	5,960	5,550	5,960
- Servicing	9	–	3,235	3,682	3,244	3,682
- Non-Servicing	–	–	2,306	2,278	2,306	2,278
Loans before allowances	20,263	23,988	320,113	343,582	340,376	367,570
Allowances for individually assessed impaired loans	0	–	–1,913	–2,213	–1,913	–2,213
- Servicing	0	–	–1,054	–1,289	–1,054	–1,289
- Non-Servicing	–	–	–859	–924	–859	–924
Allowances for collectively assessed impaired loans	–2	–2	–511	–449	–513	–451
Allowances	–2	–2	–2,424	–2,662	–2,426	–2,664
Loans, carrying amount	20,261	23,986	317,689	340,920	337,950	364,906

1) Finance leases, where Nordea Group is a lessor, are included in Loans to the public, see Note G21 "Leasing".

G13. Loans and impairment, cont.

Movements of allowance accounts for impaired loans

EURm	Central banks and credit institutions			The public			Total		
	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2016	0	-2	-2	-2,213	-449	-2,662	-2,213	-451	-2,664
Provisions	0	-1	-1	-729	-327	-1,056	-729	-328	-1,057
Reversals of previous provisions	0	1	1	408	231	639	408	232	640
Changes through the income statement	0	0	0	-321	-96	-417	-321	-96	-417
Allowances used to cover realised loan losses	-	-	-	474	-	474	474	-	474
Reclassification	-	-	-	151	42	193	151	42	193
Translation differences	0	0	0	-4	-8	-12	-4	-8	-12
Closing balance at 31 Dec 2016	0	-2	-2	-1,913	-511	-2,424	-1,913	-513	-2,426
Opening balance at 1 Jan 2015	0	-2	-2	-2,329	-418	-2,747	-2,329	-420	-2,749
Provisions	-	-	-	-818	-256	-1,074	-818	-256	-1,074
Reversals of previous provisions	-	1	1	476	217	693	476	218	694
Changes through the income statement	-	1	1	-342	-39	-381	-342	-38	-380
Allowances used to cover realised loan losses	-	-	-	448	-	448	448	-	448
Reclassification	-	-	-	4	-	4	4	-	4
Translation differences	-	-1	-1	6	8	14	6	7	13
Closing balance at 31 Dec 2015	0	-2	-2	-2,213	-449	-2,662	-2,213	-451	-2,664

Allowances and provisions¹

EURm	Central banks and credit institutions		The public		Total	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Allowances for items on the balance sheet	-2	-2	-2,424	-2,662	-2,426	-2,664
Provisions for off balance sheet items	-	-	-71	-65	-71	-65
Total allowances and provisions	-2	-2	-2,495	-2,727	-2,497	-2,729

1) Included in Note G31 "Provisions" as "Guarantees/commitments".

Key ratios¹

	31 Dec 2016	31 Dec 2015
Impairment rate, gross, basis points	163	162
Impairment rate, net, basis points	107	102
Total allowance rate, basis points	71	72
Allowances in relation to impaired loans, %	34	37
Total allowances in relation to impaired loans, %	44	45
Non-servicing loans, not impaired, EURm	248	485

1) For definitions, see "Business definitions" on page 83.

G14. Interest-bearing securities

EURm	31 Dec 2016	31 Dec 2015
State and sovereigns	24,597	23,093
Municipalities and other public bodies	2,006	2,667
Mortgage institutions	25,893	27,785
Other credit institutions	28,474	27,804
Corporates	4,132	4,535
Corporates sub-investment grade	535	650
Other	2,064	1
Total	87,701	86,535

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 2016	31 Dec 2015
Interest-bearing securities	5,108	8,333
Shares	-	8
Total	5,108	8,341

For information on transferred assets and reverse repos, see Note G41 "Financial instruments set off on balance or subject to netting agreements".

G16. Shares

EURm	31 Dec 2016	31 Dec 2015
Shares	9,598	12,135
Fund units, equity related	9,090	7,237
Fund units, interest related	2,836	2,909
Total	21,524	22,281
- of which Financial instruments pledged as collateral (Note G15)	–	8
Total	21,524	22,273

G17. Assets and deposits in pooled schemes and unit-linked investment contracts

EURm	31 Dec 2016	31 Dec 2015
Assets		
Interest bearing securities	1,674	1,641
Shares and fund units	21,019	18,472
Properties	139	111
Other assets	270	210
Total	23,102	20,434
Liabilities		
Pooled schemes	4,340	4,293
Unit linked investment contracts	19,240	16,795
Total	23,580	21,088

The 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.

G18. Derivatives and Hedge accounting

Derivatives held for trading

31 Dec 2016, EURm	Fair value		Total nominal amount
	Positive	Negative	
Interest rate derivatives			
Interest rate swaps	37,392	32,707	5,055,477
FRAs	69	85	776,539
Futures and forwards	28	27	121,618
Options	10,223	9,323	370,301
Other	51	246	707
Total	47,763	42,388	6,324,642
Equity derivatives			
Equity swaps	83	105	5,574
Futures and forwards	5	2	875
Options	317	623	18,242
Total	405	730	24,691
Foreign exchange derivatives			
Currency and interest rate swaps	16,244	21,209	942,503
Currency forwards	954	659	70,464
Options	428	324	42,357
Other	10	9	4,162
Total	17,636	22,201	1,059,486
Other derivatives			
Credit Default Swaps (CDS)	1,599	1,647	75,316
Commodity derivatives	6	4	313
Other derivatives	29	25	3,482
Total	1,634	1,677	79,111
Total derivatives held for trading	67,438	66,995	7,487,930

G18. Derivatives and Hedge accounting, cont.

Derivatives used for hedge accounting

31 Dec 2016, EURm	Fair value		Total nom amount
	Positive	Negative	
Interest rate derivatives	1,461	638	92,479
Foreign exchange derivatives	1,060	992	32,237
Other derivatives	–	11	1,830
Total derivatives used for hedge accounting	2,521	1,641	126,546
- of which cash flow hedges	804	886	18,290 ¹
- of which fair value hedges	1,660	648	96,944 ¹
- of which net investment hedges	57	107	15,766
Total derivatives	69,959	68,636	7,614,476

1) Some cross currency interest rate swaps and interest rate swaps are used both as fair value hedges and cash flow hedges and the nominal amounts are then reported on both lines.

Periods when hedged cashflows are expected to occur and when they are expected to affect the income statement

31 Dec 2016, EURm	<1 year	1–3 years	3–5 years	5–10 years	10 years
Cash inflows (assets)	–	–	–	–	–
Cash outflows (liabilities)	4,741	4,053	4,560	2,262	12,902
Net cash outflows	4,741	4,053	4,560	2,262	12,902

Derivatives held for trading

31 Dec 2015, EURm	Fair value		Total nom amount
	Positive	Negative	
Interest rate derivatives			
Interest rate swaps	46,918	42,076	4,517,572
FRAs	7	12	51,470
Futures and forwards	264	327	1,538,842
Options	10,731	9,392	431,777
Other	6	88	6,671
Total	57,926	51,895	6,546,332
Equity derivatives			
Equity swaps	294	332	6,825
Futures and forwards	8	15	985
Options	521	750	24,238
Total	823	1,097	32,048
Foreign exchange derivatives			
Currency and interest rate swaps	14,529	21,136	856,486
Currency forwards	1,708	1,219	113,622
Options	266	208	28,027
Other	1	1	79
Total	16,504	22,564	998,214
Other derivatives			
Credit Default Swaps (CDS)	2,304	2,288	92,427
Commodity derivatives	17	13	483
Other derivatives	20	30	3,370
Total	2,341	2,331	96,280
Total derivatives held for trading	77,594	77,887	7,672,874

G18. Derivatives and Hedge accounting, cont.

Derivatives used for hedge accounting

31 Dec 2015, EURm	Fair value		Total nom amount
	Positive	Negative	
Interest rate derivatives	1,677	712	81,603
Foreign exchange derivatives	1,470	906	25,613
Total derivatives used for hedge accounting	3,147	1,618	107,216
- of which cash flow hedges	968	849	12,664 ¹
- of which fair value hedges	1,891	708	86,503 ¹
- of which net investment hedges	288	61	12,962
Total derivatives	80,741	79,505	7,780,090

1) Some cross currency interest rate swaps and interest rate swaps are used both as fair value hedges and cash flow hedges and the nominal amounts are then reported on both lines.

Periods when hedged cashflows are expected to occur and when they are expected to affect the income statement

31 Dec 2015, EURm	<1 year	1–3 years	3–5 years	5–10 years	10 years
Cash inflows (assets)	–	–	–	–	–
Cash outflows (liabilities)	688	4,434	2,773	2,038	712
Net cash outflows	688	4,434	2,773	2,038	712

G19. Investments in associated undertakings and joint ventures

EURm	31 Dec 2016	31 Dec 2015
Acquisition value at beginning of year	517	488
Acquisitions during the year	5	0
Sales during the year	–145	–2
Share in earnings ¹	120	59
Dividend received	–32	–18
Reclassification	114	0
Translation differences	11	–10
Acquisition value at end of year	590	517
Accumulated impairment charges at beginning of year	–2	–1
Translation differences	0	–1
Accumulated impairment charges at end of year	–2	–2
Total	588	515

1) See table Share in earnings.

Share in earnings

EURm	31 Dec 2016	31 Dec 2015
Profit from companies accounted for under the equity method ¹	112	39
Portfolio hedge, Eksportfinans ASA	–4	3
Associated undertakings in Life insurance, reported as Net result from items at fair value	12	17
Share in earnings	120	59

1) The gain related to VISA Inc's acquisition of VISA Europe amounted to EUR 97m net of tax.

Nordea's share of the associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2016	31 Dec 2015
Total assets	3,252	3,415
Net profit for the year	96	9

G19. Investments in associated undertakings and joint ventures, cont.

Nordea has issued contingent liabilities of EUR 175m (EUR 226m) on behalf of associated undertakings.

31 Dec 2016	Registration number	Domicile	Carrying amount 2016, EURm	Carrying amount 2015, EURm	Voting power of holding %
Eksportfinans ASA	816521432	Oslo	191	180	23
Ejendomsparnerskabet af 1/7 2003	27134971	Ballerup	206	200	49
Suomen Luotto-osuuskunta	0201646-0	Helsinki	12	3	27
LR Realkredit A/S	26045304	Copenhagen	6	6	39
Realia Holding Oy	2106796-8	Helsinki	–	20	25
Samajet Nymøllevvej 59–91	24247961	Ballerup	20	21	25
E-nettet Holding A/S	28308019	Copenhagen	2	2	20
Hovedbanegårdens Forretningscenter K/S	16301671	Ballerup	2	17	50
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	8	9	33
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	9	8	33
SWIPP Holding APS	36439696	Copenhagen	0	3	30
Bankernas Kontantservice A/S	33077599	Copenhagen	–	6	20
Samejet Lautruphøj I/S	50857859	Ballerup	6	6	50
NF Techfleet AB	556967-5423	Stockholm	2	2	20
NF Fleet Oy	2006935-5	Espoo	8	6	20
NF Fleet AB	556692-3271	Stockholm	5	4	20
NF Fleet A/S	29185263	Copenhagen	4	–	20
Opplýsningscentralen UC AB	556137-5113	Stockholm	3	4	26
Bankomat AB	556817-9716	Stockholm	8	6	20
Visa Sweden	801020-5097	Stockholm	88	–	–
Other			3	12	–
Total			583	515	

Nordea's share of the joint ventures' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2016	31 Dec 2015
Total assets	537	352
Net profit for the year	24	25

Joint ventures

31 Dec 2016	Registration number	Domicile	Carrying amount 2016, EURm	Carrying amount 2015, EURm	Voting power of holding %
Dansk ejendoms Fond I	12601840	Ballerup	0	0	56
Ejendomsselskabet af 1. marts 2006 P/S	29405069	Ballerup	0	0	50
DNP Ejendomme P/S	28865147	Ballerup	0	0	50
Indy AB	559072-8316	Stockholm	5	–	50
Relacom Management AB	556746-3103	Stockholm	–	–	61
Total			5	0	
Total associated undertakings and joint ventures			588	515	

G20. Intangible assets

EURm	31 Dec 2016	31 Dec 2015
Goodwill allocated to cash generating units¹		
Personal Banking Norway	283	269
Personal Banking Denmark	449	447
Personal Banking Sweden	131	135
Commercial & Business Banking Norway	501	476
Commercial & Business Banking Denmark	142	141
Commercial & Business Banking Sweden	87	90
Life & Pensions, Denmark	128	128
Life & Pensions, Norway	128	127
Life & Pensions, Poland	40	41
Banking Russia	174	139
Shipping, Offshore & Oil services	184	177
Total goodwill	2,247	2,170
Computer software	1,447	938
Other intangible assets	98	100
Total intangible assets	3,792	3,208
Movements in goodwill		
Acquisition value at beginning of year	2,171	2,235
Translation differences	77	-64
Acquisition value at end of year	2,248	2,171
Accumulated impairment charges at beginning of year	-1	-1
Accumulated impairment charges at end of year	-1	-1
Total	2,247	2,170
Movements in computer software		
Acquisition value at beginning of year	1,200	1,415
Acquisitions during the year	617	429
Disposals during the year	-	-635
Translation differences	-15	-9
Acquisition value at end of year	1,802	1,200
Accumulated amortisation at beginning of year	-229	-448
Amortisation according to plan for the year	-85	-49
Accumulated amortisation on disposals during the year	-	266
Translation differences	-1	2
Accumulated amortisation at end of year	-315	-229
Accumulated impairment charges at beginning of year	-33	-387
Accumulated impairment charges on disposals during the year	-	369
Impairment charges during the year	-7	-20
Translation differences	0	5
Accumulated impairment charges at end of year	-40	-33
Total	1,447	938

1) Excluding goodwill in associated undertakings.

Impairment testing of goodwill

A cash generating unit, defined as the operating segment, is the basis for the goodwill impairment test. For Life & Pensions, the cash generating units for which goodwill is tested, are the operations in each country.

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 flows are expected to continue indefinitely.

Cash flows in the near future (generally between 3–5 years) are based on financial forecasts, derived from forecasted margins, volumes 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 1.3% (1.3%) has been used for all cash generating units, except Banking Norway and Life & Pensions, Norway where 1.8% (1.8%) has 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 2016 is 7.0% (7.6%), which equals a pre-tax rate of 9.2% (10.0%). For operations in Norway, the expected interest rate is higher and the discount rate used is 7.5% (8.1%). For Russia an additional risk premium of 400 (400) basis points has been applied and for Poland an additional risk premium of 140 (150) basis points has been applied.

The impairment tests conducted in 2016 did not indicate any need for goodwill impairment. See Note G1 "Accounting policies" 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 point are considered to be reasonably possible changes in key assumptions. Such a change would result in the following impairment for the below cash generating units:

EURm	Growth rate -1%	Discount rate +1%
Life & Pensions, Norway	-59	-92
Banking Russia	-19	-28
Life & Pensions, Poland	-5	-4

For Life & Pensions, Norway the break-even point for impairment is a decrease in growth rate of 0.3% points or an increase in the discount rate of 0.3% points. For Banking Russia the break-even point for impairment is a decrease in growth rate of 0.6% points or an increase in the discount rate of 0.5% points. For Life & Pensions, Poland any decrease in the growth rate or increase in the discount rate would lead to impairment.

G21. 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 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 2016	31 Dec 2015
Gross investments	6,306	7,281
Less unearned finance income	-407	-282
Net investments in finance leases	5,899	6,999
Less unguaranteed residual values accruing to the benefit of the lessor	-16	-21
Present value of future minimum lease payments receivable	5,883	6,978
Accumulated allowance for uncollectible minimum lease payments receivable	7	8

As of 31 December 2016 the gross investment and the net investment by remaining maturity was distributed as follows:

EURm	31 Dec 2016	
	Gross Investment	Net Investment
2017	1,663	1,598
2018	1,237	1,187
2019	1,511	1,457
2020	842	687
2021	520	484
Later years	533	486
Total	6,306	5,899

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.

Under non-cancellable operating leases, the future minimum lease payments receivable are distributed as follows:

EURm	31 Dec 2016
2017	3
2018	2
2019	1
2020	1
2021	1
Later years	0
Total	8

Nordea as a lessee

Finance leases

Nordea has only to a minor extent entered into finance lease agreements.

Operating leases

Nordea has entered into operating lease agreements for premises and office equipment.

Leasing expenses during the year

EURm	31 Dec 2016	31 Dec 2015
Leasing expenses during the year	-207	-236
- of which minimum lease payments	-206	-231
- of which contingent rents	-1	-5
Leasing income during the year regarding sublease payments	4	5

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

EURm	31 Dec 2016
2017	194
2018	149
2019	116
2020	81
2021	64
Later years	346
Total	950

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 14m.

G22. Investment properties

EURm	31 Dec 2016	31 Dec 2015
Carrying amount at beginning of year	3,054	3,135
Acquisitions during the year	376	226
Sales during the year	-248	-205
Fair value adjustments	55	9
Transfers/reclassifications during the year	-159	-156
Translation differences	41	45
Carrying amount at end of year	3,119	3,054

Amounts recognised in the income statement¹

EURm	2016	2015
Fair value adjustments	87	28
Rental income	157	165
Direct operating expenses that generate rental income	-16	-37
Direct operating expenses that did not generate rental income	-8	-10
Total	220	146

1) 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 properties.

Approximately 75% of the investment properties are valued using internal models based on a rate of return calculation. For the remaining 25% of the investment properties, appraisals were obtained from independent external valuers.

For further information regarding investment properties, see Note G40 "Assets and liabilities at fair value".

G23. Other assets

EURm	31 Dec 2016	31 Dec 2015
Claims on securities settlement proceeds	1,944	1,596
Cash/margin receivables	15,154	14,697
Other	1,875	2,294
Total	18,973	18,587

G24. Prepaid expenses and accrued income

EURm	31 Dec 2016	31 Dec 2015
Accrued interest income	313	310
Other accrued income	483	558
Prepaid expenses	653	658
Total	1,449	1,526

G25. Deposits by credit institutions

EURm	31 Dec 2016	31 Dec 2015
Central banks	10,006	12,243
Banks	14,454	20,187
Other credit institutions	13,676	11,779
Total	38,136	44,209

G26. Deposits and borrowings from the public

EURm	31 Dec 2016	31 Dec 2015
Deposits ¹	170,030	179,630
Repurchase agreements	3,998	9,419
Total	174,028	189,049

1) Deposits related to individual pension savings (IPS) are also included.

G27. Liabilities to policyholders

EURm	31 Dec 2016	31 Dec 2015
Traditional life insurance provisions	19,124	19,081
- of which guaranteed provisions	19,023	18,989
- of which non-guaranteed provisions	101	92
Collective bonus potential	3,606	3,229
Unit-linked insurance provisions	14,240	12,236
- of which guaranteed provisions	0	0
- of which non-guaranteed provisions	14,240	12,236
Insurance claims provision	460	395
Provisions, Health & personal accident	252	249
Total Insurance contracts	37,682	35,190
Investment contracts	3,528	3,517
- of which guaranteed provisions	3,528	3,517
- of which non-guaranteed provisions	–	–
Total	41,210	38,707

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 measures and recognises insurance contracts using local accounting policies.

31 Dec 2016, EURm	Traditional life insurance provisions	Collective bonus potentials	Unit-linked insurance provisions	Insurance claims provisions	Provisions, Health & personal accident and Life risk products	Investment contracts provisions	Total
Provisions/bonus potentials, beginning of year	19,081	3,229	12,236	395	249	3,517	38,707
Gross premiums written	681	–	2,265	–	–	147	3,093
Transfers	–152	–	111	–	–	0	–41
Addition of interest/investment return	415	–	386	–	–	119	920
Claims and benefits	–1,368	–	–1,081	63	3	–282	–2,665
Expense loading including addition of expense bonus	–96	–	–90	–	–	–31	–217
Change in provisions/bonus potential	–152	404	–242	–	–2	0	8
Other	406	–	611	–	–	120	1,137
Translation differences	309	–27	44	2	2	–62	268
Provisions/bonus potentials, end of year	19,124	3,606	14,240	460	252	3,528	41,210
Provision relating to bonus schemes/ discretionary participation feature:	95%					75%	

G27. Liabilities to policyholders, cont.

31 Dec 2015, EURm	Traditional life insurance provisions	Collective bonus potentials	Unit-linked insurance provisions	Insurance claims provisions	Provisions, Health & personal accident and Life risk products	Investment contracts provisions	Total
Provisions/bonus potentials, beginning of year	19,705	2,977	11,026	387	253	3,683	38,031
Gross premiums written	784	–	2,125	–	–	116	3,025
Transfers	–499	–	354	–	–	–	–145
Addition of interest/investment return	421	–	225	–	–	38	684
Claims and benefits	–1,618	–	–1,041	12	–6	–293	–2,946
Expense loading including addition of expense bonus	–102	–	–90	–	–	–25	–217
Change in provisions/bonus potential	95	246	–333	–	4	–	12
Other	605	–	1	–	–	–66	540
Translation differences	–310	6	–31	–4	–2	64	–277
Provisions/bonus potentials, end of year	19,081	3,229	12,236	395	249	3,517	38,707
Provision relating to bonus schemes/ discretionary participation feature:	95%					75%	

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

EURm	31 Dec 2016		31 Dec 2015	
	Effect on policyholders liabilities ¹	Effect on Nordeas Equity ²	Effect on policyholders liabilities ¹	Effect on Nordeas Equity ²
Sensitivites				
Mortality – increased living with 1 year	28.0	–21.5	27.8	–21.4
Mortality – decreased living with 1 year	–5.8	4.5	–6.5	5.0
Disability – 10% increase	12.3	–9.5	13.8	–10.6
Disability – 10% decrease	–8.5	6.5	–9.2	7.1
50 bp increase in interest rates	–713.3	–3.2	–620.7	0.3
50 bp decrease in interest rates	701.6	2.7	676.4	–0.5
12% decrease in all share prices	–1,274.5	–2.6	–983.6	–2.8
8% decrease in property value	–204.6	–1.1	–228.8	–1.5
8% loss on counterparts	–7.5	0.0	–24.9	–0.2

1) + (plus) indicates that policyholders liabilities increase.

2) – (minus) indicates that equity decrease.

Liabilities to policyholders divided in guarantee levels (technical interest rate)

31 Dec 2016, EURm	Non	0 pct.	0 to 2 pct.	2 to 3 pct.	3 to 4 pct.	Over 4 pct.	Total liabilities
Technical provision	14,341	2,373	8,966	3,518	4,041	3,653	36,892
31 Dec 2015, EURm	Non	0 pct.	0 to 2 pct.	2 to 3 pct.	3 to 4 pct.	Over 4 pct.	Total liabilities
Technical provision	12,328	2,340	7,666	4,820	3,996	3,684	34,834

G27. Liabilities to policyholders, cont.

Risk profiles on insurance

Product	Risk types	Material effect
Traditional	- Mortality	Yes
	- Disability	Yes
	- Return guaranties	Yes
Unit-Link	- Mortality	Yes
	- Disability	Yes
	- Return guaranties	No
Health and personal accident	- Mortality	No
	- Disability	Yes
	- Return guaranties	No
Financial contract	- Mortality	No
	- Disability	No
	- Return guaranties	Yes

G28. Debt securities in issue

EURm	31 Dec 2016	31 Dec 2015
Certificates of deposit	19,089	26,018
Commercial papers	17,805	23,243
Covered bonds	109,477	106,746
Other bonds	45,319	45,860
Other	60	70
Total	191,750	201,937

G29. Other liabilities

EURm	31 Dec 2016	31 Dec 2015
Liabilities on securities settlement proceeds	2,127	1,108
Sold, not held, securities	8,024	8,824
Accounts payable	195	168
Cash/margin payables	9,697	11,141
Other	4,370	4,504
Total	24,413	25,745

G30. Accrued expenses and prepaid income

EURm	31 Dec 2016	31 Dec 2015
Accrued interest	7	20
Other accrued expenses	1,468	1,464
Prepaid income	283	321
Total	1,758	1,805

G31. Provisions

EURm	31 Dec 2016	31 Dec 2015
Restructuring	223	333
Guarantees/commitments	71	65
Other	12	17
Total	306	415

Provisions for restructuring costs have been utilised by EUR 78m during 2016. The majority of the remaining restructuring provision was recognised in the fourth quarter last year, and is related to the transformational change to a truly digital bank. Provisions are mainly expected to be used during 2017. 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.

Loan loss provisions for individually assessed, guarantees and other commitments amounted to EUR 71m. Other provision amounts to EUR 12m (EUR 5m expected to be settled 2017).

EURm	Restructuring	Guarantees / commitments	Other	Total
At beginning of year	333	65	17	415
New provisions made	1	96	7	104
Provisions utilised	-78	-9	-6	-93
Reversals	-30	-80	-4	-114
Reclassifications	-1	-	-2	-3
Translation differences	-2	-1	0	-3
At end of year	223	71	12	306

G32. Retirement benefit obligations

EURm	31 Dec 2016	31 Dec 2015
Retirement benefit assets	306	377
Retirement benefit obligations	302	329
Net liability (-)/asset (+)	4	48

Nordea sponsors both defined contribution plans (DCP) and defined benefit plans (DBP). IAS 19 secures that the pension obligations net of plan assets backing these obligations are reflected on the Group's balance sheet. The major plans in each country are funded schemes covered by assets in pension funds/foundations.

The plans are structured in accordance with local regulations and legislations, local practice and, where applicable, collective agreements. Nordea's main DBPs in Sweden, Norway and Finland are all employer financed final salary and service based pension plans providing pension benefits on top of the statutory systems. All DBPs are closed for new entrants, new employees are offered DCPs. DBPs in Sweden are mainly offered in accordance with collective agreements and follow the regulations in the Pension Obligations Vesting Act (Tryggandelagen). Plan assets are held in a separate pension foundation. In Norway the DBPs are in accordance with the Nordea Norway occupational pension plan and follow the Occupational Pension Act (Foretakspensjonloven). In Norway plan assets are also held by a separate pension fund. In Finland Nordea is providing additional pension benefits on top of the statutory system in accordance with the Nordea Finland occupational pension plan and follows the regulations in the Employees' Pension Act (TyEL). Plan assets are generally held in a separate pension foundation. Minimum funding requirements differ between plans but where such requirements are based on collective agreements or internal policies the funding requirement is generally that the pension obligations measured using local requirements shall be covered in full or with a predefined surplus. Some pension plans are not covered by funding requirements and are generally unfunded. Quarterly assessments are made to secure the level of future contributions.

Defined benefit plans may impact Nordea via changes in the net present value of obligations and/or changes in the market value of plan assets. Changes in the obligation are most importantly driven by changes in assumptions on discount rates (interest rates and credit spreads), salary increases, turnover and mortality as well as relevant experience adjustments where the actual outcome differs from the assumptions. Assets are invested in diversified portfolios as further disclosed below, with bond exposures mitigating the interest rate risk in the obligations and a fair amount of real assets (inflation protected) to reduce the long term inflationary risk in liabilities.

Due to recent changes in Norwegian social security and pension legislation, on 25 October 2016 Nordea decided to amend the pension agreement with all employees in Norway born in 1958 or later from a defined benefit plan to a defined contribution plan. As the assumption about future salary increases has been removed, the change decreases the obligation. This led to an upfront gain in 2016 of EUR 86m including social charges.

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on different actuarial assumptions.

Assumptions¹

	Swe	Nor	Fin	Den
2016				
Discount rate ²	2.67%	2.75%	1.50%	1.92%
Salary increase	2.25%	2.75%	1.75%	2.25%
Inflation	1.25%	1.75%	1.25%	1.25%
Mortality	DUS14	GAP07/I73	Gompertz	FSA
2015				
Discount rate ²	3.07%	2.89%	2.14%	2.67%
Salary increase	2.25%	2.75%	1.75%	2.25%
Inflation	1.25%	1.75%	1.25%	1.25%
Mortality	DUS06	GAP07/I73	Gompertz	FSA

1) The assumptions disclosed for 2016 have an impact on the liability calculation by year-end 2016, while the assumptions disclosed for 2015 are used for calculating the pension expense in 2016.

2) More information on the discount rate can be found in Note G1 "Accounting policies", section 23. The sensitivities to changes in the discount rate can be found below.

Sensitivities – Impact on Defined Benefit Obligation (DBO)

%	Swe	Nor	Fin	Den
Discount rate				
– Increase 50bps	–7.7%	–6.8%	–6.9%	–5.1%
Discount rate				
– Decrease 50bps	8.9%	7.6%	7.7%	5.5%
Salary increase				
– Increase 50bps	3.0%	2.3%	0.4%	5.0%
Salary increase				
– Decrease 50bps	–2.1%	–2.2%	–0.3%	–4.6%
Inflation				
– Increase 50bps	7.6%	6.3%	4.7%	–
Inflation				
– Decrease 50bps	–6.7%	–5.7%	–4.3%	–
Mortality				
– Increase 1 year	3.4%	3.3%	4.1%	5.1%
Mortality				
– Decrease 1 year	–3.3%	–3.3%	–4.1%	–5.0%

The sensitivity analyses are prepared by changing one actuarial assumption while keeping the other assumptions unchanged. This is a simplified approach since the actuarial assumptions usually are correlated. However, it gives the possibility to isolate one effect from another. The method used for calculating the impact on the obligation is the same as when calculating the obligation accounted for in the financial statements. Compared with the 2015 Annual Report there have been no changes in the methods used when preparing the sensitivity analyses.

As all pensions in Denmark are salary indexed, the inflation has no impact on the DBO in Denmark.

G32. Retirement benefit obligations, cont.

Net retirement benefit liabilities/assets

EURm	Swe 2016	Nor 2016	Fin 2016	Den 2016	Total 2016	Total 2015
Obligations	1,524	869	938	103	3,434	3,271
Plan assets	1,591	703	1,013	131	3,438	3,319
Net liability(-)/asset(+)	67	-166	75	28	4	48
- of which retirement benefit liabilities	126	166	6	4	302	329
- of which retirement benefit assets	193	-	81	32	306	377

Movements in the obligation

2016, EURm	Swe	Nor	Fin	Den	Total
Opening balance	1,421	843	907	100	3,271
Current service cost	23	16	3	-	42
Interest cost	43	24	19	3	89
Pensions paid	-71	-35	-43	-6	-155
Past service cost and settlements ¹	3	-84	-2	-	-83
Remeasurement from changes in demographic assumptions	54	-	-	-	54
Remeasurement from changes in financial assumptions	93	41	87	7	228
Remeasurement from experience adjustments	1	15	-12	-1	3
Translation differences	-56	48	-21	0	-29
Change in provision for SWT/SSC ²	13	1	-	-	14
Closing balance	1,524	869	938	103	3,434
- of which relates to the active population	27%	35%	14%	-	25%

1) Includes the gain in Norway from transition to DCP.

2) Change in provision for special wage tax (SWT) and social security contribution (SSC) in Sweden and Norway.

2015, EURm	Swe	Nor	Fin	Den	Total
Opening balance	1,663	968	985	111	3,727
Current service cost	29	20	3	0	52
Interest cost	40	24	21	2	87
Pensions paid	-73	-29	-42	-5	-149
Past service cost and settlements	-18	16	1	-	-1
Remeasurement from changes in demographic assumptions	-	-	-31	-	-31
Remeasurement from changes in financial assumptions	-204	-63	-26	-5	-298
Remeasurement from experience adjustments	7	-23	-12	-3	-31
Translation differences	35	-55	8	0	-12
Change in provision for SWT/SSC ¹	-58	-15	-	-	-73
Closing balance	1,421	843	907	100	3,271
- of which relates to the active population	32%	43%	11%	-	28%

1) Change in provision for special wage tax (SWT) and social security contribution (SSC) in Sweden and Norway.

The average duration of the obligation is 16 (15) years in Sweden, 15 (15) years in Norway, 13 (14) years in Finland and 11 (10) years in Denmark based on discounted cash flows. The fact that all DBPs are closed for new entrants and that there are no active members in Denmark, and to some extent also in Finland, leads to lower duration.

G32. Retirement benefit obligations, cont.

Movements in the fair value of plan assets

2016, EURm	Swe	Nor	Fin	Den	Total
Opening balance	1,554	644	992	129	3,319
Interest income (calculated using the discount rate)	46	19	21	3	89
Pensions paid	–	–17	–43	–6	–66
Settlements	–	–10	–	–	–10
Contributions by employer	6	24	3	–	33
Remeasurement (actual return less interest income)	44	7	63	5	119
Translation differences	–59	36	–23	0	–46
Closing balance	1,591	703	1,013	131	3,438

2015, EURm	Swe	Nor	Fin	Den	Total
Opening balance	1,497	636	972	124	3,229
Interest income (calculated using the discount rate)	37	17	20	2	76
Pensions paid	–	–17	–42	–7	–66
Settlements	–16	–	2	–	–14
Contributions by employer	0	26	–1	6	31
Remeasurement (actual return less interest income)	2	22	33	2	59
Translation differences	34	–40	8	2	4
Closing balance	1,554	644	992	129	3,319

Asset composition

The combined return on assets in 2016 was 6.3% (4.2%). The asset return was driven by a positive return on all asset classes. At the end of the year the equity exposure in Nordea's pension funds/foundations represented 27% (27%) of total assets.

The Group expects to contribute EUR 32m to its defined benefit plans in 2017.

Asset composition in funded schemes

%	Swe 2016	Nor 2016	Fin 2016	Den 2016	Total 2016	Total 2015
Bonds	70%	55%	59%	84%	64%	63%
- sovereign	37%	37%	40%	40%	38%	38%
- covered bonds	16%	6%	–	44%	10%	15%
- corporate bonds	15%	10%	19%	–	15%	10%
- issued by Nordea entities	2%	2%	–	–	1%	–
- with quoted market price in an active market	70%	55%	59%	84%	64%	63%
Equity	28%	28%	25%	12%	27%	27%
- domestic	7%	6%	7%	12%	7%	7%
- European	7%	9%	7%	–	7%	8%
- US	8%	8%	7%	–	8%	7%
- emerging	5%	5%	4%	–	5%	5%
- Nordea shares	1%	–	0%	–	0%	–
- with quoted market price in an active market	28%	28%	25%	12%	27%	27%
Real estate¹	–	15%	12%	–	6%	6%
- occupied by Nordea	–	–	4%	–	1%	1%
Cash and cash equivalents	2%	2%	4%	4%	3%	4%

1) The geographical location of the real estate follows the geographical location of the relevant pension plan.

G32. Retirement benefit obligations, cont.

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 –31m (EUR 90m). Total pension costs

comprise defined benefit pension costs as well as costs related to defined contribution plans (see specification in Note G7 "Staff costs").

Recognised in the income statement

2016, EURm	Swe	Nor	Fin	Den	Total
Current service cost	23	16	3	–	42
Net interest	–3	5	–2	0	0
Past service cost and settlements ¹	3	–74	–2	–	–73
SWT/SSC ²	7	–7	–	–	0
Pension cost on defined benefit plans (expense+/ income–)	30	–60	–1	0	–31

1) The past service cost 2016 includes the gain in Norway from transition to DCP.

2) Cost related to special wage tax (SWT) in Sweden and social security contribution (SSC) in Norway.

2015, EURm	Swe	Nor	Fin	Den	Total
Current service cost	29	20	3	0	52
Net interest	3	7	1	0	11
Past service cost and settlements ¹	–2	16	–1	–	13
SWT/SSC ²	8	6	–	–	14
Pension cost on defined benefit plans (expense+/ income–)	38	49	3	0	90

1) The past service cost 2015 mainly regards termination benefits in connection to the cost efficiency programme launched in the fourth quarter.

2) Cost related to special wage tax (SWT) in Sweden and social security contribution (SSC) in Norway.

Compared with the pension cost 2015, excluding past service cost and related SWT and SSC, the pension cost has decreased in 2016 as a consequence of the change of actuarial assumptions at the end of 2015.

Recognised in other comprehensive income

2016, EURm	Swe	Nor	Fin	Den	Total
Remeasurement from changes in demographic assumptions	54	–	–	–	54
Remeasurement from changes in financial assumptions	93	41	87	7	228
Remeasurement from experience adjustments	1	15	–12	–1	3
Remeasurement of plan assets (actual return less interest income)	–44	–7	–63	–5	–119
SWT/SSC ¹	25	14	–	–	39
Pension cost on defined benefit plans (expense+/income–)	129	63	12	1	205

1) Cost related to special wage tax (SWT) in Sweden and social security contribution (SSC) in Norway. Includes the effect from changed assumption on SSC rate in Norway, increased from 14.1% to 19.1% in 2016.

2015, EURm	Swe	Nor	Fin	Den	Total
Remeasurement from changes in demographic assumptions	–	–	–31	–	–31
Remeasurement from changes in financial assumptions	–204	–63	–26	–5	–298
Remeasurement from experience adjustments	7	–23	–12	–3	–31
Remeasurement of plan assets (actual return less interest income)	–2	–22	–33	–2	–59
SWT/SSC ¹	–48	–16	–	–	–64
Pension cost on defined benefit plans (expense+/income–)	–247	–124	–102	–10	–483

1) Cost related to special wage tax (SWT) in Sweden and social security contribution (SSC) in Norway.

G32. Retirement benefit obligations, cont.

Multiemployer plans

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 defined benefit plan that cannot be calculated as such, 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 defined contribution plan in accordance with IAS 19. Information on the funded status in the plan is not available.

The new AFP plan gives the entitled employees a lifelong addition to regular pensions from the age of 62. Further, the new scheme allows the employees to continue working while receiving AFP without this affecting the pension rights. The plan is founded on the basis of a three party cooperation between employer organisations, employee organisations and the Norwegian government. The government covers one third of the pension expense to the AFP plan while the member companies collectively cover the remaining two thirds of the pension expense. The premium the member firms are paying to the plan is determined to be sufficient to cover on-going pension expenses as well as to provide a basis for building up a pension fund. The purpose of the pension fund is to ensure sufficient ability to cover expected future pension obligations.

The premium rate for 2016 was 2.5% of the employees' wages between 1 and 7.1 times the average base amount according to the Norwegian National Insurance Act. The premium is calculated based on the average wages and base amounts from the previous year, excluding employees over the age of 61. Total premiums paid in 2016 amount to EUR 4m. Payments to the plan during 2016 covered 2,737 employees. The premium rate for 2017 will be 2.5% of the employees' wages between 1 and 7.1 times the average base amount according to the Norwegian National Insurance Act. The expected premium in 2017 amounts to EUR 4m.

The employees that meet the requirements for AFP are guaranteed AFP payments regardless of the solvency of their employers. As a result the employer members have joint responsibility for two thirds of the payable pensions to the employees that at any given time meet the requirements for AFP. Any deficit or surplus on windup of the plan or entities' withdrawal from the plan will not have any impact on Nordea.

Key management personnel

The Group's total pension obligations regarding key management personnel amounted to EUR 10m (EUR 15m) at the end of the year. These obligations are to a high degree covered by plan assets. Defined benefit pension costs (Current service cost as well as Past service cost and settlements as defined in IAS 19) related to key management personnel in 2016 were EUR 2m (EUR 0m). Complete information concerning key management personnel is disclosed in Note G7 "Staff costs".

G33. Subordinated liabilities

EURm	31 Dec 2016	31 Dec 2015
Dated subordinated debenture loans	6,997	5,940
Undated subordinated debenture loans	272	262
Hybrid capital loans	3,190	2,998
Total	10,459	9,200

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.

G34. Assets pledged as security for own liabilities

EURm	31 Dec 2016	31 Dec 2015
Assets pledged for own liabilities		
Securities etc ¹	16,416	17,628
Loans to the public	138,613	134,520
Other assets pledged	34,412	32,647
Total	189,441	184,795

The above pledges pertain to the following liabilities

Deposits by credit institutions	5,822	8,178
Deposits and borrowings from the public	7,047	6,711
Derivatives	13,928	13,773
Debt securities in issue	108,717	106,178
Other liabilities and commitments	22,436	22,267
Total	157,950	157,107

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 G43 "Transferred assets and obtained collaterals".

Assets pledged for own liabilities contain securities pledged as security in repurchase agreements 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 assets pledged relates to certificate of deposits pledged by Nordea to comply with authority requirements.

G35. Other Assets pledged

Other assets pledged are mainly related to securities which includes interest-bearing securities pledged as securities for payment settlements within the central banks and clearing institutions (EUR 8,310m (EUR 9,019m)). The terms and conditions require day to day securities and relate to liquidity intraday/over night. Collateral pledged on behalf of other items other than the company's own liabilities, e.g. on behalf of a third party or on behalf of the company's own contingent liabilities are also accounted for under this item.

G36. Contingent liabilities

EURm	31 Dec 2016	31 Dec 2015
Guarantees		
- Loan guarantees	5,018	5,865
- Other guarantees	16,016	14,791
Documentary credits	1,937	1,805
Other contingent liabilities	118	108
Total	23,089	22,569

In the normal business Nordea issues various forms of guarantees in favour of the Nordea'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 Nordea'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. The table above includes all issued guarantees, also those where the possibility of an outflow of resources are considered to be remote.

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 members 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 "Staff costs".

Legal proceedings

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 the Group or its financial position.

G37. Commitments

EURm	31 Dec 2016	31 Dec 2015
Unutilised overdraft facilities	30,703	37,961
Loan commitments	47,302	36,718
Future payment obligations	1,107	956
Other commitments	322	2,367
Total	79,434	78,002

Reverse repurchase agreements are recognised on and derecognised from the balance sheet on settlement date. Nordea has as per 31 December 2016 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 2016. The net impact on the balance sheet is minor. These instruments have not been disclosed as commitments.

For information about credit commitments, see Note G1 "Accounting policies", section 25, about derivatives, see Note G18 "Derivatives and Hedge accounting" and about reverse repos, see Note G43 "Transferred assets and obtained collaterals".

G38. 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 a worldwide capital adequacy standard (Basel III) drawn up by the Basel Committee on Banking Supervision. Within the EU, the capital adequacy requirements are outlined in the Capital Requirements Directive IV (CRD IV) and Capital Requirements Regulation (CRR).

CRD IV/CRR require higher capitalisation levels and better quality of capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk based requirement, measures to promote the build-up of capital that can be drawn in periods of stress and the introduction of liquidity standards. CRD IV was implemented through national law within all EU countries during 2014, while the CRR entered into force in all EU countries on the first of January 2014.

The Basel III framework is built on three Pillars:

- **Pillar I** – requirements for the calculation of REA and Capital
- **Pillar II** – rules for the Supervisory Review Evaluation Process (SREP) including the Internal Capital Adequacy Assessment Process (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 business 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 2017, Nordea will continue to closely follow the development of the new capital requirement regime as well as maintain its open dialogue with the supervisory authorities.

The disclosures in this note cover the Nordea Group as defined on page 145.

Own funds

Own funds is the sum of Tier 1 and Tier 2 capital. Tier 1 capital consists of both common equity Tier 1 (CET1) and additional Tier 1 capital.

Tier 1 capital

Tier 1 capital is the sum of common equity tier 1 capital and additional Tier 1 capital. CET1 capital is considered to be capital of the highest quality with ultimate loss-absorbing characteristics and consists predominately of paid in capital and retained earnings. Profit may only be included after permission from the financial supervisory authority and after deduction of proposed dividend. Due to the implementation of CRR, deduction that according to previous rules were made 50% from Tier 1 and 50% from tier 2 are now fully deducted from common equity tier 1. Furthermore, CRR also changes the treatment of investments in financial sector entities and deferred tax assets that rely on future profitability and arise

from temporary differences, which are now risk weighted instead of deducted from Tier 1 and Tier 2.

Additional Tier 1 capital items consist of additional Tier 1 instruments and the related share premium.

Additional Tier 1 instruments

Additional Tier 1 instruments are subordinated capital instruments that rank senior only to share capital. CRR specifies the necessary characteristics required for inclusion in additional Tier 1 capital. The instruments are loss-absorbing from a going concern perspective as coupons can be cancelled at any time at the full discretion of the issuer and the principal will be written down if the Common Equity Tier 1 capital ratio would fall below a pre-defined trigger level. The instruments may only be repaid with the permission from the Swedish FSA and not earlier than five years after original issuance of the instrument. Additional Tier 1 instruments that fulfil the CRR requirements are fully included whereas remaining instruments are phased out according to transitional rules. At year-end, Nordea held EUR 3.0bn in undated subordinated instruments.

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 instruments

Tier 2 instruments are subordinated instruments. The basic principle for subordinated instruments in own funds is the order of priority in case of a default or bankruptcy situation.

Under such conditions, the holder of the subordinated instrument would be repaid after other creditors, but before shareholders. Tier 2 instruments can be dated or undated instruments. According to the regulation, Tier 2 instruments that fulfil the CRD IV requirements are fully included whereas remaining instruments are phased out according to transitional rules.

The inclusion of outstanding Tier 2 instruments in the Tier 2 capital is reduced if the remaining maturity is less than five years. During 2016, Nordea issued one Tier 2 instrument of EUR 1.0bn. As of year-end, Nordea held EUR 6.3bn in dated subordinated instruments and EUR 0.2 in undated subordinated instruments.

The tables below shows the main features of outstanding Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments.

G38. Capital adequacy, cont.

Common Equity Tier 1 capital: instruments and reserves

	(A) amount at disclosure date, EURm	(C) amounts subject to pre-regulation (eu) no 575/2013 treatment or prescribed residual amount of regulation (eu) no 575/2013
1 Capital instruments and the related share premium accounts	5,130	–
of which: Share capital	4,050	–
2 Retained earnings	22,519	–
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	–97	–
5 Minority interests (amount allowed in consolidated CET1)	–	–
5a Independently reviewed interim profits net of any foreseeable charge or dividend	1,381	–
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	28,934	–

Common Equity Tier 1 (CET1) capital: regulatory adjustments

7 Additional value adjustments (negative amount)	–316	–
8 Intangible assets (net of related tax liability) (negative amount)	–3,435	–
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where conditions in Article 38 (3) are met) (negative amount)	–	–
11 Fair value reserves related to gains or losses on cash flow hedges	–37	–
12 Negative amounts resulting from the calculation of expected loss amounts	–212	–
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–133	–
15 Defined-benefit pension fund assets (negative amount)	–240	–
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	–22	–
25 of which: deferred tax assets arising from temporary differences	–	–
25b Foreseeable tax charges relating to CET1 items (negative amount)	–	–
26a Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	–	–
Of which: ... filter for unrealised loss 1	–	35
Of which: ... filter for unrealised gain 1	–	256
28 Total regulatory adjustments to Common equity Tier 1 (CET1)	–4,396	–
29 Common Equity Tier 1 (CET1) capital	24,538	–

Additional Tier 1 (AT1) capital: instruments

30 Capital instruments and the related share premium accounts	2,304	–
33 Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	743	–
36 Additional Tier 1 (AT1) capital before regulatory adjustments	3,048	–

Additional Tier 1 (AT1) capital: regulatory adjustments

37 Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	–30	–
41a Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	–	–
Of which shortfall	–	–
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	–30	–
44 Additional Tier 1 (AT1) capital	3,017	–
45 Tier 1 capital (T1 = CET1 + AT1)	27,555	–

Tier 2 (T2) capital: instruments and provisions

46 Capital instruments and the related share premium accounts	6,467	–
47 Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	81	–
48 Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	–	–

G38. Capital adequacy, cont.

Common Equity Tier 1 capital: instruments and reserves, cont.

	(A) amount at disclosure date, EURm	(C) amounts subject to pre-regulation (eu) no 575/2013 treatment or prescribed residual amount of regulation (eu) no 575/2013
49 of which: instruments issued by subsidiaries subject to phase out	–	–
50 Credit risk adjustments	78	–
51 Tier 2 (T2) capital before regulatory adjustments	6,626	–
Tier 2 (T2) capital: regulatory adjustments		
52 Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	–72	–
55 Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	–1,205	–
56a Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	–	–
Of which shortfall	–	–
57 Total regulatory adjustments to Tier 2 (T2) capital	–1,277	–
58 Tier 2 (T2) capital	5,349	–
59 Total capital (TC = T1 + T2)	32,904	–
60 Total risk weighted assets	133,157	–
Capital ratios and buffers		
61 Common Equity Tier 1 (as a percentage of risk exposure amount)	18.4%	–
62 Tier 1 (as a percentage of risk exposure amount)	20.7%	–
63 Total capital (as a percentage of risk exposure amount)	24.7%	–
64 Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G–SII or O–SII buffer), expressed as a percentage of risk exposure amount)	8.0%	–
65 of which: capital conservation buffer requirement	2.5%	–
66 of which: countercyclical buffer requirement	0.5%	–
67 of which: systemic risk buffer requirement	3.0%	–
67a of which: Global Systemically Important Institution (G–SII) or Other Systemically Important Institution (O–SII) buffer	2.0%	–
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	13.9%	–
Amounts below the threshold for deduction (before risk weighting)		
72 Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	362	–
73 Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,027	–
75 Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	–	–
Applicable caps to the inclusion of provisions in Tier 2		
78 Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	93,958	–
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	564	–
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)		
82 Current cap on AT1 instruments subject to phase out arrangements	1,182	–
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–
84 Current cap on T2 instruments subject to phase out arrangements	573	–
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	–	–

G38. Capital adequacy, cont.

Minimum capital requirement and REA

EURm	31 Dec 2016		31 Dec 2015	
	Minimum Capital requirement	REA	Minimum Capital requirement	REA
Credit risk	8,601	107,512	9,358	116,978
- of which counterparty credit risk	759	9,489	761	9,510
IRB	7,517	93,958	8,297	103,717
- corporate	4,977	62,212	5,630	70,371
- advanced	3,887	48,585	4,497	56,211
- foundation	1,090	13,627	1,133	14,160
- institutions	572	7,144	682	8,526
- retail	1,755	21,933	1,802	22,520
- secured by immovable property collateral	1,001	12,505	1,016	12,702
- other retail	754	9,428	786	9,818
- items representing securitisation positions	66	828	–	–
- other	147	1,841	183	2,300
Standardised	1,084	13,554	1,061	13,261
- central governments or central banks	26	320	40	504
- regional governments or local authorities	21	266	19	237
- public sector entities	3	39	3	32
- multilateral development banks	2	32	0	0
- international organisations	–	–	–	–
- institutions	40	498	23	282
- corporate	173	2,159	169	2,109
- retail	258	3,223	251	3,137
- secured by mortgages on immovable properties	229	2,863	231	2,887
- in default	9	114	9	119
- associated with particularly high risk	56	701	59	741
- covered bonds	–	–	–	–
- institutions and corporates with a short-term credit assessment	–	–	–	–
- collective investments undertakings (CIU)	–	–	–	–
- equity	221	2,760	209	2,617
- other items	46	579	48	596
Credit Value Adjustment Risk	144	1,798	140	1,751
Market risk	358	4,474	522	6,534
- trading book, Internal Approach	236	2,942	239	2,990
- trading book, Standardised Approach	74	928	96	1,209
- banking book, Standardised Approach	48	604	187	2,335
Operational risk	1,350	16,873	1,363	17,031
Standardised	1,350	16,873	1,363	17,031
Additional risk exposure amount, Article 3 CRR	200	2,500	80	1,000
Sub total	10,653	133,157	11,463	143,294
Adjustment for Basel I floor				
Additional capital requirement according to Basel I floor	6,612	82,655	6,283	78,533
Total	17,265	215,812	17,746	221,827

G38. Capital adequacy, cont.

Leverage ratio

	31 Dec 2016	31 Dec 2015
Tier 1 capital, transitional definition, EURm ¹	27,555	26,516
Leverage ratio exposure, EURm	555,688	576,317
Leverage ratio, percentage	5.0	4.6

1) Including profit for the period.

Capital requirements for market risk

EURm	Trading book, IA		Trading book, SA		Banking book, SA		Total	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk & other ¹	884	71	780	62	–	–	1,664	133
Equity risk	239	19	120	10	–	–	359	29
Foreign exchange risk	266	22	–	–	604	48	870	70
Commodity risk	–	–	28	2	–	–	28	2
Settlement risk	–	–	0	0	–	–	0	0
Diversification effect	–557	–45	–	–	–	–	–557	–45
Stressed Value-at-Risk	950	76	–	–	–	–	950	76
Incremental Risk Measure	346	28	–	–	–	–	346	28
Comprehensive Risk Measure	814	65	–	–	–	–	814	65
Total	2,942	236	928	74	604	48	4,474	358

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.

Nordea may transfer capital within its legal entities without material restrictions, subject to the general conditions for entities considered solvent with sufficient liquidity under local law and satisfying minimum capital adequacy requirements. 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 Nordea's entities. Such approval has to be applied and authorised by

the local FSA for internal subordinated loans as prescribed by Article 77 in the CRR.

Table A3–A5 include disclosure of capital instruments' main features in accordance with §6.4 in FFFS 2014:18 and using the template in Annex II in article 3 in Commission implementing regulation (EU) No 1423/2013. Template items are excluded if not applicable.

Table A3 – Capital instruments' main features template – CET1

Common equity Tier 1 capital		
1	Issuer	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	SE0000427361
3	Governing law(s) of the instrument	Swedish
Regulatory treatment		
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share capital as published in Regulation (EU) No 575/2013 article 28
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 4,050m
9	Nominal amount of instrument	EUR 4,049,951,919
10	Accounting classification	Shareholders' equity
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
Coupons / dividends		
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1
36	Non-compliant transitioned features	No

G38. Capital adequacy, cont.

Table A4 – Capital instruments' main features template – AT1

Additional Tier 1 instrument									
1	Issuer	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0200688256	W5795#AA7	W5795#AB5	US65557CAM55/ US65557DAM39	US65557CAN39/ US65557DAL55	XS1202091325	XS1202091671	XS1202090947
3	Governing law(s) of the instrument	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law
Regulatory treatment									
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Tier 2	Ineligible	Ineligible	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1
6	Eligible at solo/ (sub-)consolidated/solo & (sub-)consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.4	Additional Tier 1 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.4	Additional Tier 1 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.4	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 500m	EUR 162m	EUR 81m	EUR 943m	EUR 471m	EUR 234m	EUR 137m	EUR 519m
9	Nominal amount of instrument	EUR 500m	JPY 20,000m / EUR 162m	JPY 10,000m / EUR 81m	USD 1,000m / EUR 949m	USD 500m / EUR 474m	SEK 2,250m / EUR 236m	NOK 1,250m / EUR 138m	USD 550m / EUR 522m
9a	Issue price	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	17 sep 04	04 mars 05	12 Oct 05	23 sep 14	23 sep 14	12 mars 15	12 mars 15	12 mars 15
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	17 Sep 2009 In addition tax/ regulatory call 100 per cent of nominal amount	4 Mar 2035 In addition tax/ regulatory call 100 per cent of nominal amount	12 Oct 2035 In addition tax/ regulatory call 100 per cent of nominal amount	23 Sep 2019 In addition tax/ regulatory call 100 per cent of nominal amount	23 Sep 2024 In addition tax/ regulatory call 100 per cent of nominal amount	12 Mar 2020 In addition tax/ regulatory call 100 per cent of nominal amount	12 Mar 2020 In addition tax/ regulatory call 100 per cent of nominal amount	13 Sep 2021 In addition tax/ regulatory call 100 per cent of nominal amount
16	Subsequent call dates, if applicable	17 Mar and 17 Sep each year after first call date	4 Mar and 4 Sep each year after first call date	12 Apr and 12 Oct each year after first call date	23 Mar and 23 Sep each year after first call date	23 Mar and 23 Sep each year after first call date	2 Mar, 12 Jun, 12 Sep and 12 Dec each year after first call date	2 Mar, 12 Jun, 12 Sep and 12 Dec each year after first call date	13 Sep each year after first call date
17	Fixed or floating dividend / coupon	Floating	Fixed to floating	Fixed to floating	Fixed	Fixed	Floating	Floating	Fixed

G38. Capital adequacy, cont.

Table A4 – Capital instruments' main features template – AT1, cont

Additional Tier 1 instrument									
18	Coupon rate and any related index	Floating 10-year CMS +0.05 per cent per annum subject to 8 per cent cap	Fixed USD 3.75 per cent per annum, until first call date, thereafter floating JPY deposit +1.22 per cent per annum	Fixed USD 3.84 per cent per annum, until first call date, thereafter floating JPY deposit +1.40 per cent per annum	Fixed 5.50 per cent per annum, until first call date, thereafter fixed 5-year mid swap +3.563 per cent per annum	Fixed 6.125 per cent per annum, until first call date, thereafter fixed 5-year mid swap +3.388 per cent per annum	Floating 3-month STIBOR +3.10 per cent per annum	Floating 3-month NIBOR +3.10 per cent per annum	Fixed 5.25 per cent per annum, until first call date, thereafter fixed 5-year mid swap +3.244 per cent per annum
19	Existence of a dividend stopper	Yes	Yes	Yes	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary Dividend stopper	Partially discretionary Dividend stopper	Partially discretionary Dividend stopper	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Partially discretionary	Partially discretionary	Partially discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	Yes	Yes	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down features	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	To avoid liquidation	To avoid liquidation	To avoid liquidation	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent
32	If write-down, full or partial	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Shareholders resolution regarding reversion and reinstatement made out of available distributable funds	Shareholders resolution regarding reversion and reinstatement, made out of available distribution funds	Shareholders resolution regarding reversion and reinstatement, made out of available distribution funds	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
36	Non-compliant transitioned features	Yes	Yes	Yes	No	No	No	No	No
37	If yes, specify non-compliant features	No specified trigger level, dividend stopper	No specified trigger level, step-up, dividend stopper	No specified trigger level, step-up, dividend stopper	N/A	N/A	N/A	N/A	N/A

G38. Capital adequacy, cont.

Table A5 – Capital instruments' main features template – T2

Tier 2 instruments						
1	Issuer	Nordea Bank Norge ASA	Nordea Bank Finland PLC	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	GB0001961928	N/A	XS0497179035	XS0544654162	US65557FAA49/ US65557HAA05
3	Governing law(s) of the instrument	Governed by English law, except for the subordination provisions which are governed by Norwegian law	Governed by English law, except for the subordination provisions which are governed by Finnish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by the laws of the State of New York, except for the subordination provisions which are governed by Swedish law
Regulatory treatment						
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Ineligible	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-) consolidated/solo & (sub-)consolidated	Solo, sub-consolidated & consolidated	Solo, sub-consolidated & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.5	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 190m	EUR 81m	EUR 645m (64.5 per cent of Nominal amount, <5 yrs to maturity)	EUR 635m (84.6 per cent of Nominal amount, <5 yrs to maturity)	EUR 1030m (82.4 per cent of Nominal amount, <5 yrs to maturity)
9	Nominal amount of instrument	USD 200m / EUR 190m	JPY 10,000m / EUR 81m	EUR 1,000m	EUR 750m	USD 1,250m / EUR 1,186m
9a	Issue price	100 per cent	100 per cent	99.810 per cent	99.699 per cent	99.508 per cent
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	04 nov 86	22 aug 01	26 mars 10	29 sep 10	13 May 11
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity	No maturity	26 mars 20	29 mars 21	13 May 21
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	18 Nov 1991 In addition tax call 100 per cent of nominal amount	26 Feb 2029 In addition tax call 100 per cent of nominal amount	Tax/regulatory call 100 per cent of nominal amount	Tax call 100 per cent of nominal amount	Tax call 100 per cent of nominal amount
16	Subsequent call dates, if applicable	18 May and 18 Nov each year after first call date	26 Feb and 26 Aug each year after first call date	N/A	N/A	N/A

G38. Capital adequacy, cont.

Table A5 – Capital instruments' main features template – T2, cont

Tier 2 instruments						
1	Issuer	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	US65557FAD87/ US65557HAD44	XS1292434146	XS1292433767	N/A	XS1317439559 XS1486520403
3	Governing law(s) of the instrument	Governed by the laws of the State of New York, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law
Regulatory treatment						
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-) consolidated/solo & (sub-)consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 942m	EUR 178m	EUR 240m	EUR 122m	EUR 744m EUR 991m
9	Nominal amount of instrument	USD 1,000m / EUR 949m	SEK 1,700m / EUR 178m	SEK 2,300m / EUR 241m	JPY 15,000m / EUR 122m	EUR 750m EUR 1,000m
9a	Issue price	99.364 per cent	100 per cent	100 per cent	100 per cent	99.434 per cent 99.391 per cent
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	21 sep 12	17 sep 15	17 sep 15	06 Oct 15	10 nov 15 07 Sep 16
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	21 sep 22	17 sep 25	17 sep 25	06 Oct 25	10 nov 25 07 Sep 26
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Tax/regulatory call 100 per cent of nominal amount	17 Sep 2020 In addition tax/regulatory call 100 per cent of nominal amount	17 Sep 2020 In addition tax/regulatory call 100 per cent of nominal amount	Tax/regulatory call 100 per cent of nominal amount	10 Nov 2020 In addition tax/regulatory call 100 per cent of nominal amount 07 Sep 2021 In addition tax/regulatory call 100 per cent of nominal amount
16	Subsequent call dates, if applicable	N/A	17 Mar, 17 Jun, 17 Sep and 17 Dec each year after first call date	17 Sep each year after first call date	N/A	10 Nov each year after first call date 7 Sep each year after first call date

G38. Capital adequacy, cont.

Table A5 – Capital instruments' main features template – T2, cont

Tier 2 instruments							
Coupons/dividends							
17	Fixed or floating dividend / coupon	Floating	Fixed to floating	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Floating 6-month USD +0.1875 per cent per annum	Fixed USD 4.51 per cent per annum to call date, thereafter floating rate equivalent to 6-month JPY Deposit +2.00 per cent per annum	4,50%	4,00%	4,88%	Fixed 4.625 per cent per annum (equivalent to Euro Swap Rate +3.15 per cent per annum) to call date, thereafter reset fixed rate to Euro Swap Rate +3.15 per cent per annum
19	Existence of a dividend stopper	No	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary Dividend pusher	Partially discretionary Dividend pusher	Mandatory	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Partially discretionary	Partially discretionary	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	Yes	No	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non- convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down features	No	No	No	No	No	No
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior debt	Senior debt	Senior debt	Senior debt	Senior debt	Senior debt
36	Non-compliant transitioned features	No	Yes	No	No	No	No
37	If yes, specify non-compliant features	N/A	Step-up	N/A	N/A	N/A	N/A

G38. Capital adequacy, cont.

Table A5 – Capital instruments' main features template – T2, cont

Tier 2 instruments							
Coupons/dividends							
17	Fixed or floating dividend / coupon	Fixed	Floating	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	4,25%	Floating 3-month STIBOR +1.5 per cent per annum	Fixed 1.935 per cent per annum, until first call date, thereafter fixed 5-year mid swap +1.5 per cent per annum	1,16%	Fixed 1.875 per cent per annum, until first call date, thereafter fixed 5-year mid swap +1.7 per cent per annum	Fixed 1.00 per cent per annum, until first call date, thereafter fixed 5-year mid swap +1.25 per cent per annum
19	Existence of a dividend stopper	No	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down features	No	No	No	No	No	No
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior debt	Senior debt	Senior debt	Senior debt	Senior debt	Senior debt
36	Non-compliant transitioned features	No	No	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A

G38. Capital adequacy, cont.

Specification of group undertakings 31 December 2016

Owner	Company name	Voting power of holding, %	Domicile	Consolidation method
Nordea Bank AB (publ)	Nordea Bank Finland Plc	100	Finland	Purchase method
Nordea Bank Finland Plc	Nordea Finance Finland Ltd	100	Finland	Purchase method
	Automatia Pankkiautomaatit Oy	33	Finland	Equity method
Nordea Finance Finland Ltd	Tukirahoitus Oy	100	Finland	Purchase method
	Nordea Finance Estonia Ltd	100	Estonia	Purchase method
	Nordea Finance Latvia Ltd	100	Latvia	Purchase method
	Nordea Finance Lithuania Ltd	100	Lithuania	Purchase method
	Kiinteistö Oy Tampereen Kirkkokatu 7	100	Finland	Purchase method
Nordea Finance Estonia Ltd	ALD Automotive Eesti AS	25	Estonia	Equity method
Nordea Finance Latvia Ltd	ALD Automotive SIA	25	Latvia	Equity method
Nordea Finance Lithuania Ltd	UAB ALD Automotive	25	Lithuania	Equity method
Nordea Bank AB (publ)	Nordea Bank Norge ASA	100	Norway	Purchase method
Nordea Bank Norge ASA	Nordea Eiendoms kreditt AS	100	Norway	Purchase method
	Nordea Finans Norge AS	100	Norway	Purchase method
	Eksportfinans ASA	23	Norway	Equity method
	Nordea Utvikling AS	100	Norway	Purchase method
Nordea Utvikling AS	Tomteutvikling Norge AS	100	Norway	Purchase method
Nordea Bank AB (publ)	Nordea Bank Danmark A/S	100	Denmark	Purchase method
Nordea Bank Danmark A/S	Nordea Finans Danmark A/S	100	Denmark	Purchase method
	Nordea Kredit Realkreditaktieselskab	100	Denmark	Purchase method
	LR-Realkredit A/S	39	Denmark	Equity method
	Fionia Asset Company A/S	100	Denmark	Purchase method
Nordea Finans Danmark A/S	BH Finance K/S	100	Denmark	Purchase method
	LB12 K/S	100	Denmark	Purchase method
	NAMIT 10 K/S	100	Denmark	Purchase method
	UL Transfer Aps	100	Denmark	Purchase method
	UL International ApS	100	Denmark	Purchase method
	DT Finance K/S	100	Denmark	Purchase method
	Tide Leasing 2012 K/S	100	Denmark	Purchase method
	BAAS 2012 K/S	100	Denmark	Purchase method
Fionia Asset Company A/S	Ejendomsselskabet Vestre Stationsvej 7, Odense A/S	100	Denmark	Purchase method
Nordea Bank AB (publ)	LLC Promyshlennaya Kompaniya Vestkon	100	Russia	Purchase method
LLC Promyshlennaya Kompaniya Vestkon / Nordea Bank AB (publ)	Join Stock Company Nordea Bank	100	Russia	Purchase method
Join Stock Company Nordea Bank	Nordea Leasing LLC	100	Russia	Purchase method
Nordea Bank AB (publ)	Nordea Hypotek AB (publ)	100	Sweden	Purchase method
	Nordea Finans Sverige AB (publ)	100	Sweden	Purchase method
	Nordea Investment Management AB	100	Sweden	Purchase method
	Bankomat AB	20	Sweden	Equity method
	Getswish AB	20	Sweden	Equity method
	Nordea Funds Ltd	100	Finland	Purchase method
	Nordea Mortgage Bank Plc	100	Finland	Purchase method

G38. Capital adequacy, cont.

Owner	Company name	Voting power of holding, %	Domicile	Consolidation method
	Nordea Ejendomsinvestering A/S	100	Denmark	Purchase method
	SIA Promano Lat	100	Latvia	Purchase method
	Promano LIT, UAB	100	Lithuania	Purchase method
	Promano Est Oü	100	Estonia	Purchase method
	SIA Realm	100	Latvia	Purchase method
Nordea Investment Management AB	Nordea Investment Management North America Inc	100	USA	Purchase method
	Nordea Investment Management AG	100	Germany	Purchase method
Nordea Ejendomsinvestering A/S	Nordea Ejendomsforvaltning A/S	100	Denmark	Purchase method
Nordea Finans Sweden, Finland, Norway and Denmark	NF Techfleet AB	20	Sweden	Equity method
Nordea Bank AB (publ) / Nordea Investment Management AB	Nordea Bank S.A.	100	Luxembourg	Purchase method
Nordea Bank S.A.	Nordea Investment Funds S.A.	100	Luxembourg	Purchase method
Nordea Investment Funds S.A.	Nordea Funds Service Germany GmbH	100	Germany	Purchase method

G39. Classification of financial instruments

Assets

	Financial assets at fair value through profit or loss									
	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets and associated undertakings / joint ventures	Assets held for sale	Total	
31 Dec 2016, EURm										
Cash and balances with central banks	32,099	–	–	–	–	–	–	–	32,099	
Loans to central banks	11,135	–	100	–	–	–	–	–	11,235	
Loans to credit institutions	6,371	–	2,655	–	–	–	–	–	9,026	
Loans to the public	241,341	–	23,712	52,636	–	–	–	–	317,689	
Interest-bearing securities	–	3,095	34,842	17,469	–	32,295	–	–	87,701	
Financial instruments pledged as collateral	–	–	5,108	–	–	–	–	–	5,108	
Shares	–	–	1,904	19,620	–	–	–	–	21,524	
Assets in pooled schemes and unit-linked investment contracts	–	–	–	22,963	–	–	139	–	23,102	
Derivatives	–	–	67,438	–	2,521	–	–	–	69,959	
Fair value changes of the hedged items in portfolio hedge of interest rate risk	178	–	–	–	–	–	–	–	178	
Investments in associated undertakings and joint ventures	–	–	–	–	–	–	588	–	588	
Intangible assets	–	–	–	–	–	–	3,792	–	3,792	
Properties and equipment	–	–	–	–	–	–	566	–	566	
Investment properties	–	–	–	–	–	–	3,119	–	3,119	
Deferred tax assets	–	–	–	–	–	–	60	–	60	
Current tax assets	–	–	–	–	–	–	288	–	288	
Retirement benefit assets	–	–	–	–	–	–	306	–	306	
Other assets	2,833	–	15,153	–	–	–	987	–	18,973	
Prepaid expenses and accrued income	966	–	–	–	–	–	483	–	1,449	
Assets held for sale	–	–	–	–	–	–	–	8,897	8,897	
Total	294,923	3,095	150,912	112,688	2,521	32,295	10,328	8,897	615,659	

Liabilities

	Financial liabilities at fair value through profit or loss						
	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Liabilities held for sale	Total
31 Dec 2016, EURm							
Deposits by credit institutions	8,145	53	–	29,938	–	–	38,136
Deposits and borrowings from the public	5,985	2,022	–	166,021	–	–	174,028
Deposits in pooled schemes and unit-linked investment contracts	–	23,580	–	–	–	–	23,580
Liabilities to policyholders	–	3,527	–	–	37,683	–	41,210
Debt securities in issue	6,340	48,849	–	136,561	–	–	191,750
Derivatives	66,995	–	1,641	–	–	–	68,636
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–	–	–	2,466	–	–	2,466
Current tax liabilities	–	–	–	–	487	–	487
Other liabilities	17,721	–	–	4,678	2,014	–	24,413
Accrued expenses and prepaid income	–	–	–	290	1,468	–	1,758
Deferred tax liabilities	–	–	–	–	830	–	830
Provisions	–	–	–	–	306	–	306
Retirement benefit liabilities	–	–	–	–	302	–	302
Subordinated liabilities	–	–	–	10,459	–	–	10,459
Liabilities held for sale	–	–	–	–	–	4,888	4,888
Total	105,186	78,031	1,641	350,413	43,090	4,888	583,249

G39. Classification of financial instruments, cont.

Assets

31 Dec 2015, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss		Derivatives used for hedging	Available for sale	Non-financial assets and associated undertakings/joint ventures	Total
			Held for trading	Designated at fair value through profit or loss				
Cash and balances with central banks	35,500	–	–	–	–	–	–	35,500
Loans to central banks	8,095	–	5,129	–	–	–	–	13,224
Loans to credit institutions	7,251	–	3,489	22	–	–	–	10,762
Loans to the public	251,876	–	36,999	52,045	–	–	–	340,920
Interest-bearing securities	61	2,708	34,870	14,780	–	34,116	–	86,535
Financial instruments pledged as collateral	–	–	8,341	–	–	–	–	8,341
Shares	–	–	4,917	17,356	–	–	–	22,273
Assets in pooled schemes and unit-linked investment contracts	210	–	–	20,113	–	–	111	20,434
Derivatives	–	–	77,594	–	3,147	–	–	80,741
Fair value changes of the hedged items in portfolio hedge of interest rate risk	151	–	–	–	–	–	–	151
Investments in associated undertakings and joint ventures	–	–	–	–	–	–	515	515
Intangible assets	–	–	–	–	–	–	3,208	3,208
Properties and equipment	–	–	–	–	–	–	557	557
Investment properties	–	–	–	–	–	–	3,054	3,054
Deferred tax assets	–	–	–	–	–	–	76	76
Current tax assets	–	–	–	–	–	–	87	87
Retirement benefit assets	–	–	–	–	–	–	377	377
Other assets	2,686	–	–	14,696	–	–	1,205	18,587
Prepaid expenses and accrued income	968	–	–	–	–	–	558	1,526
Total	306,798	2,708	171,339	119,012	3,147	34,116	9,748	646,868

Liabilities

31 Dec 2015, EURm	Financial liabilities at fair value through profit or loss		Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
	Held for trading	Designated at fair value through profit or loss				
Deposits by credit institutions	17,534	1,086	–	25,589	–	44,209
Deposits and borrowings from the public	10,465	4,227	–	174,357	–	189,049
Deposits in pooled schemes and unit-linked investment contracts	–	21,077	–	11	–	21,088
Liabilities to policyholders	–	2,761	–	–	35,946	38,707
Debt securities in issue	6,885	46,229	–	148,823	–	201,937
Derivatives	77,887	–	1,618	–	–	79,505
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–	–	–	2,594	–	2,594
Current tax liabilities	–	–	–	–	225	225
Other liabilities	8,824	11,141	–	3,641	2,139	25,745
Accrued expenses and prepaid income	–	–	–	341	1,464	1,805
Deferred tax liabilities	–	–	–	–	1,028	1,028
Provisions	–	–	–	–	415	415
Retirement benefit liabilities	–	–	–	–	329	329
Subordinated liabilities	–	–	–	9,200	–	9,200
Total	121,595	86,521	1,618	364,556	41,546	615,836

G39. Classification of financial instruments, cont.

Loans designated at fair value through profit or loss

EURm	31 Dec 2016	31 Dec 2015
Carrying amount	52,636	52,067
Maximum exposure to credit risk	52,636	52,067
Carrying amount of credit derivatives used to mitigate the credit risk	–	–

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 48,849m (EUR 46,229m), the funding of the Markets operation, EUR 2,075m (EUR 16,454m) deposits linked to the investment return of separate assets, EUR 4,340m (EUR 4,293m) and investment contracts in Life, EUR 22,767m (EUR 19,545m). 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 and assets linked deposits 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 119m (decreased EUR 100m) in 2016 due to changes in own credit risk. The cumulative change since designation is a decrease of EUR 574m (decrease EUR 691m). 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 52,501m (EUR 51,713m) and lending in the Markets operation, EUR 135m (EUR 353m). The fair value of lending in Nordea Kredit Realkreditaktieselskab increased by EUR 24m (decreased EUR 19m) in 2016 due to changes in credit risk. The cumulative change since designation is a decrease of EUR 148m (decrease EUR 171m). The method used to estimate the amount of change in the fair value attributable to changes in credit risk is similar 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

EURm	Carrying amount	Amount to be paid at maturity
2016		
Financial liabilities designated at fair value through profit or loss	78,031	76,699
2015		
Financial liabilities designated at fair value through profit or loss	86,521	85,776

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.

G40. Assets and liabilities at fair value

Fair value of financial assets and liabilities

EURm	31 Dec 2016		31 Dec 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	32,099	32,099	35,500	35,500
Loans	338,128	337,442	365,057	366,401
Interest-bearing securities	87,701	87,892	86,535	86,750
Financial instruments pledged as collateral	5,108	5,108	8,341	8,341
Shares	21,524	21,524	22,273	22,273
Assets in pooled schemes and unit-linked investment contracts	22,963	22,963	20,323	20,323
Derivatives	69,959	69,959	80,741	80,741
Other assets	17,986	17,986	17,382	17,382
Prepaid expenses and accrued income	966	966	968	968
Total	596,434	595,939	637,120	638,679
Financial liabilities				
Deposits and debt instruments	416,839	417,528	446,989	446,874
Deposits in pooled schemes and unit-linked investment contracts	3,527	3,527	21,088	21,088
Liabilities to policyholders	23,580	23,580	2,761	2,761
Derivatives	68,636	68,636	79,505	79,505
Other liabilities	22,399	22,399	23,606	23,606
Accrued expenses and prepaid income	290	290	341	341
Total	535,271	535,960	574,290	574,175

For information about valuation of items measured at fair value on the balance sheet, see Note G1 and the section "Determination of fair values for items measured at fair value on the balance sheet" below. For information about valuation of items not measured at fair value on the balance sheet, see the section "Financial assets and liabilities not held at fair value on the balance sheet" below.

G40. Assets and liabilities at fair value, cont.

Assets and liabilities held at fair value on the balance sheet

Categorisation into the fair value hierarchy

31 Dec 2016, EURm	Quoted prices in active markets for the same instrument (Level 1)	- of which Life	Valuation technique using observable data (Level 2)	- of which Life	Valuation technique using non-observable data (Level 3)	- of which Life	Total
Assets at fair value on the balance sheet¹							
Loans to central banks	–	–	100	–	–	–	100
Loans to credit institutions	–	–	2,655	–	–	–	2,655
Loans to the public	–	–	76,348	–	–	–	76,348
Interest-bearing securities ²	51,384	12,376	38,120	6,231	210	38	89,714
Shares	17,278	15,904	461	431	3,785	3,185	21,524
Assets in pooled schemes and unit-linked investment contracts	21,314	17,409	1,633	1,633	155	155	23,102
Derivatives	69	–	68,207	807	1,683	–	69,959
Investment properties	–	–	–	–	3,119	3,104	3,119
Other assets	–	–	15,153	83	–	–	15,153
Total	90,045	45,689	202,677	9,185	8,952	6,482	301,674
Liabilities at fair value on the balance sheet¹							
Deposits by credit institutions	–	–	8,198	996	–	–	8,198
Deposits and borrowings from the public	–	–	8,007	–	–	–	8,007
Deposits in pooled schemes and unit-linked investment contracts	–	–	23,580	19,240	–	–	23,580
Liabilities to policyholders	–	–	3,527	3,527	–	–	3,527
Debt securities in issue ³	48,849	–	6,340	–	–	–	55,189
Derivatives ³	95	8	67,258	805	1,283	–	68,636
Other liabilities	6,473	–	11,248	83	–	–	17,721
Total	55,417	8	128,158	24,651	1,283	–	184,858

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

2) Of which EUR 5,108m relates to the balance sheet item Financial instruments pledged as collateral.

3) For structured bonds the host contract and the embedded derivative are presented separately. The host contract is presented on the balance sheet as Debt securities in issue and the embedded derivative as Derivatives. The total fair value of the structured bonds is EUR 6,371m, of which EUR 6,404m is categorised into Level 2 and a net negative fair value of EUR 33m into Level 3 in the fair value hierarchy.

G40. Assets and liabilities at fair value, cont.

Assets and liabilities held at fair value on the balance sheet

Categorisation into the fair value hierarchy

31 Dec 2015, EURm	Quoted prices in active markets for the same instrument (Level 1)	- of which Life	Valuation technique using observable data (Level 2)	- of which Life	Valuation technique using non-observable data (Level 3)	- of which Life	Total
Assets at fair value on the balance sheet¹							
Loans to central banks	–	–	5,129	–	–	–	5,129
Loans to credit institutions	–	–	3,511	–	–	–	3,511
Loans to the public	–	–	89,044	–	–	–	89,044
Interest-bearing securities ²	48,338	12,662	43,511	6,044	250	46	92,099
Shares ³	16,268	12,189	1,159	856	4,854	4,187	22,281
Assets in pooled schemes and unit-linked investment contracts	18,531	14,892	1,558	1,558	135	135	20,224
Derivatives	211	–	78,875	32	1,655	–	80,741
Investment properties	–	–	–	–	3,054	2,974	3,054
Other assets	–	–	14,696	–	–	–	14,696
Total	83,348	39,743	237,483	8,490	9,948	7,342	330,779
Liabilities at fair value on the balance sheet¹							
Deposits by credit institutions	–	–	18,620	1,361	–	–	18,620
Deposits and borrowings from the public	–	–	14,692	–	–	–	14,692
Deposits in pooled schemes and unit-linked investment contracts	–	–	21,077	16,784	–	–	21,077
Liabilities to policyholders	–	–	2,761	2,761	–	–	2,761
Debt securities in issue ⁴	46,229	–	6,885	–	–	–	53,114
Derivatives ⁴	242	–	77,739	153	1,524	–	79,505
Other liabilities	6,909	–	13,056	–	–	–	19,965
Total	53,380	–	154,830	21,059	1,524	–	209,734

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

2) Of which EUR 8,333m relates to the balance sheet item Financial instruments pledged as collateral.

3) Of which EUR 8m relates to the balance sheet item Financial instruments pledged as collateral.

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

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

Fair value measurements of assets and liabilities carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). 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 assets and 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 assets and liabilities that do not have directly quoted market prices available from active markets. The fair values are based on quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active. Alternatively, the fair values are estimated using valuation techniques or valuation models based on

market prices or rates prevailing at the balance sheet date and where 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 resale/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 assets and liabilities 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, investment properties, more complex OTC derivatives where unobservable input have a significant impact on the fair values, certain complex or structured financial instruments 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 most 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

G40. Assets and liabilities at fair value, cont.

correlations are also observable for the most liquid equity instruments in the short end. For less liquid equity instruments 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 is 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 vanilla derivatives standard models such as Black-Scholes are used for valuation. For more exotic OTC derivatives, more complex valuation models are used. The models are usually in-house developed, and based on assumptions about the behaviour of the underlying asset and statistical scenario analysis. Most OTC derivatives are categorised as Level 2 in the fair value hierarchy implying that all significant model parameters are observable in active markets.

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 Invest Europe (formerly known as EVCA). The Invest Europe 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 subsidiary 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 of financial assets and liabilities 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.

Nordea incorporates credit valuation adjustments (CVA) and debit valuation adjustments (DVA) into derivative valuations. CVA and DVA reflect the impact on fair value of the counterparty's credit risk and Nordea's own credit quality, respectively. Calculations are based on estimates of exposure at default, probability of default and recovery rates, on a counterparty basis. Generally, exposure at default for CVA and DVA is based on expected exposure and estimated through the simulation of underlying risk factors. Where possible, probabilities of defaults (PDs) and recovery rates are sourced

from the CDS markets. For counterparties where this information is not directly available, PDs and recovery rates are estimated using a cross sectional approach where the illiquid counterparties are mapped to comparable liquid CDS names.

The impact of funding costs and funding benefits on valuation of uncollateralised and imperfectly collateralised derivatives is recognised as a funding fair valuation adjustment (FFVA). When calculating FFVA, Nordea uses an estimated funding curve which reflects the market cost of funding.

Another important part of the portfolio adjustments 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 fair value measurement of the investment properties takes into account a market participant's ability to generate economic benefits by using the investment properties in its highest and best use, i.e. taking into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The current use of the investment properties in Nordea is in accordance with the highest and best use. The valuation of the investment properties is carried out taking into account the purpose and the nature of the property by using the most appropriate valuation methods. The primary valuation approach is a discounted cash flow model using current cash flows, market interest rates and the current yield requirements.

Transfers between Level 1 and 2

During the year, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 674m (EUR 1,129m) from Level 1 to Level 2 and EUR 191m (EUR 295m) from Level 2 to Level 1 of the fair value hierarchy. Nordea also transferred derivative assets of EUR 36m (EUR 96m) and derivative liabilities of EUR 44m (EUR 120m) from Level 2 to Level 1. Nordea has during previous year transferred shares of EUR 22m from Level 1 to Level 2.

The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the year 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 been actively traded during the year and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the year.

G40. Assets and liabilities at fair value, cont.

Movements in Level 3

2016, EURm	1 Jan 2016	Reclassification	Fair value gains/ losses recognised in the income statement during the year		Purchases/ Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Translation differences	31 Dec 2016
			Realised	Unrealised							
Interest-bearing securities	250	–	1	–18	4	–5	–1	1	–21	–1	210
- of which Life	45	–	–	–2	–	–3	–	–	–	–2	38
Shares	4,854	–	67	–52	2,799	–1,793	–80	541	–2,565	14	3,785
- of which Life	4,188	–	9	–54	2,703	–1,573	–78	541	–2,565	14	3,185
Assets in pooled schemes and unit-linked investment contracts	135	–	–	21	6	–7	–	–	–	–	155
- of which Life	135	–	–	21	6	–7	–	–	–	–	155
Derivatives (net)	131	–	32	133	–	–	–32	8	127	1	400
Investment properties	3,054	–64	–	60	378	–350	–	–	1	40	3,119
- of which Life	2,974	–	–	60	365	–336	–	–	1	40	3,104

Unrealised gains and losses relate to those assets and liabilities held at the end of the year. The reason for the transfer out of Level 3 was that observable market data became available. The reason for the transfer into Level 3 was that observable market data was no longer available. Transfers between levels are considered to have occurred at the end of the year.

Fair value gains and losses in the income statement during the year are included in “Net result from items at fair value” (see Note G5). Assets and liabilities related to derivatives are presented net.

2015, EURm	1 Jan 2015	Fair value gains/ losses recognised in the income statement during the year		Purchases/ Issues	Sales	Settle- ments	Transfers into Level 3	Transfers out of Level 3	Translation differences	31 Dec 2015
		Realised	Unre- alised							
Interest-bearing securities	279	1	8	75	-111	-1	-	-2	1	250
- of which Life	53	-	-3	-	-6	-	-	-	1	45
Shares	5,418	307	65	4,468	-5,021	-58	29	-333	-21	4,854
- of which Life	4,446	281	52	4,377	-4,897	-55	3	-	-19	4,188
Assets in pooled schemes and unit-linked investment contracts	133	-	2	-	-	-	-	-	-	135
- of which Life	133	-	2							135
Derivatives (net)	-160	37	-18	-1	-	-37	443	-133	0	131
Investment properties	3,134	-1	9	222	-263	-	-	-	-47	3,054
- of which Life	3,034	-	9	215	-237	-	-	-	-47	2,974

The valuation processes for fair value measurements Financial instruments

Nordea has an independent valuation control unit, Group Valuation Control (GVC), which forms part of the CRO organisation. GVC has the responsibility of overseeing and independently assessing valuations of financial instruments held at fair value on Nordea's balance sheet. Nordea also has a Group Valuation Committee (GVaC), which is chaired by the Group CFO with the Head of GVC and senior representatives from the business areas and other group functions as committee members. GVaC is responsible for setting the group valuation policy, governing valuation matters and serves as escalation point for valuation issues.

The valuation control process in Nordea consists of several steps. The first step is to determine the end of day (EOD) marking of mid-prices. It is the responsibility of the business

areas to determine correct prices used for the valuation process. These prices are either internally marked prices set by a trading unit or externally sourced prices. The valuation prices and valuation approaches are then controlled and tested by independent control units. The cornerstone in the control process is the independent price verification (IPV). The IPV test comprises verification of the correctness of valuations by using independently sourced data that best reflects the market. Finally the results of valuation testing and valuations are analysed and any findings are escalated with the Group Valuation Committee as decision making body.

The verification of the correctness of prices and other parameters is for most products 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

G40. Assets and liabilities at fair value, cont.

assessment is used in the measurement of the valuation uncertainty.

The valuation adjustment at portfolio level 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.

Investment properties

The main part of the investment properties in Nordea is held by Nordea Life and Pension (NLP). The valuation of the investment properties in NLP is performed quarterly by the real estate departments in each entity within NLP with full or partial assistance from external valuers. For the departments that use their own methodologies the changes in price levels of the properties are compared with valuations of similar properties assessed by external valuers. The result of the valuation is presented to, and approved by, the local manage-

ment in each entity. The CFO in each entity within NLP is responsible for the approval of the concepts and for the values used. The principles used in all entities are in accordance with regulations provided by the local Financial Supervisory Authorities (FSA) which are in accordance with international valuation principles and in accordance with IFRS.

In addition there is an Investment Operation Committee (IOC) which is a joint forum focusing on valuation and accounting of investment operations issues within NLP. The entities within NLP report regularly to IOC and IOC report quarterly to the Nordea Group Valuation Committee.

Investment properties in NLP are backing the liabilities to policyholders in life insurance contracts, unit-linked contracts and investment contracts, which means that the impact on Nordea's income statement and on shareholders' equity depends on the financial buffers and the profit sharing agreements in the actual unit that owns the property.

G40. Assets and liabilities at fair value, cont.

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

31 Dec 2016, EURm	Fair value	Of which Life ¹	Valuation techniques	Unobservable input	Range of fair value
Interest-bearing securities					
Mortgage and other credit institutions ²	171	–	Discounted cash flows	Credit spread	–2/2
Corporates	39	38	Discounted cash flows	Credit spread	–2/2
Total	210	38			–4/4
Shares					
Private equity funds	1,955	1,729	Net asset value ³		–230/230
Hedge funds	390	311	Net asset value ³		–32/32
Credit Funds	1,224	1,047	Net asset value/market consensus ³		–77/77
Other funds	99	64	Net asset value/fund prices ³		–13/13
Other ⁴	133	50	–		–11/11
Total	3,801	3,201			–363/363
Derivatives					
Interest rate derivatives	332	–	Option model	Correlations Volatilities	–20/17
Equity derivatives	74	–	Option model	Correlations Volatilities Dividend	–18/11
Foreign exchange derivatives	–6	–	Option model	Correlations Volatilities	+/–0
Credit derivatives	–32	–	Credit derivative model	Correlations Recovery rates Volatilities	–13/10
Other	32	–	Option model	Correlations Volatilities	+/–0
Total	400				–51/38

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

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

3) The fair values are based on prices and net 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. For private equity funds the dominant measurement methodology used by the suppliers/custodians, is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by Invest Europe (formerly called EVCA). 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 36% to 100% compared to the values received from suppliers/custodians.

4) Of which EUR 16m related to assets in pooled schemes and unit-linked investment.

The table above shows, for each class of assets and liabilities categorised in Level 3, the fair value, the valuation techniques used to estimate the fair value, significant unobservable inputs used in the valuation techniques and for financial assets and liabilities the fair value sensitivity to changes in key assumptions.

The column "range of fair value" in the tables above shows the sensitivity of the fair values of Level 3 financial instruments to changes in key assumptions. Where the exposure to an unobservable parameter is offset across different instruments only the net impact is disclosed in the table. The ranges disclosed 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.

In order to calculate the sensitivity (range) in fair value of derivatives 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 underly-

ing 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 fair values of derivatives are presented as the net of assets and liabilities.

In order to calculate the sensitivity (range) in fair value of shares and interest-bearing securities the fair value was increased and decreased within a total range of 2–10 percentage units depending of the valuation uncertainty and underlying assumptions. Higher ranges are applied to instruments with more uncertain valuations relative to actively traded instruments and underlying uncertainties in individual assumptions.

G40. Assets and liabilities at fair value, cont.

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

31 Dec 2015, EURm	Fair value	Of which Life ¹	Valuation techniques	Unobservable input	Range of fair value
Interest-bearing securities					
Mortgage and other credit institutions ²	205	–	Discounted cash flows	Credit spread	–5/5
Corporates	45	45	Discounted cash flows	Credit spread	–3/3
Total	250	45			–8/8
Shares					
Private equity funds	1,965	1,781	Net asset value ³		–218/232
Hedge funds	450	274	Net asset value ³		–29/35
Credit Funds	423	237	Net asset value/market consensus ³		–23/28
Other funds	1,880	1,868	Net asset value/fund prices ³		–223/224
Other ⁴	160	52	–		–11/11
Total	4,878	4,212			–504/530
Derivatives					
Interest rate derivatives	180	–	Option model	Correlations Volatilities	–26/19
Equity derivatives	–24	–	Option model	Correlations Volatilities Dividend	–26/19
Foreign exchange derivatives	–35	–	Option model	Correlations Volatilities	+/–0
Credit derivatives	–18	–	Credit derivative model	Correlations Recovery rates	–8/6
Other	28	–	Option model	Correlations Volatilities	+/–0
Total	131	–			–60/44

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

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

3) The fair values are based on prices and net 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. For private equity funds the dominant measurement methodology used by the suppliers/custodians, is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by Invest Europe (formerly known as EVCA). 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 0% to 100% compared to the values received from suppliers/custodians.

4) Of which EUR 24m related to assets in pooled schemes and unit-linked investment.

G40. Assets and liabilities at fair value, cont.

Investment properties

31 Dec 2016, EURm	Fair value ¹	Of which Life	Valuation techniques	Unobservable input	Range of unobservable input	Weighted average of unobservable input
Denmark	1,761	1,751	Discounted cash flows	Market rent		
				Commercial	75–320 EUR/m ²	179 EUR/m ²
				Office	32–332 EUR/m ²	111 EUR/m ²
				Apartment	88–250 EUR/m ²	174 EUR/m ²
				Yield requirement		
				Commercial	4.9% – 9.5%	7.5%
				Office	3.9% – 9.3%	6.0%
				Apartment	3.5% – 6.0%	4.2%
Norway	568	567	Discounted cash flows	Market rent		
				Commercial	47–294 EUR/m ²	163 EUR/m ²
				Office	156–792 EUR/m ²	293 EUR/m ²
				Apartment	187 EUR/m ²	187 EUR/m ²
				Other	29–190 EUR/m ²	122 EUR/m ²
				Yield requirement		
				Commercial	5.6% – 6.0%	5.8%
				Office	4.0% – 7.5%	5.3%
				Apartment	4.6% – 4.6%	4.6%
				Other	5.3% – 8.5%	7.3%
Finland ³	725	725	Discounted cash flows ²	Market rent		
				Commercial	136–324 EUR/m ²	210 EUR/m ²
				Office	126–300 EUR/m ²	187 EUR/m ²
				Apartment	182–300 EUR/m ²	240 EUR/m ²
				Other	94–117 EUR/m ²	97 EUR/m ²
				Yield requirement		
				Commercial	4.8% – 6.9%	5.8%
				Office	4.8% – 8.0%	6.4%
				Apartment	3.5% – 5.0%	4.3%
				Other	6.2% – 8.0%	7.1%
Sweden	200	200	Discounted cash flows ²	Market rent		
				Commercial	112–190 EUR/m ²	157 EUR/m ²
				Office	237 EUR/m ²	237 EUR/m ²
				Apartment	144–169 EUR/m ²	151 EUR/m ²
				Other	69 EUR/m ²	69 EUR/m ²
				Yield requirement		
				Commercial	5.7% – 6.8%	6.0%
				Office	4.9% – 5.0%	4.9%
				Apartment	3.2% – 4.0%	3.5%
				Other	7.0% – 7.3%	7.1%
Other	4	–	Discounted cash flows	–	–	–
Total	3,258	3,243				

1) Split based on the valuation methodologies used in different countries.

2) The fair value is calculated by external valuers.

3) Of which EUR 139m related to investment properties in pooled schemes and unit-linked investments in Life.

G40. Assets and liabilities at fair value, cont.

Investment properties

31 Dec 2015, EURm	Fair value ¹	Of which Life	Valuation techniques	Unobservable input	Range of unobservable input	Weighted average of unobservable input
Denmark	1,688	1,679	Discounted cash flows	Market rent		
				Commercial	25–312 EUR/m ²	159 EUR/m ²
				Office	34–324 EUR/m ²	110 EUR/m ²
				Apartment	65–245 EUR/m ²	151 EUR/m ²
				Yield requirement		
				Commercial	6.4% – 9.5%	7.5%
				Office	4.3% – 9.5%	6.1%
				Apartment	3.5% – 6.0%	3.9%
Norway	695	689	Discounted cash flows	Market rent		
				Commercial	82–234 EUR/m ²	170 EUR/m ²
				Office	114–746 EUR/m ²	205 EUR/m ²
				Apartment	151–151 EUR/m ²	151 EUR/m ²
				Other	66–86 EUR/m ²	67 EUR/m ²
				Yield requirement		
				Commercial	5.0% – 6.5%	5.5%
				Office	4.3% – 7.8%	5.5%
Finland ³	564	563	Discounted cash flows ²	Market rent		
				Commercial	104–327 EUR/m ²	177 EUR/m ²
				Office	125–306 EUR/m ²	187 EUR/m ²
				Apartment	186–237 EUR/m ²	210 EUR/m ²
				Other	89–127 EUR/m ²	97 EUR/m ²
				Yield requirement		
				Commercial	4.8% – 6.8%	5.8%
				Office	4.8% – 8.0%	6.4%
Sweden	154	154	Discounted cash flows ²	Market rent		
				Commercial	117–195 EUR/m ²	146 EUR/m ²
				Apartment	149–176 EUR/m ²	156 EUR/m ²
				Other	65–66 EUR/m ²	65 EUR/m ²
				Yield requirement		
				Commercial	5.8% – 6.8%	6.3%
				Apartment	3.5% – 4.4%	3.7%
				Other	7.0% – 7.8%	7.4%
Other	64	–	Discounted cash flows	–	–	–
Total	3,165	3,085				

1) Split based on the valuation methodologies used in different countries.

2) The fair value is calculated by external valuers.

3) Of which EUR 111m related to investment properties in pooled schemes and unit-linked investments in Life.

The significant unobservable inputs used in the fair value measurement of the investment properties are market rent and yield requirement. Significant increases (decreases) in market rate or yield requirement in isolation would result in a significant lower (higher) fair value.

G40. Assets and liabilities at fair value, cont.

Movements in deferred Day 1 profit

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

Deferred day 1 profit – derivatives, net

EURm	2016	2015
Amount at beginning of year	34	36
Deferred profit/loss on new transactions	19	9
Recognised in the income statement during the year ¹	–30	–11
Amount at end of year	23	34

1) Of which EUR –14m (EUR 0m) due to transfers of derivatives from Level 3 to Level 2.

Financial assets and liabilities not held at fair value on the balance sheet

	31 Dec 2016		31 Dec 2015		Level in fair value hierarchy
EURm	Carrying amount	Fair value	Carrying amount	Fair value	
Assets not held at fair value on the balance sheet					
Cash and balances with central banks	32,099	32,099	35,500	35,500	3
Loans ¹	259,025	258,339	267,571	268,915	3
Interest-bearing securities	3,095	3,286	2,769	2,984	1,2,3
Other assets ²	2,833	2,833	2,698	2,698	3
Prepaid expenses and accrued income	966	966	968	968	3
Total	298,018	297,523	309,506	311,065	
Liabilities not held at fair value on the balance sheet					
Deposits and debt instruments	345,445	346,134	360,563	360,448	3
Other liabilities ³	4,678	4,678	3,652	3,652	3
Accrued expenses and prepaid income	290	290	341	341	3
Total	350,413	351,102	364,556	364,441	

1) Of which EUR 198m related to loans in pooled schemes and unit-linked investments 31 December 2015.

2) Of which EUR 12m related to other assets in pooled schemes and unit-linked investments 31 December 2015.

3) Of which EUR 11m related to other liabilities in pooled schemes and unit-linked investments 31 December 2015.

Cash and balances with central banks

The fair value of "Cash and balances with central banks" is, due to its short term nature, assumed to equal the carrying amount and is thus categorised into Level 3 in the fair value hierarchy.

Loans

The fair value of "Loans to central banks", "Loans to credit institutions" and "Loans to the public" have been estimated by discounting the expected future cash flows with an assumed customer interest rate that would have been used on the market if the loans had been issued at the time of the measurement. The assumed customer interest rate is calculated as the benchmark interest rate plus the average margin on new lending in Personal Banking, Commercial & Business Banking and Wholesale Banking respectively.

The fair value measurement is categorised into Level 3 in the fair value hierarchy.

Interest-bearing securities

The fair value is EUR 3,286m (EUR 2,984m), of which EUR 0m (EUR 2m) is categorised in Level 1 and EUR 3,286m (EUR 2,922m) in Level 2 and EUR 0m (EUR 60m) in Level 3. The measurement principles follow those for similar instruments that are held at fair value on the balance sheet.

Other assets and prepaid expenses and accrued income

The balance sheet items "Other assets" and "Prepaid expenses and accrued income" consist of short receivables, mainly accrued interest receivables. The fair value is therefore considered to equal the carrying amount and is categorised into Level 3 in the fair value hierarchy.

Deposits and debt instruments

The fair value of "Deposits by credit institutions", "Deposits and borrowings from the public", "Debt securities in issue"

G40. Assets and liabilities at fair value, cont.

and “Subordinated liabilities” has been calculated as the carrying amount adjusted for fair value changes in interest rate risk and in own credit risk. The fair value is categorised into Level 3 in the fair value hierarchy. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rate in the portfolios. The fair value changes in the credit risk is calculated as the difference between the credit spread in the nominal interest rate compared with the current spread that is observed in the market. This calculation is performed on an aggregated level for all long term issuances recognised in the balance sheet items “Debt securities in issue” and “Subordinated liabilities”. As the contractual maturity is short

for “Deposits by credit institutions” and “Deposits and borrowing from the public” the changes in Nordea’s own credit risk related to these items is assumed not to be significant. This is also the case for short term issuances recognised in the balance sheet items “Debt securities in issue” and “Subordinated liabilities”.

Other liabilities and accrued expenses and prepaid income

The balance sheet items “Other liabilities” and “Accrued expenses and prepaid income” consist of short-term liabilities, mainly liabilities on securities settlement. The fair value is therefore considered to be equal to the carrying amount and is categorised into Level 3 in the fair value hierarchy.

G41. Financial instruments set off on balance or subject to netting agreements

31 Dec 2016, 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			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	242,279	-172,626	69,653	-49,528	-	-7,547	12,578
Reverse repurchase agreements	31,772	-9,991	21,781	-	-21,781	-	0
Securities borrowing agreements	4,547	-	4,547	-	-4,547	-	0
Total	278,598	-182,617	95,981	-49,528	-26,328	-7,547	12,578

31 Dec 2016, 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			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	239,120	−172,626	66,494	−49,528	–	−8,031	8,935
Repurchase agreements	21,838	−9,991	11,847	–	−11,847	–	0
Securities lending agreements	2,245	–	2,245	–	−2,245	–	0
Total	263,203	−182,617	80,586	−49,528	−14,092	−8,031	8,935

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 Dec 2015, 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			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	207,514	−127,812	79,702	−60,192	–	−9,828	9,682
Reverse repurchase agreements	60,734	−9,888	50,846	−16,491	−34,162	–	193
Securities borrowing agreements	4,765	–	4,765	–	−4,765	–	0
Total	273,013	−137,700	135,313	−76,683	−38,927	−9,828	9,875

31 Dec 2015, 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			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	205,970	−127,812	78,158	−60,192	–	−10,991	6,975
Repurchase agreements	46,372	−9,888	36,484	−16,491	−19,956	–	37
Securities lending agreements	1,402	–	1,402	–	−1,402	–	0
Total	253,744	−137,700	116,044	−76,683	−21,358	−10,991	7,012

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.

G41. Financial instruments set off on balance or subject to netting agreements, cont.

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 in the case of default by its counter parties, in any calculations involving counterparty credit risk.

For a description of counterparty risk see section Risk, Liquidity and Capital management, in the Board of Directors' report.

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 result in that securities are returned to Nordea, all risks and rewards of the instruments transferred are retained by Nordea, although they are not available for Nordea during the period during which they are transferred. The counterparts in the transactions hold the securities as collateral, but have 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 2016	31 Dec 2015
Repurchase agreements		
Interest-bearing securities	5,108	8,333
Securities lending agreements		
Shares	–	8
Total	5,108	8,341

G42. Disposal groups held for sale

Balance sheet - Condensed¹

EURm	2016
Assets	
Loans to credit institutions	34
Loans to the public	8,556
Other assets	307
Total assets held for sale	8,897
Liabilities	
Deposits by credit institutions	22
Deposits and borrowings from the public	4,776
Other liabilities	90
Total liabilities held for sale	4,888

1) Includes the external assets and liabilities held for sale. The external funding of the Baltic operations that will remain subsequent to the transaction is not included.

Assets and liabilities held for sale relate to Nordea's earlier announced decision to combine its Baltic operations with the Baltic operations of DNB. The individual assets and liabilities will be derecognised in Nordea's balance sheet, and an investment in an associated company will be recognised, at closing. The transaction is expected to be completed around Q2 2017 and is subject to regulatory approvals. The disposal group is included in the segment "Personal Banking" in Note 2 "Segment reporting". Assets held for sale also includes Nordea's lending to retail customers in Russia, carrying amount EUR 228m. The lending portfolio has been sold and derecognised in 2017.

G43. Transferred assets and obtained collaterals

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 agreement 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.

Liabilities associated with the assets

EURm	31 Dec 2016	31 Dec 2015
Repurchase agreements		
Deposits by credit institutions	2,475	6,288
Deposits and borrowings from the public	2,491	1,921
Securities lending agreements		
Deposits by credit institutions	–	8
Total	4,966	8,217
Net	142	124

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 2016	31 Dec 2015
Reverse repurchase agreements		
Received collaterals which can be repledged or sold	30,002	38,819
- of which repledged or sold	16,129	19,447
Securities borrowing agreements		
Received collaterals which can be repledged or sold	4,552	4,869
- of which repledged or sold	47	152
Total	34,554	43,688

G44. Maturity analysis for assets and liabilities

Expected maturity

EURm	Note	31 Dec 2016 Expected to be recovered or settled:			31 Dec 2015 Expected to be recovered or settled:		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with central banks		32,099	–	32,099	35,500	–	35,500
Loans to central banks	G13	11,235	–	11,235	13,224	–	13,224
Loans to credit institutions	G13	4,236	4,790	9,026	9,559	1,203	10,762
Loans to the public	G13	71,245	246,444	317,689	111,672	229,248	340,920
Interest-bearing securities	G14	19,131	68,570	87,701	22,243	64,292	86,535
Financial instruments pledged as collateral	G15	1,194	3,914	5,108	1,539	6,802	8,341
Shares	G16	1,410	20,114	21,524	2,624	19,649	22,273
Assets in pooled schemes and unit-linked investment contracts	G17	7,775	15,327	23,102	2,285	18,149	20,434
Derivatives	G18	12,764	57,195	69,959	12,527	68,214	80,741
Fair value changes of the hedged items in portfolio hedge of interest rate risk		31	147	178	10	141	151
Investments in associated undertakings and joint ventures	G19	0	588	588	2	513	515
Intangible assets	G20	102	3,690	3,792	93	3,115	3,208
Properties and equipment		6	560	566	20	537	557
Investment properties	G22	3	3,116	3,119	3	3,051	3,054
Deferred tax assets	G11	30	30	60	41	35	76
Current tax assets		288	–	288	87	–	87
Retirement benefit assets	G32	2	304	306	74	303	377
Other assets	G23	18,914	59	18,973	18,569	18	18,587
Prepaid expenses and accrued income	G24	1,098	351	1,449	1,164	362	1,526
Assets held for sale	G42	8,897	–	8,897	–	–	–
Total assets		190,460	425,199	615,659	231,236	415,632	646,868
Deposits by credit institutions	G25	35,750	2,386	38,136	41,800	2,409	44,209
Deposits and borrowings from the public	G26	169,982	4,046	174,028	182,423	6,626	189,049
Deposits in pooled schemes and unit-linked investment contracts	G17	9,327	14,253	23,580	6,475	14,613	21,088
Liabilities to policyholders	G27	2,274	38,936	41,210	1,915	36,792	38,707
Debt securities in issue	G28	64,406	127,344	191,750	72,977	128,960	201,937
Derivatives	G18	14,243	54,393	68,636	13,724	65,781	79,505
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,168	1,298	2,466	521	2,073	2,594
Current tax liabilities		487	–	487	225	0	225
Other liabilities	G29	24,271	142	24,413	25,646	99	25,745
Accrued expenses and prepaid income	G30	1,718	40	1,758	1,769	36	1,805
Deferred tax liabilities	G11	75	755	830	83	945	1,028
Provisions	G31	209	97	306	305	110	415
Retirement benefit liabilities	G32	5	297	302	3	326	329
Subordinated liabilities	G33	1,590	8,869	10,459	642	8,558	9,200
Liabilities held for sale	G42	4,888	–	4,888	–	–	–
Total liabilities		330,393	252,856	583,249	348,508	267,328	615,836

G44. Maturity analysis for assets and liabilities, cont.

Contractual undiscounted cash flows

31 Dec 2016, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	53,094	76,815	43,924	159,816	240,561	574,210
Non interest-bearing financial assets	–	–	–	–	74,321	74,321
Non-financial assets	–	–	–	–	10,328	10,328
Total assets	53,094	76,815	43,924	159,816	325,210	658,859
Interest-bearing financial liabilities	150,378	94,422	48,371	106,640	48,356	448,167
Non interest-bearing financial liabilities	–	–	–	–	127,851	127,851
Non-financial liabilities and equity	–	–	–	–	75,500	75,500
Total liabilities and equity	150,378	94,422	48,371	106,640	251,707	651,518
Derivatives, cash inflow	–	576,857	155,966	229,126	29,417	991,366
Derivatives, cash outflow	–	574,442	158,633	229,672	28,899	991,646
Net exposure	–	2,415	–2,667	–546	518	–280
Exposure	–97,284	–15,192	–7,114	52,630	74,021	7,061
Cumulative exposure	–97,284	–112,476	–119,590	–66,960	7,061	–

31 Dec 2015, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	52,162	96,460	50,330	153,919	244,812	597,683
Non interest-bearing financial assets	–	–	–	–	67,601	67,601
Non-financial assets	–	–	–	–	9,748	9,748
Total assets	52,162	96,460	50,330	153,919	322,161	675,032
Interest-bearing financial liabilities	148,270	120,280	56,979	105,474	49,556	480,559
Non interest-bearing financial liabilities	–	–	–	–	46,097	46,097
Non-financial liabilities and equity	–	–	–	–	72,578	72,578
Total liabilities and equity	148,270	120,280	56,979	105,474	168,231	599,234
Derivatives, cash inflow	–	526,203	115,018	57,379	14,915	713,515
Derivatives, cash outflow	–	526,114	115,240	61,418	14,387	717,159
Net exposure	–	89	–222	–4,039	528	–3,644
Exposure	–96,108	–23,731	–6,871	44,406	154,458	72,154
Cumulative exposure	–96,108	–119,839	–126,710	–82,304	72,154	–

The table is based on contractual maturities for the balance sheet items. 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 instruments on the balance sheet items, Nordea has credit commitments amounting to EUR 78,005m

(EUR 74,679m), which could be drawn on at any time. Nordea has also issued guarantees of EUR 21,034m (EUR 20,656m) which may lead to future cash outflows if certain events occur.

For further information about remaining maturity, see also the section "Risk, Liquidity and Capital management".

G45. 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.

EURm	Associated undertakings and joint ventures		Other related parties ¹	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Assets				
Loans	438	546	–	–
Interest-bearing securities	24	73	–	–
Derivatives	46	76	–	–
Investments in associated undertakings	588	515	–	–
Total assets	1,096	1,210	–	–
Liabilities				
Deposits	65	69	36	74
Derivatives	26	118	–	–
Total liabilities	91	187	36	74
Off balance²	3,428	5,307	–	–

EURm	Associated undertakings and joint ventures		Other related parties ¹	
	2016	2015	2016	2015
Net interest income	1	5	–	–
Net fee and commission income	3	4	–	–
Net result from items at fair value	51	246	–	–
Profit before loan losses	55	255	–	–

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 personell or by close family members to key management personell 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 risk-taking, the transactions are not included in the table. Nordea has thus not disclosed any transactions with shareholders with significant influence.

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 "Staff costs".

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 22m. 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.

G46. Credit risk disclosures

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) 2016, 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 Regulation (CRR). 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. Assets held for sale are thus included in the figures in this note.

Credit risk exposures occur in different forms and are divided into the following types:

Exposure types

EURm	31 Dec 2016 ¹	31 Dec 2015 ²
On-balance sheet items	411,692	414,675
Off-balance sheet items	53,849	50,746
Securities financing	4,388	5,699
Derivatives	29,240	26,757
Exposure At Default (EAD)	499,169	497,877

1) Securitisation positions to an exposure amount of EUR 9,676m for 31 Dec 2016 are included in the table.

2) The restatement of the off-balance sheet commitments in the accounting as of 31 December 2015 has not been reflected in the EAD.

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 in CRR. 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 CRR, 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).

G46. Credit risk disclosures, cont.

The table below shows the link between the CRR 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 CRR:

- Non CRR related items. Items not part of consolidated situation of CRR such as Life insurance operations (due to solvency regulation).
- 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).
- Other, mainly allowances and intangible 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 CRR:

- Non CRR related items. Items not part of consolidated situation of CRR such as 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

The fair values of derivatives are recognised on the balance sheet, while nominal amounts on derivatives are reported off-balance in accordance with accounting standards. However, in the CRR, 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 CRR calculations these exposure types are determined net of the collateral.

On-balance sheet items¹

EURm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Items excluded from CRR scope of consolidation ⁴	Other	Balance sheet
31 Dec 2016						
Cash and balances with central banks	32,192	—	—	–93	—	32,099
Loans to credit institutions and central banks	17,178	0	2,755	343	–16	20,260
Loans to the public	303,662	0	26,590	–13,031	468	317,689
Interest-bearing securities and pledged instruments	54,156	17,345	—	21,308	—	92,809
Derivatives ²	—	—	71,147	–1,188	—	69,959
Intangible assets	0	—	—	357	3,435	3,792
Other assets and prepaid expenses	5,440	23,375	—	49,428	808	79,051
Total assets	412,628	40,720	100,492	57,124	4,695	615,659
Exposure at default³	411,692					
31 Dec 2015						
Cash and balances with central banks	35,500	—	—	—	—	35,500
Loans to credit institutions and central banks	14,409	—	8,618	961	–2	23,986
Loans to the public	304,896	—	39,527	–4,386	883	340,920
Interest-bearing securities and pledged instruments	56,629	18,483	—	19,764	—	94,876
Derivatives ²	—	—	82,781	–2,040	—	80,741
Intangible assets	—	—	—	342	2,866	3,208
Other assets and prepaid expenses	4,283	26,549	—	36,384	421	67,637
Total assets	415,717	45,032	130,926	51,025	4,168	646,868
Exposure at default³	414,675					

1) Securitisation positions to an original exposure amount of 6,907 EURm and an exposure of amount of EUR 6,907m are included in the table.

2) Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives are included in the credit risk.

3) 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.

4) Assets held for sale are disclosed separately as "Other assets and prepaid expenses" on the balance sheet, but included line by line in the original exposure column and explains the negative amounts in the column "Items excluded from CRR scope of consolidation"

G46. Credit risk disclosures, cont.

Off-balance sheet items¹

31 Dec 2016, EURm	Credit risk accordance with CRR	Items excluded from CRR scope of consolidation	Included in derivatives and securities financing	Off- balance sheet
Contingent liabilities	23,051	38	–	23,089
Commitments	78,270	1,164	–	79,434
Total	101,321	1,202	–	102,523

31 Dec 2016, EURm	Credit risk accordance with CRR	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	48,900	1,277	50,177	53%	26,365
Checking accounts	16,204	3,913	20,117	54%	10,883
Loan commitments	13,089	2,507	15,596	47%	7,291
Guarantees	21,566	–	21,566	41%	8,778
Other	1,563	14	1,577	34%	532
Total	101,322	7,711	109,033		53,849

1) Securitisation positions to an original exposure amount of EUR 2,769m and an exposure amount of EUR 1,493m are included in the table.

31 Dec 2015, EURm	Credit risk accordance with CRR	Items excluded from CRR scope of consolidation	Included in derivatives and securities financing	Off- balance sheet
Contingent liabilities	22,541	28	–	22,569
Commitments	73,673	990	–	74,663
Total	96,214	1,018	–	97,232

31 Dec 2015, EURm	Credit risk accordance with CRR	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	50,637	1,422	52,059	48%	24,760
Checking accounts	16,800	4,205	21,005	51%	10,786
Loan commitments	6,194	7,827	14,021	41%	5,692
Guarantees	21,012	–	21,012	44%	8,939
Other	1,571	27	1,598	36%	569
Total	96,214	13,481	109,695		50,746

Exposure classes split by exposure type

At year-end, 79% of the total credit risk original exposure was calculated using the IRB approach. The total IRB exposures consists mainly of corporate and retail exposures. Main drivers of change during 2016 were a decrease in the IRB corporate exposure class seen among all exposure types except for

derivatives as well as a decrease in the IRB institutions portfolio. The decrease was partially offset by the IRB retail portfolio which increased EUR 3.9bn and EUR 2.9bn in on and off balance exposures respectively over the year.

G46. Credit risk disclosures, cont.

31 Dec 2016, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	78,537	898	810	4,967	85,212
Institutions	30,766	962	2,014	10,272	44,014
Corporate	115,663	34,914	1,275	13,492	165,344
Retail ¹	171,122	15,368	2	198	186,690
Securitisation	6,907	1,493	–	–	8,400
Other	8,697	214	287	311	9,509
Total exposure	411,692	53,849	4,388	29,240	499,169

31 Dec 2015, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	76,620	1,074	713	4,418	82,825
Institutions	35,462	1,086	3,335	8,548	48,431
Corporate	126,266	34,021	1,111	13,416	174,814
Retail ¹	167,086	14,367	1	89	181,543
Other	9,241	198	539	286	10,264
Total exposure	414,675	50,746	5,699	26,757	497,877

1) Includes exposures secured by real estates.

Exposure split by geography and exposure classes

31 Dec 2016, EURm	Nordic countries	- of which Denmark	- of which Finland	- of which Norway	- of which Sweden	Baltic countries	Russia	US	Other	Total
Government, local authorities and central banks	41,183	15,196	10,588	4,165	11,234	276	157	35,292	8,304	85,212
Institutions	26,855	11,693	133	5,008	10,021	8	245	685	16,221	44,014
Corporate	130,745	40,484	27,621	29,104	33,536	5,407	2,340	2,301	24,551	165,344
Retail ¹	180,536	52,401	40,129	31,530	56,476	3,476	240	4	2,434	186,690
Other	5,352	1,049	1,355	1,015	1,933	176	90	145	3,746	9,509
Total exposure²	384,671	120,823	79,826	70,822	113,200	9,343	3,072	38,427	55,256	490,769

31 Dec 2015, EURm	Nordic countries	- of which Denmark	- of which Finland	- of which Norway	- of which Sweden	Baltic countries	Russia	US	Other	Total
Government, local authorities and central banks	39,469	11,708	12,014	2,978	12,769	327	234	33,961	8,834	82,825
Institutions	29,311	15,229	546	4,634	8,902	6	156	2,022	16,936	48,431
Corporate	139,110	43,823	27,073	29,222	38,992	5,368	4,271	2,381	23,684	174,814
Retail ¹	175,519	51,961	39,886	28,313	55,359	3,315	263	5	2,441	181,543
Other	5,925	1,142	1,405	942	2,436	185	113	200	3,841	10,264
Total exposure	389,334	123,863	80,924	66,089	118,458	9,201	5,037	38,569	55,736	497,877

1) Includes exposures secured by real estates.

2) Securitisation positions to an exposure amount of EUR 8,400m for 31 Dec 2016 are not included in the table.

Exposure split by industry group

In the table below, the total exposure is split by industry. The industry breakdown mainly follows the Global Industries Classification Standard (GICS) and is based on NACE codes (statistical classification codes of economic activities in the European community). The corporate portfolio is well diversified between industry groups. The real estate management and investment is the industry group which has the largest share of total corporate exposures. Together with the second largest corporate exposure industry group - other financial institutions – they account for 38% of total IRB corporate exposure. The retail portfolio consists mainly of residential mortgages classified under other, public and organisations industry group, which accounts for 98% of total retail IRB exposure. Between 2015 and 2016, the corporate portfolio

decreased the most within the other, public and organisations industry group (mainly corporate loan & facility agreement products) where the largest offsetting increase occurred in other financial institutions. In the IRB retail portfolio, the counterparties classified as other, public and organisations continue to comprise the main part of the retail exposure class and drives the total increase in IRB retail exposures. In the standardised approach, exposures increased in total mainly within the sovereign exposures. The increase mostly occurred in Other financial institutions and other, public and organisations industry group. The largest offsetting decrease compared to 2015 total figures occurred in the industry group other materials (chemical, building materials, etc.).

G46. Credit risk disclosures, cont.

Exposure split by industry sector

EURm	31 Dec 2016 ¹	31 Dec 2015
Construction and engineering	6,399	5,673
Consumer durables (cars, appliances etc)	3,184	4,543
Consumer staples (food, agriculture etc)	12,271	13,685
Energy (oil, gas etc)	4,202	4,337
Health care and pharmaceuticals	1,623	2,010
Industrial capital goods	4,589	4,931
Industrial commercial services	14,342	16,154
IT software, hardware and services	1,811	1,856
Media and leisure	2,644	2,730
Metals and mining materials	1,160	1,081
Other financial institutions	65,060	67,167
Other materials (chemical, building materials etc)	6,303	8,213
Other, public and organisations	278,222	275,013
Paper and forest material	2,542	2,467
Real estate management and investment	45,534	46,619
Retail trade	12,788	13,045
Shipping and offshore	12,595	13,065
Telecommunication equipment	255	283
Telecommunication operators	1,727	1,642
Transportation	4,583	4,626
Utilities distribution and production	8,935	8,737
Total exposure	490,769	497,877

1) Securitisation positions to an exposure amount of EUR 8,400m for 31 Dec 2016 are not included in the table.

Exposure secured by collaterals, guarantees and credit derivatives

At the end of 2016, the share of total exposure secured by eligible collateral increased by 1% to 44% (43%). The corresponding figure for the IRB portfolio was 56% (53%). The increase is mainly driven by an increase in exposure secured by eligible collateral in the corporate and retail exposure classes. Approximately 3% (3%) of total exposure was secured by guarantees and credit derivatives.

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2016, EURm	Original exposure	EAD	- of which secured by guarantees and credit derivatives	- of which secured by collateral
Government, local authorities and central banks	85,311	85,212	631	0
Institutions	45,816	44,014	121	403
Corporate	205,698	165,344	10,969	69,018
Retail ¹	198,957	186,690	1,859	148,278
Other	10,087	9,509	21	60
Total exposure²	545,869	490,769	13,601	217,759

31 Dec 2015, EURm	Original exposure	EAD	- of which secured by guarantees and credit derivatives	- of which secured by collateral
Government, local authorities and central banks	82,345	82,825	551	–
Institutions	50,375	48,431	144	608
Corporate	222,486	174,814	11,551	67,611
Retail ¹	191,986	181,543	2,054	143,507
Other	10,967	10,264	53	52
Total exposure²	558,159	497,877	14,353	211,778

1) Includes exposures secured by real estate.

2) Securitisation positions to an original exposure amount of EUR 9,676m and exposure amount of EUR 8,400m for 31 Dec 2016 are not included in the table.

G46. Credit risk disclosures, cont.

Collateral distribution

The table below presents the distribution of collateral used in the capital adequacy calculation process. The table shows real estate collateral had the major share with a stable 72% of total eligible collateral. Real estate collateral in general is not concentrated in any particular region within the Nordic and Baltic countries. The proportion of each collateral category on total eligible collateral remained relatively stable in 2016, with a slight decrease in other physical collateral.

	31 Dec 2016	31 Dec 2015
Financial Collateral	1.4%	1.3%
Receivables	1.0%	0.8%
Residential Real Estate	71.9%	71.8%
Commercial Real Estate	17.8%	17.4%
Other Physical Collateral	7.9%	8.7%
Total	100.0%	100.0%

Loan-to-value distribution

The loan-to-value (LTV) ratio is considered a useful measure to evaluate collateral's quality, 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 bucket based on the LTV ratio. In 2016, the collateral's coverage to retail mortgage exposures remained broadly stable. The percentage of exposure with a LTV ratio below 50% improved from 78.4% in 2015 to 79.5% in 2016. This is partially offset by a slight increase in exposures that have a LTV of greater than 80%.

Retail mortgage exposure

	31 Dec 2016		31 Dec 2015	
	EURbn	%	EURbn	%
<50%	110.3	79	105.3	78
50–70%	20.8	15	21.4	16
70–80%	4.9	4	5.1	4
80–90%	1.9	1	1.7	1
>90%	0.9	1	0.8	1
Total	138.8	100	134.4	100

Collateralised Debt Obligations (CDO) – Exposure¹, including Nordea Life & Pensions

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 derivative transactions create counterparty credit risk in a 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.

	31 Dec 2016		31 Dec 2015	
Nominal, EURm	Bought protection	Sold protection	Bought protection	Sold protection
CDOs, gross	842	2,522	788	2,418
Hedged exposures	806	806	754	754
CDOs, net²	36³	1,716⁴	34³	1,664⁴
- of which Equity	3	293	3	509
- of which Mezzanine	15	767	10	626
- of which Senior	18	656	21	529

1) First-to-Default swaps are not classified as CDOs and are therefore not included in the table. Net bought protection amounts to EUR 7m (EUR 15m) and net sold protection to EUR 13m (EUR 64m). 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 0m (EUR 0m) and sub investment grade EUR 36m (EUR 34m).

4) Of which investment grade EUR 545m (EUR 604m) and sub investment grade EUR 938m (EUR 962m) and not rated EUR 233m (EUR 98m).

Forbearance

EURm	31 Dec 2016	31 Dec 2015
Forborne loans	6,063	5,568
- of which defaulted	2,696	2,466
Allowances for individually assessed impaired and forborne loans	887	1,050
- of which defaulted	887	1,050

Key ratios

%	31 Dec 2016	31 Dec 2015
Forbearance ratio ¹	1.8%	1.5%
Forbearance coverage ratio ²	15%	19%
- of which defaulted	33%	43%

1) Forborne loans / Loans before allowances.

2) Individual allowances / Forborne loans.

Assets taken over for protection of claims¹

EURm	31 Dec 2016	31 Dec 2015
Current assets, carrying amount:		
Land and buildings	9	66
Shares and other participations	1	39
Other assets	3	2
Total	13	107

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, wherever 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.

G46. Credit risk disclosures, cont.

Past due loans, excluding impaired loans

The table below shows loans past due 6 days or more that are not considered impaired, split by corporate and household customers. Past due is defined as a loan payment that has not been made as of its due date. Past due loans to corporate customers, not considered impaired, were at end of 2016 EUR 704m, down from EUR 962m one year ago, and past due loans for household customers increased to EUR 1,410m (EUR 1,620m).

EURm	31 Dec 2016		31 Dec 2015	
	Corporate customers	Household customers	Corporate customers	Household customers
6–30 days	376	939	653	1,058
31–60 days	134	239	153	250
61–90 days	73	94	37	89
>90 days	121	138	118	223
Total	704	1,410	961	1,620
Past due not impaired loans divided by loans to the public after allowances, %	0.46	0.88	0.54	1.02

Loans to corporate customers, by size of loan

The distribution of loans to corporate by size of loans, seen in the table below, shows a high degree of diversification where approximately 69% (66%) of the corporate volume represents loans up to EUR 50m per customer.

Size in EURm	31 Dec 2016		31 Dec 2015	
	Loans EURbn	%	Loans EURbn	%
0–10	68.3	45	74.8	42
10–50	37.3	24	42.0	24
50–100	19.9	13	20.1	11
100–250	17.7	12	23.4	13
250–500	4.7	3	8.3	5
500–	5.1	3	8.8	5
Total	153.0	100	177.4	100

Interest-bearing securities

For more information about credit risk related to interest-bearing securities, see Note G14 “Interest-bearing securities” where the carrying amount of interest-bearing securities is split on different types of counterparties.

G47. Interests in structured entities

Structured entities are entities designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. It normally has restricted activities with a narrow and well defined objective. If Nordea controls such an entity, it is consolidated.

Consolidated structured entities

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 1,330m (EUR 1,330m) and at year-end EUR 861m (EUR 1,018m) where utilised. Total assets in the conduit were EUR 919m (EUR 1,072m) as per year-end. The SPE is consolidated as it is closely linked to the activities within Nordea. Also, Nordea is exposed to credit risk through the liquidity facility. There are no significant restrictions on repayment of loans from Viking apart from that the payments are dependent on the pace in which Viking realises its assets.

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 1m (EUR 1m) at year-end. Nordea holds CLNs issued by the SPE as part of offering a secondary market for the notes. The investment amounted to EUR 1m (EUR 1m) at year-end.

AR Finance invests in notes backed by trade receivables. Nordea has provided liquidity facilities of maximum EUR 125m (EUR 125m) and at year-end 2016 EUR 108m (EUR 117m) were utilised. The entity holds assets of EUR 110m (EUR 95m) as per year-end.

Unconsolidated structured entities

For structured entities in which Nordea has an interest, but do not control, disclosures are provided. To be considered to have an interest in such an entity, Nordea must be exposed to variability in returns on the investment in the structured entity. Investment funds are the only interests in unconsolidated structured entities Nordea currently holds. Variability in returns is assessed based on both fees received and revaluation of holdings in the funds.

There are several different products where Nordea invests in investment funds:

- a) on behalf of policyholders in Nordea Life & Pensions
- b) on behalf of depositors where the return is based the investment
- c) to hedge exposures in structured products issued to customers
- d) illiquid investments in private equity and credit funds

As Nordea is exposed to variability in returns on a gross basis, information about these funds is disclosed although the net exposure is considerably less. Any change in value on investment funds acquired on behalf of policyholders and depositors where the policyholder/depositor stands the investment risk are reflected in the value of the related liability and the maximum net exposure to losses is zero. The change in value on investment funds held on behalf of other policyholders are to a large extent passed on to the policyholders, but as

G47. Interests in structured entities, cont.

Nordea has issued guarantees in some of these products, Nordea is exposed to the changes in value.

Investment funds acquired to hedge exposures in structured products reduce the exposures and, to the extent hedges are effective, Nordea is not exposed to changes in value. The maximum loss on these funds is estimated to EUR 5m (EUR 6m), net of hedges.

Investments in illiquid private equity and credit funds are an integrated part of managing balance sheet risks in Nordea. The maximum loss on these funds is estimated to EUR 429m (EUR 347m), equal to the investment in the funds.

Nordea's interests in unconsolidated structured entities and any related liability are disclosed in the table below.

EURm	31 Dec 2016	31 Dec 2015
Assets, carrying amount:		
Shares	16,952	15,669
Assets in pooled schemes and unit linked investment contracts	18,151	16,520
Total assets	35,103	32,189
Liabilities, carrying amount:		
Deposits in pooled schemes and unit linked investment contracts	1,054	1,077
Liabilities to policyholders	33,682	30,333
Derivatives	198	109
Total liabilities	34,934	31,519
Off balance, nominal amount:		
Loan commitments	22	28

Nordea holds approximately 2,500 different funds which are classified as unconsolidated structured entities, of which approximately 400 are managed by Nordea. These have different investment mandates and risk appetites, ranging from low risk government bond funds to high risk leveraged equity funds. Total assets in funds managed by Nordea amount to EUR 157bn (EUR 132bn). All funds are financed by deposits from the holders of fund units. The total assets in investment funds not managed by Nordea are not considered meaningful for the purpose of understanding the related risks and is thus not disclosed.

Nordea has not sponsored any unconsolidated structured entity in which Nordea do not currently have an interest.

G48. Country by country reporting

In accordance with the requirements under FFFS 2008:25, the table below presents for each country where Nordea is established, i.e. where Nordea has a physical presence, information about the businesses, the geographical area, average number of employees, total operating income, operating profit and

income tax expense. Nordea is considered to have physical presence in a country if Nordea has a subsidiary, associated undertaking or branch in that country. Nordea has not received any significant government subsidiaries.

Country	Business ¹	Geographical area	2016				2015			
			Average number of employees	Total operating income ² , EURm	Operating profit, EURm	Income tax expense, EURm	Average number of employees	Total operating income ² , EURm	Operating profit, EURm	Income tax expense, EURm
Denmark	RB, WB, AM, LP	Denmark	8,717	2,988	1,258	–265	8,288	2,602	914	–202
Finland	RB, WB, AM, LP	Finland	7,104	1,918	978	–178	6,946	2,605	1,535	–358
Sweden	RB, WB, AM, LP	Sweden	7,276	3,021	961	–182	6,957	2,893	773	–130
Norway	RB, WB, AM, LP	Norway	3,140	1,595	895	–96	3,137	1,584	835	–180
Russia	WB	Russia	829	158	85	–19	1,085	182	94	–22
Poland	Other	Poland	1,571	65	9	0	1,197	62	0	–2
Estonia	RB, WB, LP	Estonia	559	105	51	–9	480	90	60	–12
Latvia	RB, WB	Latvia	457	84	46	–7	436	76	28	–6
Luxembourg	AM, LP	Luxembourg	441	346	224	–65	393	313	211	–64
Lithuania	RB, WB, LP	Lithuania	378	55	26	–4	360	38	14	–2
United States	RB, WB, AM, LP	New York	120	145	83	–26	110	147	95	–31
United Kingdom	RB, WB, AM, LP	London	77	129	–3	–3	82	128	88	–17
Singapore	WB	Singapore	85	47	0	0	86	51	28	–5
Germany	WB, AM	Frankfurt	55	33	10	–6	58	33	24	–9
Switzerland	AM	Zürich	29	11	2	0	32	14	4	–1
China	WB	Shanghai	30	6	0	1	29	7	1	–1
Brazil	WB	Sao Paolo	5	2	0	0	5	2	0	0
Eliminations ³			–	–781	–	–	–	–687	–	–
Total			30,873	–9,927	4,625	–859	29,681	10,140	4,704	–1,042

1) RB=Retail banking, WB=Wholesale banking, AM=Asset management, LP= Life and pension.

2) Total operating income presented in this table is split on countries based on where Nordea has a physical presence, i.e. where Nordea has a subsidiary, associated undertaking or branch, while total operating profit presented in Note G2 "Segment reporting" is split on countries based on the location of the customers' operations.

3) Eliminations of transactions consist mainly of intra-group IT-services.

In accordance with the requirements under FFFS 2008:25 Nordea also discloses the names of the subsidiaries, associated undertakings and branches for each country where Nordea is established. These disclosures are presented in the table below, in the table "Specification of group undertakings 31 December 2016" in Note G38 "Capital adequacy" and in the last table in Note G19 "Investments in associated undertakings and joint ventures".

Denmark

Nordea Liv & Pension, Livforsikringsselskab A/S
Nordea Investment Management AB, Denmark, filial af Nordea Investment Management AB, Sverige
Nordea Danmark, filial af Nordea Bank AB (publ), Sverige

Finland

Nordea Life Assurance Finland Ltd
Nordea Investment Management AB, Finnish Branch
Nordea Fund Management, filial af Nordea funds Oy, Finland
Nordea Bank AB (publ) Finnish Branch

Sweden

Nordea Life Holding AB
Nordea Livförsäkring Sverige AB (publ)
Nordea Funds Ab, Swedish Branch

Norway

Livforsikringsselskapet Nordea Liv Norge AS
Nordea Investment Management AB, Norwegian Branch
Nordea Funds, Norwegian Branch
Nordea Bank AB (publ), Norwegian Branch

Estonia

Nordea Bank AB Estonia Branch

Latvia

Nordea Bank AB Latvia Branch

Lithuania

Nordea Bank AB Lithuania Branch

Germany

Nordea Bank AB Frankfurt Branch

China

Nordea Bank AB Shanghai Branch

Poland

Nordea Bank AB Spółka Akcyjna Oddział w Polsce
Nordea Bank Danmark A/S Spółka Akcyjna Oddział w Polsce

Singapore

Nordea Bank Finland Plc, Singapore Branch
Nordea Bank S.A., Singapore Branch

Switzerland

Nordea Bank S.A., Luxemburg Zweigniederlassung Zürich

United Kingdom

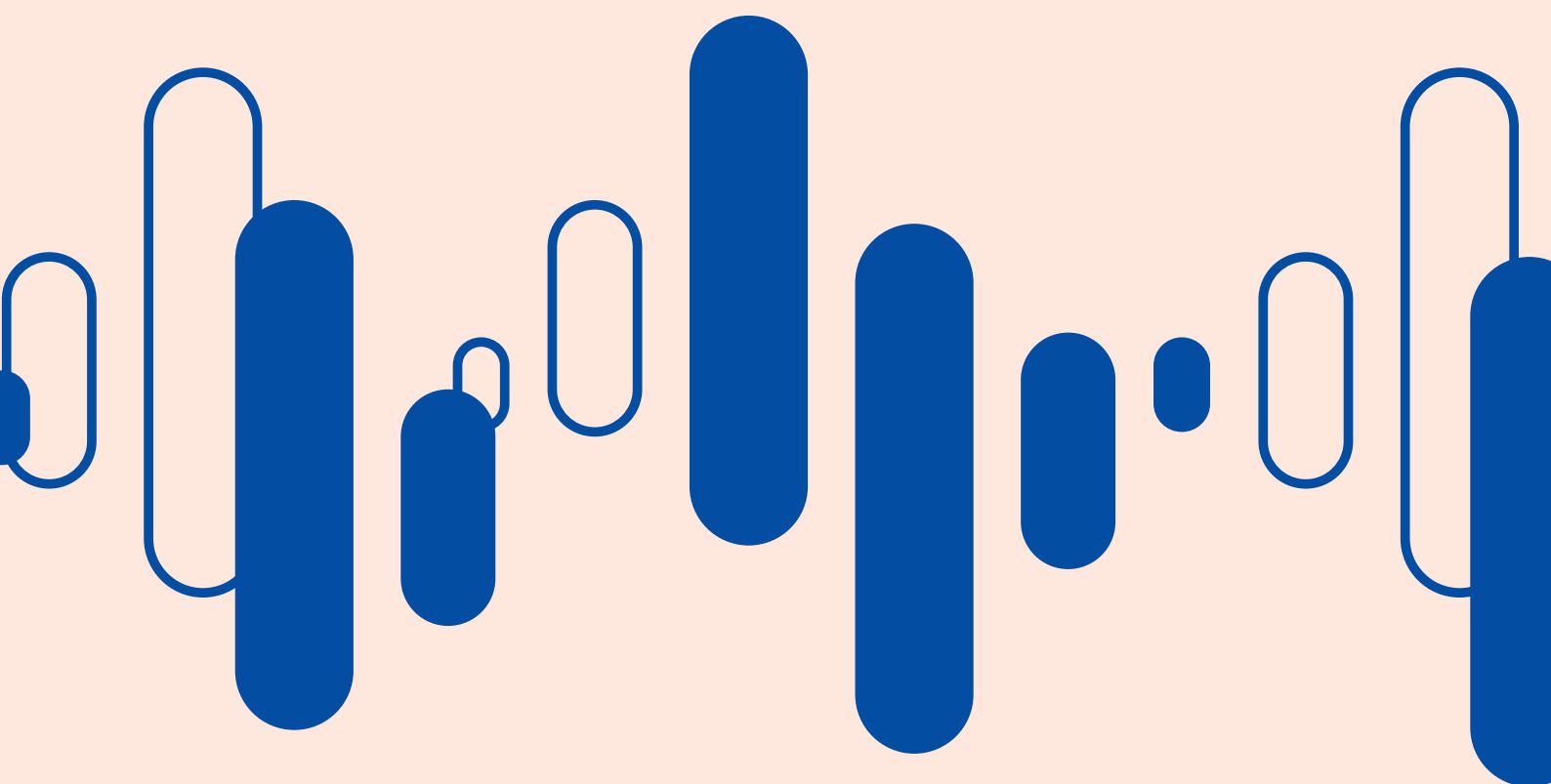
Nordea Bank AB London Branch

United States

Nordea Bank Finland Plc, New York Branch



Financial statements, Parent company



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Income statement

EURm	Note	2016	2015
Operating income			
Interest income		1,403	1,607
Interest expense		–939	–1,096
Net interest income	P3	464	511
Fee and commission income		978	1,094
Fee and commission expense		–138	–208
Net fee and commission income	P4	840	886
Net result from items at fair value	P5	216	136
Dividends	P6	3,210	2,176
Other operating income	P7	712	833
Total operating income		5,442	4,542
Operating expenses			
General administrative expenses:			
Staff costs	P8	–1,113	–1,196
Other expenses	P9	–1,008	–851
Depreciation, amortisation and impairment charges of tangible and intangible assets	P10, P22, P23	–172	–140
Total operating expenses		–2,293	–2,187
Profit before loan losses		3,149	2,355
Net loan losses	P11	–193	–143
Impairment of securities held as financial non-current assets	P19	–6	–9
Operating profit		2,950	2,203
Appropriations	P12	1	2
Income tax expense	P13	–51	–285
Net profit for the year		2,900	1,920

Statement of comprehensive income

EURm	2016	2015
Net profit for the year	2,900	1,920
Items that may be reclassified subsequently to the income statement		
Currency translation differences during the year	–7	–4
<i>Available for sale investments¹⁾:</i>		
Valuation gains/losses during the year	45	–55
Tax on valuation gains/losses during the year	–10	12
Transferred to the income statement during the year	–4	–4
Tax on transfers to the income statement during the year	1	1
<i>Cash flow hedges:</i>		
Valuation gains/losses during the year	103	181
Tax on valuation gains/losses during the year	–23	–40
Transferred to the income statement during the year	–122	–154
Tax on transfers to the income statement during the year	27	34
Items that may not be reclassified subsequently to the income statement		
<i>Defined benefit plans:</i>		
Remeasurement of benefit plans during the year	3	12
Tax on remeasurement of benefit plans during the year	–1	–3
Other comprehensive income, net of tax	12	–20
Total comprehensive income	2,912	1,900

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

Balance sheet

EURm	Note	31 Dec 2016	31 Dec 2015
Assets			
Cash and balances with central banks		101	75
Treasury bills	P14	6,583	6,905
Loans to credit institutions	P15	88,375	90,009
Loans to the public	P15	43,726	45,820
Interest-bearing securities	P16	10,359	12,163
Shares	P17	130	2,362
Derivatives	P18	4,668	5,011
Fair value changes of the hedged items in portfolio hedge of interest rate risk		0	1
Investments in group undertakings	P19	5,733	4,601
Investments in group undertakings being merged	P20	14,368	14,793
Investments in associated undertakings and joint ventures	P21	12	7
Participating interest in other companies		1	1
Intangible assets	P22	1,539	1,091
Properties and equipment	P23	132	138
Deferred tax assets	P13	22	26
Current tax assets		204	3
Other assets	P24	4,560	4,387
Prepaid expenses and accrued income	P25	749	780
Total assets		181,262	188,173
Liabilities			
Deposits by credit institutions	P26	20,374	19,069
Deposits and borrowings from the public	P27	58,183	61,043
Debt securities in issue	P28	63,162	68,908
Derivatives	P18	3,612	4,180
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,008	1,158
Current tax liabilities		0	34
Other liabilities	P29	3,279	3,531
Accrued expenses and prepaid income	P30	670	759
Provisions	P31	307	301
Retirement benefit liabilities	P32	169	159
Subordinated liabilities	P33	10,086	8,951
Total liabilities		160,850	168,093
Untaxed reserves	P34	2	2
Equity			
Share capital		4,050	4,050
Development cost reserve		569	-
Share premium reserve		1,080	1,080
Other reserves		-2	-21
Retained earnings		14,713	14,969
Total equity		20,410	20,078
Total liabilities and equity		181,262	188,173

Statement of changes in equity

2016

	Restricted equity		Unrestricted equity ¹					
				Other reserves				
	Share capital	Development cost reserve	Share premium reserve	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings	Total equity
EURm								
Balance at 1 Jan 2016	4,050	-	1,080	-16	-5	0	14,969	20,078
Net profit for the year	-	-	-	-	-	-	2,900	2,900
Items that may be reclassified subsequently to the income statement								
Currency translation differences during the year	-	-	-	-	-	-	-7	-7
Available for sale investments:								
Valuation gains/losses during the year	-	-	-	-	45	-	-	45
Tax on valuation gains/losses during the year	-	-	-	-	-10	-	-	-10
Transferred to the income statement during the year	-	-	-	-	-4	-	-	-4
Tax on transfers to the income statement during the year	-	-	-	-	1	-	-	1
Cash flow hedges:								
Valuation gains/losses during the year	-	-	-	103	-	-	-	103
Tax on valuation gains/losses during the year	-	-	-	-23	-	-	-	-23
Transferred to the income statement during the year	-	-	-	-122	-	-	-	-122
Tax on transfers to the income statement during the year	-	-	-	27	-	-	-	27
Items that may not be reclassified subsequently to the income statement								
Defined benefit plans:								
Remeasurement of defined benefit plans during the year	-	-	-	-	-	3	-	3
Tax on remeasurement of defined benefit plans during the year	-	-	-	-	-	-1	-	-1
Other comprehensive income, net of tax	-	-	-	-15	32	2	-7	12
Total comprehensive income	-	-	-	-15	32	2	2,893	2,912
Dividend for 2015	-	-	-	-	-	-	-2,584	-2,584
Disposal of own shares ²	-	-	-	-	-	-	0	0
Development cost reserve	-	569	-	-	-	-	-569	-
Merger effect	-	-	-	-	-	-	4	4
Balance at 31 Dec 2016	4,050	569	1,080	-31	27	2	14,713	20,410

1) A free fund amounting to EUR 2,762m is recognised in Retained earnings.

2) Refers to the change in the holding of own shares related to the Long Term Incentive Programme and trading portfolio. The number of own shares were 10.9 million.

Statement of changes in equity, cont.

2015

	Restricted equity	Unrestricted equity ¹					
			Other reserves				
EURm	Share capital	Share premium reserve	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings	Total equity
Balance at 1 Jan 2015	4,050	1,080	–37	41	–9	15,536	20,661
Net profit for the year	–	–	–	–	–	1,920	1,920
Items that may be reclassified subsequently to the income statement							
Currency translation differences during the year	–	–	–	–	–	–4	–4
Available for sale investments:							
Valuation gains/losses during the year	–	–	–	–55	–	–	–55
Tax on valuation gains/losses during the year	–	–	–	12	–	–	12
Transferred to profit or loss on sale during the year	–	–	–	–4	–	–	–4
Tax on transfers to profit or loss on sale during the year	–	–	–	1	–	–	1
Cash flow hedges:							
Valuation gains/losses during the year	–	–	181	–	–	–	181
Tax on valuation gains/losses during the year	–	–	–40	–	–	–	–40
Transferred to the income statement during the year	–	–	–154	–	–	–	–154
Tax on transfers to the income statement during the year	–	–	34	–	–	–	34
Items that may not be reclassified subsequently to the income statement							
Defined benefit plans:							
Remeasurement of defined benefit plans during the year	–	–	–	–	12	–	12
Tax on remeasurement of defined benefit plans during the year	–	–	–	–	–3	–	–3
Other comprehensive income, net of tax	–	–	21	–46	9	–4	–20
Total comprehensive income	–	–	21	–46	9	1,916	1,900
Share-based payments	–	–	–	–	–	2	2
Dividend for 2014	–	–	–	–	–	–2,501	–2,501
Disposal of own shares ²	–	–	–	–	–	16	16
Balance at 31 Dec 2015	4,050	1,080	–16	–5	0	14,969	20,078

1) A free fund amounting to EUR 2,762m are recognised in Retained earnings.

2) Refers to the change in the holding of own shares related to Long Term Incentive Programme and trading portfolio. The number of own shares were 11.7 million.

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 31 Dec 2015	1.0	4,049,951,919	4,049,951,919
Balance at 31 Dec 2016	1.0	4,049,951,919	4,049,951,919

Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting (AGM). At the AGM on 16 March 2017, a dividend in respect of 2016 of EUR 0.65 per share (2015 actual dividend EUR 0.64 per share) amounting

to a total of EUR 2,625,368,991 (2015 actual: EUR 2,584,494,736) is to be proposed. The financial statements for the year ended 31 December 2016 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2017.

Cash flow statement

EURm	2016	2015
Operating activities		
Operating profit	2,950	2,203
Adjustment for items not included in cash flow	-2,085	-1,026
Income taxes paid	-278	-226
Cash flow from operating activities before changes in operating assets and liabilities	587	951
Changes in operating assets		
Change in treasury bills	305	-1,918
Change in loans to credit institutions	2,846	-7,543
Change in loans to the public	1,893	-6,153
Change in interest-bearing securities	1,829	-927
Change in financial assets pledged as collateral	-	43
Change in shares	2,232	3,699
Change in derivatives, net	-693	558
Change in other assets	2,485	1,643
Changes in operating liabilities		
Change in deposits by credit institutions	1,305	-5,952
Change in deposits and borrowings from the public	-2,874	11,460
Change in debt securities in issue	-5,763	5,600
Change in other liabilities	-253	-1,570
Cash flow from operating activities	3,899	-109
Investing activities		
Shareholder's contributions to group undertakings	-523	-2,754
Sale of business operations	-	200
Investments in associated undertakings and joint ventures	-5	-
Acquisition of properties and equipment	-25	-55
Sale of property and equipment	1	1
Acquisition of intangible assets	-594	-446
Sale of intangible assets	-	-1
Net divestments in debt securities, held to maturity	-	110
Sale of other financial fixed assets	69	-
Cash flow from investing activities	-1,077	-2,945
Financing activities		
Issued subordinated liabilities	1,000	2,166
Amortised subordinated liabilities	-	-1,317
Repurchase/divestment of own shares incl change in trading portfolio	-	16
Dividend paid	-2,584	-2,501
Cash flow from financing activities	-1,584	-1,636
Cash flow for the year	1,238	-4,690
Cash and cash equivalents at the beginning of year	3,343	8,033
Cash and cash equivalents at the end of year	4,581	3,343
Change	1,238	-4,690

Cash flow statement, cont.

Comments on the cash flow statement

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year for total operations. 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 items not included in cash flow includes:

EURm	2016	2015
Depreciation	164	130
Impairment charges	14	19
Loan losses	200	152
Unrealised gains/losses	499	-14
Capital gains/losses (net)	-68	-171
Change in accruals and provisions	-50	287
Anticipated dividends	-1,964	-1,293
Group contributions	-695	-614
Translation differences	-47	681
Change in fair value of the hedged items, assets/liabilities (net)	-149	-210
Other	11	7
Total	-2,085	-1,026

Changes in operating assets and liabilities consists 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	2016	2015
Interest payments received	1,393	1,574
Interest expenses paid	-966	-1,024

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 2016	31 Dec 2015
Cash and balances with central banks	101	75
Loans to credit institutions, payable on demand	4,480	3,268
Total	4,581	3,343

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consists 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

Income statement¹

EURm	2016	2015	2014 ²	2013	2012
Net interest income	464	511	649	641	724
Net fee and commission income	840	886	820	1,009	623
Net result from items at fair value	216	136	186	131	189
Dividends	3,210	2,176	2,333	1,827	3,554
Other operating income	712	833	975	674	501
Total operating income	5,442	4,542	4,963	4,282	5,591
General administrative expenses:					
Staff costs	–1,113	–1,196	–1,070	–982	–938
Other expenses	–1,008	–851	–904	–1,018	–842
Depreciation, amortisation and impairment charges of tangible and intangible assets	–172	–140	–261	–109	–105
Total operating expenses	–2,293	–2,187	–2,235	–2,109	–1,885
Profit before loan losses	3,149	2,355	2,728	2,173	3,706
Net loan losses	–193	–143	–98	–124	–19
Impairment of securities held as financial non-current assets	–6	–9	–15	–4	–15
Operating profit	2,950	2,203	2,615	2,045	3,672
Appropriations	1	2	–1	102	–103
Income tax expense	–51	–285	–189	–192	–95
Net profit for the year	2,900	1,920	2,425	1,955	3,474

Balance sheet

EURm	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012
Treasury bills and interest-bearing securities	16,942	19,068	16,356	16,080	16,686
Loans to credit institutions	88,375	90,009	86,704	80,918	68,006
Loans to the public	43,726	45,820	39,809	34,155	36,214
Investments in group undertakings	20,101	19,394	16,986	17,723	17,659
Other assets	12,118	13,882	18,576	15,047	13,565
Total assets	181,262	188,173	178,431	163,923	152,130
Deposits by credit institutions	20,374	19,069	27,452	17,500	19,342
Deposits and borrowings from the public	58,183	61,043	49,367	47,531	50,263
Debt securities in issue	63,162	68,908	63,280	62,961	48,285
Subordinated liabilities	10,086	8,951	7,728	5,971	7,131
Other liabilities/untaxed reserves	9,047	10,124	9,943	10,039	7,734
Equity	20,410	20,078	20,661	19,921	19,375
Total liabilities and equity	181,262	188,173	178,431	163,923	152,130

1) The comparative figures for 2015 have been restated.

2) End of the year.

Ratios and key figures⁴

	2016	2015	2014 ¹	2013	2012
Return on equity, %	15.6	10.1	12.6	10.5	20.5
Return on assets, %	1.6	1.0	1.4	1.2	2.3
Cost/income ratio, %	42.1	48.2	45.0	49.3	33.9
Loan loss ratio, basis points	44	31	25	36	5
Common Equity Tier 1 capital ratio, excl. Basel I floor ^{1,2,3} , %	18.6	18.8	21.8	20.8	17.6
Tier 1 capital ratio, excl. Basel I floor ^{1,3} , %	22.0	22.2	25.3	23.1	19.6
Total capital ratio, excl. Basel I floor ^{1,3} , %	27.9	27.1	30.6	28.0	24.4
Tier 1 capital ^{1,2,3} , EURm	19,167	19,314	19,932	19,300	19,244
Risk-exposure amount incl. Basel I floor ^{1,3} , EURbn	87	87	79	83	98

1) End of the year.

2) Including result of the year.

3) 2013 ratios are reported under the Basel II regulation framework and 2014, 2015 and 2016 ratios are reported using the Basel III (CRR/CRDIV) framework.

4) For more detailed information regarding ratios and key figures defined as Alternative performance measures, see <http://www.nordea.com/en/investor-relations/>.

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), the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments) and the accounting recommendation RFR 2 Accounting for legal entities issued by the Swedish Financial Reporting Board. This means that the parent company applies International Financial Reporting Standards (IFRS) as endorsed by the EU Commission to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation.

The Group's accounting policies described in Note G1 "Accounting policies" are applicable also for the parent company, considering also the information provided below.

2. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2015 Annual Report.

New accounting requirements implemented during 2016 and their effects on the parent company's financial statements are described below.

The IASB has issued "Amendments to IAS 27, Equity method in Separate Financial Statements" which allows the equity method when accounting for investments in group undertakings, joint ventures and associated undertakings. Equity method accounting for investments in group undertakings is however not allowed under the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559). The amendments were implemented 1 January 2016 but have not had any impact on the financial statements, capital adequacy or large exposures in the period of initial application.

Amendments have in addition been made to the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559). These amendments have been implemented on 1 January 2016.

In accordance with the new requirements, investments where the intention is to create a long term relationship with the other company, without meeting the requirements for a group undertaking or an associated undertaking, have been presented separately on the balance sheet as "Participating interest in other companies". An amount equal to the cost for own development work (recognised as an intangible asset on the parent company's balance sheet) has furthermore been presented separately within equity as "Development cost reserve". The amendments have not had any other significant impact on the financial statements.

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

The Swedish Financial Reporting Board has amended the accounting recommendation for legal entities by issuing "RFR 2 Accounting for Legal Entities – January 2016". These amendments were implemented 1 January

2016 but have not had any significant impact on the financial statements.

Changed presentation of stability fees

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

Changed presentation of "Net fee and commission income"

The presentation within Note P4 "Net fee and commission income" has, in addition to the change described above, been changed. The main change is that income and expenses have been set off to better reflect the net return from different business activities. Commission expenses have been split more granularly to better match the related commission income. The gross impact on income and expenses is also provided in Note P4.

Commission income in connection with initial public offerings (IPOs) have in addition been reclassified from "Custody and issuer services" to "Brokerage, securities issues and corporate finance" (impact full year 2015 EUR 16m). This reclassification has been made to better reflect the purpose of services performed/received.

Other changes

Other changes implemented by the parent company 1 January 2016 can be found in section "Changed accounting policies" in Note G1 "Accounting policies". The conclusions within this section are also, where applicable, relevant for the parent company.

3. Changes in IFRSs not yet applied

Forthcoming changes in IFRS not yet implemented by the parent company can be found in the section 3 "Changes in IFRSs not yet applied" in Note G1 "Accounting policies". The conclusions within this section are also, where applicable, relevant for the parent company.

4. Accounting policies applicable for the parent company only

Investments in group undertakings, associated undertakings and joint ventures

The parent company's investments in group undertakings, associated undertakings and joint ventures are recognised under the cost model. At each balance sheet date, all shares in group undertakings, associated undertakings and joint ventures 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

EURm	2016			2015		
	Old policy	Restatement	New policy	Old policy	Restatement	New policy
Net interest income	504	–40	464	576	–65	511
Net fee and commission income	800	40	840	821	65	886

P1. Accounting policies, cont.

of securities held as financial non-current assets" in the income statement.

The parent company applies fair value hedge accounting for the foreign exchange risk in investments in subsidiaries. The shares in subsidiaries are remeasured with regards to the hedged risk with a corresponding entry in "Net result from items at fair value". The change in fair value of the hedging instruments is also recognised in the income statement in "Net result from items at fair value".

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".

Amortisation and goodwill

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, normally over a period of five years unless, under exceptional circumstances, a longer amortisation period is justified.

Functional currency

The accounting currency of the parent company 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". Any remaining equity in foreign branches is converted at the closing rates with translation differences recognised in other comprehensive income.

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.

In Sweden, defined benefit 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.

The pension obligations in the foreign branches are calculated in accordance with local accounting requirements.

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.

Presentation of disposal group held for sale

Assets and liabilities related to disposal group held for sale are presented in Note P43 "Disposal groups held for sale". In contrast to the presentation for the Group, assets and liabilities related to the disposal group are not presented on separate balance sheet lines. These assets and liabilities are instead presented on each relevant balance sheet line in accordance with the nature of the asset and liability.

P2. Segment reporting

Geographical information

EURm	Sweden		Finland		Norway		Denmark		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net interest income	464	511	–	–	–	–	–	–	–	–	464	511
Net fee and commission income	840	886	–	–	–	–	–	–	–	–	840	886
Net result from items at fair value	216	136	–	–	–	–	–	–	–	–	216	136
Dividends ¹	1,510	734	900	876	–	–	427	401	373	165	3,210	2,176
Other operating income	–53	156	241	205	95	91	429	381	–	–	712	833
Total operating income	2,977	2,423	1,141	1,081	95	91	856	782	373	165	5,442	4,542

1) Regards dividends from group undertakings.

P3. Net interest income

EURm	2016	2015
Interest income		
Loans to credit institutions	380	455
Loans to the public	837	880
Interest-bearing securities	126	201
Other interest income	60	71
Interest income	1,403	1,607
Interest expense		
Deposits by credit institutions	–20	–46
Deposits and borrowings from the public	–32	–83
Debt securities in issue	–923	–917
Subordinated liabilities	–368	–359
Other interest expenses ¹	404	309
Interest expense	–939	–1,096
Net interest income	464	511

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 expenses, for further information see Note G1 "Accounting policies".

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 1,274m (EUR 1,407m). Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR –1,401m (EUR –1,488m). Interest on impaired loans amounted to an insignificant portion of interest income.

P4. Net fee and commission income

EURm	2016	2015
Asset management commissions	148	154
- of which income	148	154
- of which expense	–	–
Life & Pension	1	1
- of which income	1	1
- of which expense	–	–
Deposit Products	18	19
- of which income	18	19
- of which expense	–	–
Brokerage, securities issues and corporate finance	187	142
- of which income	211	166
- of which expense	–24	–24
Custody and issuer services	7	7
- of which income	19	18
- of which expense	–12	–11
Payments	72	84
- of which income	102	108
- of which expense	–30	–24
Cards	77	100
- of which income	127	230
- of which expense	–50	–130
Lending Products	154	161
- of which income	155	162
- of which expense	–1	–1
Guarantees and documentary payments	153	197
- of which income	153	197
- of which expense	0	0
Other	23	21
- of which income	44	39
- of which expense	–21	–18
Total	840	886

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 173m (EUR 181m).

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 amounts to EUR 360m (EUR 321m). The corresponding amount for fee expenses is EUR –36m (EUR –35m).

P5. Net result from items at fair value

EURm	2016	2015
Equity related instruments	–332	7
Interest related instruments and foreign exchange gains/losses	547	131
Other financial instruments (including credit and commodities)	1	–2
Total¹	216	136

1) Of which EUR 0m (EUR 26m) are dividends from shares.

Net result from categories of financial instruments

EURm	2016	2015
Available for sale assets, realised	4	4
Financial instruments designated at fair value through profit or loss	18	19
Financial instruments held for trading	–386	29
Financial instruments under fair value hedge accounting	–10	1
- of which net losses on hedging instruments	–166	–157
- of which net gains on hedged items	156	158
Financial assets measured at amortised cost	1	14
Foreign exchange gains/losses excluding currency hedges	529	69
Other	60	0
Total	216	136

P6. Dividends

EURm	2016	2015
Dividends from group undertakings		
Nordea Bank Finland Plc	900	780
Nordea Bank Danmark A/S	417	395
LLC Promyshlennaya Kompaniya Vestkon	82	89
JSC Nordea Bank	6	6
Nordea Life Holding AB	700	–
Nordea Funds Ltd	130	96
Nordea Bank S.A.	155	70
Nordea Investment Management AB	115	120
Nordea Ejendomsinvestering A/S	9	5
Dividends from associated undertakings and joint ventures		
Upplysningscentralen (UC) AB	1	–
Group Contributions		
Nordea Hypotek AB	562	492
Nordea Investment Management AB	6	11
Nordea Finans AB	127	112
Total	3,210	2,176

P7. Other operating income

EURm	2016	2015
Divestment of shares	0	170
Remuneration from group undertakings	710	661
Other	2	2
Total	712	833

P8. Staff costs

EURm	2016	2015
Salaries and remuneration (specification below) ¹	–825	–836
Pension costs (specification below)	–165	–146
Social security contributions	–240	–233
Other staff costs	117	19
Total	–1,113	–1,196

Salaries and remuneration

To executives ²		
- Fixed compensation and benefits	–9	–7
- Performance-related compensation	–4	–4
- Allocation to profit-sharing	0	0
Total	–13	–11
To other employees	–812	–825
Total	–825	–836

1) Allocation to profit-sharing foundation 2016 EUR 11m (EUR 29m) consists of a new allocation of EUR 11m (EUR 28m) and an allocation related to prior year of EUR 0m (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 (18) positions.

Pension costs¹

EURm	2016	2015
Defined benefit plans	–85	–77
Defined contribution plans	–80	–69
Total	–165	–146

1) Pension costs for executives, see Note G7 "Staff costs".

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) not later than one week before the Annual General Meeting on 16 March 2017.

Compensation to key management personnel

Salaries and remuneration to the Board of Directors, CEO and Group Executive Management, see Note G7 "Staff costs".

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 "Staff costs".

P8. Staff costs, cont.

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 "Staff costs".

For information on number of outstanding conditional rights in the LTIPs, see Note G7 "Staff costs". 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 programmes¹

EURm	LTIP 2012
Total expense during 2016	–
Total expense during 2015	–1

1) All amounts excluding social security contribution.

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 transferred after three years or transferred 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. Due to that the allocation of variable compensation is not finally decided during the current year, the deferred amount during the year in the table below relates to variable compensation earned the previous year.

In addition Nordea in 2013 introduced the Executive Incentive Programme ("EIP") which aims to strengthen Nordea's capability to retain and recruit the best talents. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's result, profitability and long term value growth. EIP reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long term result is to be considered when determining the targets. The EIP shall not exceed the fixed salary. EIP shall be paid in the form of cash and be subject to TSR-indexation, deferral, forfeiture clauses and retention as per relevant remuneration regulations. The main part of EIP 2016 is paid no earlier than autumn 2020. Participation in the programme is offered to up to 400 managers and key employees, except GEM who are instead offered a GEM EIP (further information about the GEM EIP can be found in the Remuneration section in the Board of Director's Report), within the Nordea Group. EIP is offered instead of Nordea's LTIP and VSP for the invited employees. The allocation of the EIP 2016 is decided during spring 2017, and a reservation of EUR 14m excl. social costs is made 2016. 80% of the allocated amount will be subject to TSR-indexation.

The below table only includes deferred amounts indexed with Nordea TSR. EIP has been included as from 2014, when deferred. Further information regarding all deferred amounts can be found in the separate report on remuneration published on Nordea's homepage (www.nordea.com).

Share linked deferrals

EURm	2016	2015
Opening balance	22	7
Reclassification ¹	–	2
Deferred/earned during the year	17	16
TSR indexation during the year	6	1
Payments during the year ²	–6	–5
Translation differences	0	1
Closing balance	39	22

1) Relates to a reclassification from deferred amounts that are indexed with a fixed rate.

2) There have been no adjustments due to forfeitures.

Average number of employees

	Total		Men		Women	
	2016	2015	2016	2015	2016	2015
Full-time equivalents						
Sweden	6,778	6,450	3,257	3,034	3,521	3,416
Other countries	5,118	4,151	2,843	2,200	2,275	1,951
Total average	11,896	10,601	6,100	5,234	5,796	5,367

Gender distribution, executives

Per cent	2016	2015
Nordea Bank AB (publ)		
Board of Directors – Men	56	56
Board of Directors – Women	44	44
Other executives – Men	90	78
Other executives – Women	10	22

P9. Other expenses

EURm	2016	2015
Information technology	–548	–467
Marketing and representation	–27	–31
Postage, transportation, telephone and office expenses	–39	–48
Rents, premises and real estate	–121	–136
Other ¹	–273	–169
Total	–1,008	–851

1) Including fees and remuneration to auditors distributed as follows.

Auditors' fee

EURm	2016	2015
PricewaterhouseCoopers		
Auditing assignments	–3	–2
Audit-related services	–1	0
Tax advisory services	0	0
Other assignments	–4	–1
Total	–8	–3
KPMG		
Auditing assignments	–	–1
Audit-related services	–	–1
Tax advisory services	–	–
Other assignments	–	0
Total	–	–2

P10. Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation/amortisation

EURm	2016	2015
Properties and equipment (Note P23)		
Equipment	-25	-26
Intangible assets (Note P22)		
Goodwill	-55	-56
Computer software	-63	-31
Other intangible assets	-21	-17
Total	-164	-130

Impairment charges

EURm	2016	2015
Intangible assets (Note P22)		
Computer software	-8	-7
Other intangible assets	0	-3
Total	-8	-10
Total depreciation/amortisation and impairment charges	-172	-140

P11. Net loan losses

EURm	2016	2015
Loan losses divided by class		
Realised loan losses	0	-
Recoveries on previous realised loan losses	-	0
Provisions	-1	0
Reversals of previous provisions	1	1
Loans to credit institutions¹	0	1
Realised loan losses	-119	-72
Allowances to cover realised loan losses	80	34
Recoveries on previous realised loan losses	7	8
Provisions	-228	-175
Reversals of previous provisions	90	84
Loans to the public¹	-170	-121
Realised loan losses	-3	-9
Recoveries on previous realised loan losses	4	6
Provisions	-39	-42
Reversals of previous provisions	15	22
Off-balance sheet items²	-23	-23
Net loan losses	-193	-143

1) See Note P15 "Loans and impairment".

2) Included in Note P31 "Provisions" as "Guarantees".

P12. Appropriations

EURm	2016	2015
Change in depreciation in excess of plan, equipment	1	2
Total	1	2

P13. Taxes

Income tax expense

EURm	2016	2015
Current tax	-43	-303
Deferred tax	-8	18
Total	-51	-285

The tax on the operating profit differs from the theoretical amount that would arise using the tax rate in Sweden as follows:

EURm	2016	2015
Profit before tax	2,951	2,205
Tax calculated at a tax rate of 22.0%	-649	-485
Tax-exempt income	616	381
Non-deductible expenses	-15	-81
Adjustments relating to prior years	-3	-100
Tax charge	-51	-285
Average effective tax rate	2%	13%

Deferred tax

EURm	Deferred tax assets		Deferred tax liabilities	
	2016	2015	2016	2015
Deferred tax related to:				
Derivatives	9	4	-	-
Properties and equipment	-	-	15	11
Retirement benefit obligations	7	7	1	-
Liabilities/provisions	22	26	-	0
Other	0	-	0	-
Netting between deferred tax assets and liabilities	-16	-11	-16	-11
Total	22	26	-	-

P14. Treasury bills

EURm	31 Dec 2016	31 Dec 2015
State and sovereigns	6,009	6,086
Municipalities and other public bodies ¹	574	819
Total	6,583	6,905

1) Of which EUR 30m (EUR 32m) held at amortised cost with a nominal amount of EUR 30m (EUR 32m).

P15. Loans and impairment

EURm	Credit institutions		The public		Total	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Loans, not impaired	88,377	90,011	43,347	45,591	131,724	135,602
Impaired loans	–	–	820	629	820	629
- Servicing	–	–	562	309	562	309
- Non-servicing	–	–	258	320	258	320
Loans before allowances	88,377	90,011	44,167	46,220	132,544	136,231
Allowances for individually assessed impaired loans	–	–	–344	–314	–344	–314
- Servicing	–	–	–217	–120	–217	–120
- Non-servicing	–	–	–127	–194	–127	–194
Allowances for collectively assessed impaired loans	–2	–2	–97	–86	–99	–88
Allowances	–2	–2	–441	–400	–443	–402
Loans, carrying amount	88,375	90,009	43,726	45,820	132,101	135,829

Movements of allowance accounts for impaired loans

EURm	Credit institutions			The public			Total		
	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2016	–	–2	–2	–314	–86	–400	–314	–88	–402
Provisions	–	–1	–1	–175	–53	–228	–175	–54	–229
Reversals of previous provisions	–	1	1	53	37	90	53	38	91
Changes through the income statement	–	0	0	–122	–16	–138	–122	–16	–138
Allowances used to cover realised loan losses	–	–	–	80	–	80	80	–	80
Translation differences	–	0	0	12	5	17	12	5	17
Closing balance at 31 Dec 2016	–	–2	–2	–344	–97	–441	–344	–99	–443
Opening balance at 1 Jan 2015	–	–2	–2	–254	–74	–328	–254	–76	–330
Provisions	–	0	0	–143	–32	–175	–143	–32	–175
Reversals of previous provisions	–	1	1	60	24	84	60	25	85
Changes through the income statement	–	1	1	–83	–8	–91	–83	–7	–90
Allowances in sold and acquired loan portfolios	–	–	–	–6	–4	–10	–6	–4	–10
Allowances used to cover realised loan losses	–	–	–	34	–	34	34	–	34
Translation differences	–	–1	–1	–5	0	–5	–5	–1	–6
Closing balance at 31 Dec 2015	–	–2	–2	–314	–86	–400	–314	–88	–402

Allowances and provisions¹

EURm	Credit institutions		The public		Total	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Allowances for items on the balance sheet	–2	–2	–441	–400	–443	–402
Provisions for off balance sheet items	–204	–181	–2	–2	–206	–183
Total allowances and provisions	–206	–183	–443	–402	–649	–585

1) Included in Note P31 "Provisions" as "Guarantees".

P15. Loans and impairment, cont.

Key ratios¹

EURm	31 Dec 2016	31 Dec 2015
Impairment rate, gross, basis points	62	46
Impairment rate, net, basis points	36	23
Total allowance rate, basis points	33	29
Allowances in relation to impaired loans, %	42	50
Total allowances in relation to impaired loans, %	54	64
Non-servicing loans, not impaired, EURm	23	41

1) For definitions, see "Business definitions" on page 83.

P16. Interest-bearing securities

EURm	31 Dec 2016	31 Dec 2015
Issued by public bodies	35	45
Issued by other borrowers ¹	10,324	12,118
Total	10,359	12,163
Listed securities	10,204	12,163
Unlisted securities	155	–
Total	10,359	12,163

1) Of which EUR 26m (EUR 30m) held at amortised cost with a nominal amount of EUR 26m (EUR 30m).

P17. Shares

EURm	31 Dec 2016	31 Dec 2015
Shares	130	2,362
Shares taken over for protection of claims	0	0
Total	130	2,362
Listed shares	130	2,330
Unlisted shares	–	32
Total	130	2,362

P18. Derivatives and hedge accounting

Derivatives held for trading

	Fair value		Total nom. amount
31 Dec 2016, EURm	Positive	Negative	
Interest rate derivatives			
Interest rate swaps	1,785	1,813	239,297
FRAs	8	3	25,617
Futures and forwards	–	0	4,000
Options	1	1	98
Other	12	12	10,241
Total	1,806	1,829	279,253

Equity derivatives

Equity swaps	35	58	96
Options	17	6	996
Total	52	64	1,092

Foreign exchange derivatives

Currency and interest rate swaps	718	643	40,600
Currency forwards	6	2	12,355
Options	9	8	1,217
Total	733	653	54,172

Credit derivatives	7	5	840
Other derivatives	4	0	1,763
Total derivatives held for trading	2,602	2,551	337,120

Derivatives used for hedge accounting

31 Dec 2016, EURm	Fair value		Total nom. amount
	Positive	Negative	
Interest rate derivatives	1,236	200	50,345
Foreign exchange derivatives	830	861	12,367
Total derivatives used for hedge accounting	2,066	1,061	62,712
- of which fair value hedges ¹	1,236	200	50,345
- of which cash flow hedges ¹	830	861	12,367
Total derivatives	4,668	3,612	399,832

1) Some cross currency interest rate swaps and interest rate swaps are used both as fair value hedges and cash flow hedges and the nominal amounts are then reported on both lines.

P18. Derivatives and hedge accounting, cont.**Derivatives held for trading**

31 Dec 2015, EURm	Fair value		Total nom. amount
	Positive	Negative	
Interest rate derivatives			
Interest rate swaps	1,913	1,983	200,183
FRAs	9	10	57,952
Futures and forwards	0	0	2,696
Options	84	84	62,092
Other	3	2	11,307
Total	2,009	2,079	334,230
Equity derivatives			
Equity swaps	116	137	253
Futures and forwards	—	1	19
Options	57	9	334
Total	173	147	606
Foreign exchange derivatives			
Currency and interest rate swaps	630	531	16,869
Currency forwards	47	345	27,949
Total	677	876	44,818
Credit derivatives	5	1	299
Other derivatives	—	6	1,668
Total derivatives held for trading	2,864	3,109	381,621

Derivatives used for hedge accounting

31 Dec 2015, EURm	Fair value		Total nom. amount
	Positive	Negative	
Interest rate derivatives	1,427	232	45,711
Foreign exchange derivatives	720	839	10,243
Total derivatives used for hedge accounting	2,147	1,071	55,954
- of which fair value hedges ¹	1,612	238	50,768
- of which cash flow hedges ¹	535	833	10,243
Total derivatives	5,011	4,180	437,575

1) Some cross currency interest rate swaps and interest rate swaps are used both as fair value hedges and cash flow hedges and the nominal amounts are then reported on both lines.

P19. Investments in group undertakings¹

EURm	31 Dec 2016	31 Dec 2015
Acquisition value at beginning of year	5,235	4,572
Acquisitions/capital contributions during the year	1,254	40
Revaluations under hedge accounting	-116	663
Sales during the year	—	-40
Acquisition value at end of year	6,373	5,235
Accumulated impairment charges at beginning of year	-634	-625
Impairment charges during the year	-6	-9
Accumulated impairment charges at end of year	-640	-634
Total	5,733	4,601
- of which listed shares	—	—

1) See also specification in note P20 "Investments in group undertakings being merged".

P19. 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 2016	Registration number	Domicile	Number of shares	Carrying amount 2016, EURm	Carrying amount 2015, EURm	Voting power of holding %
LLC Promyshlennaya Kompaniya Vestkon	1027700034185	Moscow	4,601,942,680 ¹	676	659	100.0
JSC Nordea Bank	1027739436955	Moscow				100.0
Nordea Life Holding AB	556742-3305	Stockholm	1,000	719	719	100.0
Nordea Liv & Pension, Livsforsikringsselskab A/S	24260577	Ballerup				100.0
Livsforsikringsselskapet Nordea Liv Norge AS	959922659	Bergen				100.0
Nordea Livförsäkring Sverige AB (publ)	516401-8508	Stockholm				100.0
Nordea Life Assurance Finland Ltd	0927072-8	Helsinki				100.0
Nordea Mortgage Bank Plc	2743219-6	Helsinki	257,700,000	731	—	100.0
Nordea Funds Ltd	1737785-9	Helsinki	3,350	385	385	100.0
Nordea Bank S.A.	B-14157	Luxembourg	999,999	455	455	100.0
Nordea Hypotek AB (publ) ²	556091-5448	Stockholm	100,000	2,335	1,900	100.0
Nordea Finans Sverige AB (publ) ²	556021-1475	Stockholm	1,000,000	86	118	100.0
Nordea Investment Management AB	556060-2301	Stockholm	12,600	227	231	100.0
Nordea Ejendomsinvestering A/S	26640172	Glostrup	1,000	29	29	100.0
Nordea IT Polska S.p. z.o.o. ³	0000429783	Warsaw	—	—	30	—
Nordea Markets Holding LLC	36-468-1723	Delaware, USA	—	22	—	100.0
PK Properties Int'l Corp ⁴	601624718	Atlanta, USA	—	—	0	—
Nordea Hästen Fastighetsförvaltning AB	556653-6800	Stockholm	1,000	0	0	100.0
Nordea Putten Fastighetsförvaltning AB	556653-5257	Stockholm	1,000	0	0	100.0
Nordea do Brasil Representações Ltda	51.696.268/0001-40	Sao Paulo, Brazil	1,162,149	0	0	100.0
Nordic Baltic Holding (NBH) AB	556592-7950	Stockholm	1,000	22	26	100.0
Promano Est OÜ	11681888	Tallinn, Estonia	1	10	10	100.0
Uus-Sadama 11 OÜ	11954914	Tallinn, Estonia	1	0	0	100.0
SIA Promano Lat	40103235197	Riga, Latvia	21,084	10	12	100.0
SIA Realm	50103278681	Riga, Latvia	7,030	7	6	100.0
SIA Lidosta RE	40103424424	Riga, Latvia	2	0	1	100.0
SIA Trioleta	40103565264	Riga, Latvia	2,786	4	4	99.9
Promano Lit UAB	302423219	Vilnius, Lithuania	34,528	10	11	100.0
UAB Recurso	302784511	Vilnius, Lithuania	15,000	5	5	100.0
Total				5,733	4,601	

1) Nominal value expressed in RUB, representing Nordea's participation in Vestkon. Combined ownership, Nordea Bank AB directly 7.2% and indirectly 92.8% through LLC Promyshlennaya Kompaniya Vestkon.

2) Credit institutions as defined in the Swedish Annual Account Act for Credit Institutions and Securities Companies (1995:1559).

3) The formerly 100% owned company was merged into Nordea Bank AB (publ) in August 2016.

4) The formerly 100% owned company was liquidated in April 2016.

P20. Investments in group undertakings being merged

At January 2, 2017 Nordea Bank AB (NBAB) merged with Nordea Bank Finland Plc (NBF), Nordea Bank Norge ASA (NBN) and Nordea Bank Danmark A/S (NBD). At that date NBAB has recognised the assets and liabilities and income statement as of 1 January 2017 of its former subsidiaries, as they are dissolved and have become branches to NBAB. A balance sheet and income statement are presented as of year end 2016 in order to present the effect the mergers would

have had on these financial statement if the merger would have been completed as of 31 December 2016.

The adjustments made are in relation to align accounting policies of the merged entities with NBAB's accounting policies, the elimination of participation in entities being merged and intercompany transactions. The below financial statements have been prepared for illustrative purposes only.

Balance sheet

EURm	NBAB 31 Dec 2016	NBF 31 Dec 2016	NBN 31 Dec 2016	NBD 31 Dec 2016	Eliminations	NBAB 31 Dec 2016
Total assets						
Cash and balances with central banks	101	29,367	970	1,315	–	31,753
Loans to credit institutions	88,375	31,856	5,887	10,836	–78,769	58,185
Loans to the public	43,726	56,754	42,061	27,387	–16	169,912
Interest-bearing securities	16,942	27,368	12,141	13,005	–50	69,406
Financial instruments pledged as collateral	0	4,139	116	4,044	–	8,299
Shares	131	1,262	20	2,033	–26	3,420
Derivatives	4,668	68,563	554	69	–2,454	71,400
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	21	22	36	–	79
Investments in group undertakings	5,733	306	1,130	4,338	1,513	13,020
Investments in group undertakings being merged	14,368	–	–	–	–14,368	–
Investments in associated undertakings and joint ventures	12	8	46	15	–	81
Intangible assets	1,539	26	8	226	–78	1,721
Properties and equipment	132	81	44	77	–	334
Deferred tax assets	22	–	–	–	–	22
Current tax assets	204	–	–	34	–	238
Retirement benefit assets	–	78	5	33	–	116
Other assets	4,560	16,205	140	831	–200	21,536
Prepaid expenses and accrued income	749	222	109	127	–109	1,098
Total assets	181,262	236,256	63,253	64,406	–94,557	450,620
Liabilities						
Deposits by credit institutions	20,374	62,545	27,350	10,247	–74,287	46,229
Deposits and borrowings from the public	58,183	55,351	26,353	42,691	–224	182,354
Debt securities in issue	63,162	18,507	991	–	–32	82,628
Derivatives	3,612	70,864	349	219	–2,445	72,599
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,008	25	1	6	–	1,040
Current tax liabilities	0	65	271	1	–	337
Other liabilities	3,279	17,296	455	2,926	32	23,988
Accrued expenses and prepaid income	670	268	104	360	–89	1,313
Deferred tax liabilities	–	–	188	29	–17	200
Provisions	307	62	24	220	–204	409
Retirement benefit liabilities	169	4	124	4	–	301
Subordinated liabilities	10,086	632	1,151	1,153	–2,683	10,339
Total liabilities	160,850	225,619	57,361	57,856	–79,949	421,737
Untaxed reserves	2	–	–	–	–	2
Equity	20,410	10,637	5,892	6,550	–14,608	28,881
Total liabilities and equity	181,262	236,256	63,253	64,406	–94,557	450,620

P20. Investments in group undertakings being merged, cont.

Income statement

EURm	NBAB 2016	NBF ¹ 2016	NBN 2016	NBD 2016	Eliminations	NBAB 2016
Operating income						
Interest income	1,403	835	1,403	952	–416	4,177
Interest expense	–939	–400	–612	–181	416	–1,716
Net interest income	464	435	791	771	0	2,461
Fee and commission income	978	694	347	871	–483	2,407
Fee and commission expense	–138	–586	–69	–107	483	–417
Net fee and commission income	840	108	278	764	0	1,990
Net result from items at fair value	216	1,152	54	81	0	1,503
Dividends	3,210	72	155	–	–1,317	2,120
Other operating income	712	95	67	354	–869	359
Total operating income	5,442	1,862	1,345	1,970	–2,186	8,433
Operating expenses						
General administrative expenses:						
Staff costs	–1,113	–484	–226	–785	4	–2,604
Other expenses	–1,008	–388	–206	–495	607	–1,490
Depreciation, amortisation and impairment charges of tangible and intangible assets	–172	–26	–9	–30	–12	–249
Total operating expenses	–2,293	–898	–441	–1,310	599	–4,343
Profit before loan losses	3,149	964	904	660	–1,587	4,090
Net loan losses	–193	–42	–161	–38	–	–434
Impairment of securities held as financial non-current assets	–6	–	–	–	–	–6
Operating profit	2,950	922	743	622	–1,587	3,650
Appropriations	1	–	–	–	–	1
Income tax expense	–51	–166	–184	–62	–	–463
Net profit for the year	2,900	756	559	560	–1,587	3,188

1) NBF pro forma, i.e. excluding the mortgage business divested in October 2016.

Specification

This specification includes all directly owned group undertakings being merged.

31 Dec 2016	Registration number	Domicile	Number of shares	Carrying amount 2016, EURm	Carrying amount 2015, EURm	Voting power of holding %
Nordea Bank Finland Plc	1680235–8	Helsinki	1,030,800,000	7,231	7,962	100.0
Nordea Finance Finland Ltd	0112305–3	Helsinki				100.0
Nordea Bank Danmark A/S	13522197	Copenhagen	50,000,000	4,037	4,020	100.0
Nordea Finans Danmark A/S	89805910	Høje Taastrup				100.0
Nordea Kredit Realkreditaktieselskab	15134275	Copenhagen				100.0
Fionia Asset Company A/S	31934745	Copenhagen				100.0
Nordea Bank Norge ASA	911044110	Oslo	551,358,576	3,100	2,811	100.0
Nordea Eiendomskreditt AS	971227222	Oslo				100.0
Nordea Finans Norge AS	924507500	Oslo				100.0
Privatmegleren AS	986386661	Oslo				100.0
Total				14,368¹	14,793¹	

1) Carrying amount at 31 December 2016 is EUR 14,368m (EUR 14,793m), a decrease by EUR 425m. The decrease is related to a new company Nordea Mortgage Bank Plc in Finland EUR 731m, see note P19 "Investments in group undertakings" and revaluations under fair value hedge accounting EUR 306m.

P21. Investments in associated undertakings and joint ventures

EURm	31 Dec 2016	31 Dec 2015
Acquisition value at beginning of year	7	7
Acquisitions/capital contributions during the year	5	–
Acquisition value at end of year	12	7
- of which listed shares	–	–

P22. Intangible assets

EURm	31 Dec 2016	31 Dec 2015
Goodwill allocated to cash generating units		
Personal Banking	137	170
Commercial and Business Banking	92	114
Goodwill, total	229	284
Computer software	1,272	766
Other intangible assets	38	41
Total intangible assets	1,539	1,091
Movements in goodwill		
Acquisition value at beginning of year	1,094	1,059
Acquisition during the year	–	35
Acquisition value at end of year	1,094	1,094
Accumulated amortisation at beginning of year	–810	–754
Amortisation according to plan for the year	–55	–56
Accumulated amortisation at end of year	–865	–810
Total	229	284
Movements in computer software		
Acquisition value at beginning of year	861	682
Acquisitions during the year	576	388
Sales/disposals during the year	–7	–209
Reclassification	1	–
Acquisition value at end of year	1,431	861
Accumulated amortisation at beginning of year	–88	–120
Amortisation according to plan for the year	–63	–31
Accumulated amortisation on disposals	0	63
Accumulated amortisation at end of year	–151	–88
Accumulated impairment charges at beginning of year	–7	–146
Accumulated impairment charges on disposals during the year	7	146
Impairment charges during the year	–8	–7
Accumulated impairment charges at end of year	–8	–7
Total	1,272	766

P22. Intangible assets, cont.

EURm	31 Dec 2016	31 Dec 2015
Movements in other intangible assets		
Acquisition value at beginning of year	106	89
Acquisitions during the year	17	23
Sales/disposals during the year	-2	-6
Acquisition value at end of year	121	106
Accumulated amortisation at beginning of year	-62	-51
Amortisation according to plan for the year	-21	-17
Accumulated amortisation on disposals during the year	0	6
Accumulated amortisation at end of year	-83	-62
Accumulated impairment at beginning of year	-3	-1
Accumulated impairment charges on disposals during the year	3	1
Impairment charges during the year	0	-3
Accumulated impairment charges at end of year	0	-3
Total	38	41

Impairment test

A cash generating unit, defined as the operating segment, is the basis for the goodwill impairment test. See Note G20 "Intangible assets" and Note G1 "Accounting policies" section 4 for more information.

P23. Properties and equipment

EURm	31 Dec 2016	31 Dec 2015
Properties and equipment	132	138
- of which buildings for own use	0	0
Total	132	138
Movements in equipment		
Acquisition value at beginning of year	307	266
Acquisitions during the year	25	55
Acquisition through mergers	8	0
Sales/disposals during the year	-15	-14
Reclassification	-1	0
Acquisition value at end of year	324	307
Accumulated depreciation at beginning of year	-169	-147
Accumulated depreciation on sales /disposals during the year	12	4
Depreciations according to plan for the year	-25	-26
Depreciations through mergers	-6	0
Reclassification	-4	0
Accumulated depreciation at end of year	-192	-169
Total	132	138

Operating leases

Nordea has entered into operating lease agreements for premises and office equipment. See also Note G1 "Accounting policies", section 15.

Leasing expenses during the year

EURm	31 Dec 2016	31 Dec 2015
Leasing expenses during the year	-121	-141
- of which minimum lease payments	-120	-137
- of which contingent rents	-1	-4
Leasing income during the year regarding sublease payments	16	13

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

EURm	31 Dec 2016
2017	157
2018	134
2019	102
2020	67
2021	49
Later years	106
Total	615

The sublease payments to be received under non-cancellable subleases amounts to EUR 224m. EUR 210m of the subleases are towards group undertakings.

P24. Other assets

EURm	31 Dec 2016	31 Dec 2015
Claims on securities settlement proceeds	39	403
Cash/margin receivables	1,286	1,010
Anticipated dividends from group undertakings	1,964	1,296
Group contributions	695	615
Other	576	1,063
Total	4,560	4,387

P25. Prepaid expenses and accrued income

EURm	31 Dec 2016	31 Dec 2015
Accrued interest income	95	109
Other accrued income	84	101
Prepaid expenses	570	570
Total	749	780

P26. Deposits by credit institutions

EURm	31 Dec 2016	31 Dec 2015
Central banks	1,919	2,550
Banks	17,391	15,672
Other credit institutions	1,064	847
Total	20,374	19,069

P27. Deposits and borrowings from the public

EURm	31 Dec 2016	31 Dec 2015
Deposits ¹	58,129	60,423
Borrowings	54	620
Total	58,183	61,043

1) Deposits related to individual pension savings (IPS) are also included.

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.

P28. Debt securities in issue

EURm	31 Dec 2016	31 Dec 2015
Certificates of deposit	7,248	7,460
Commercial papers	17,805	23,244
Bond loans	38,052	38,138
Other	57	66
Total	63,162	68,908

P29. Other liabilities

EURm	31 Dec 2016	31 Dec 2015
Liabilities on securities settlement proceeds	106	69
Sold, not held, securities	242	136
Cash/margin payables	1,930	1,982
Accounts payable	22	15
Other	979	1,329
Total	3,279	3,531

P30. Accrued expenses and prepaid income

EURm	31 Dec 2016	31 Dec 2015
Accrued interest	5	6
Other accrued expenses	458	526
Prepaid income	207	227
Total	670	759

P31. Provisions

EURm	31 Dec 2016	31 Dec 2015
Restructuring	99	116
Guarantees	206	183
Other	2	2
Total	307	301

EURm	Restructuring	Guarantees	Other	Total
At beginning of year	116	183	2	301
New provisions made	29	39	0	68
Provisions utilised	-35	0	0	-35
Reversals	-8	-15	-	-23
Translation differences	-3	-1	-	-4
At end of year	99	206	2	307

New provisions for restructuring costs were recognised by EUR 29m. The restructuring activities have been initiated to manage the transformational change to a truly digital bank. The majority of the provision is expected to be used during 2017. 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.

Provision for restructuring costs amounts to EUR 99m and covers termination benefits (EUR 65m) and other provisions mainly related to redundant premises (EUR 34m). Loan loss provisions for guarantees amounts to EUR 206m, of which EUR 204m covers the guarantee in favour of Nordea Bank Finland Plc.

P32. 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 mainly pertain to former employees of Postgirot Bank and pension obligations in foreign branches. EUR 141m (EUR 129m) of the provisions are covered by "Tryggandelagen".

A small percentage of the pension obligations are covered by insurance policies.

The following figures are mainly based on calculations in accordance with Swedish rules ("Tryggandelagen").

The pension obligations in the foreign branches are calculated in accordance with local accounting requirements.

Specification of amounts recognised on the balance sheet

EURm	31 Dec 2016	31 Dec 2015
Present value of commitments relating to in whole or in part funded pension plans	-1,469	-1,323
Fair value at the end of the period relating to specifically separated assets	1,469	1,421
Surplus in the pension foundation	0	98
Present value of commitments relating to unfunded pension plans	-169	-159
Unrecognised surplus in the pension foundation	0	-98
Reported liability net on the balance sheet	-169	-159

Movements in the liability recognised on balance sheet as pension

EURm	31 Dec 2016	31 Dec 2015
Balance at 1 Jan recognised as pension commitments	159	171
Pensions paid related to former employees of Postgirot Bank	-7	-7
Actuarial pension calculations through Profit and Loss	20	14
Actuarial pension calculations through Balance Sheet	-6	-18
Effect of exchange rate changes	3	-1
Balance at 31 Dec	169	159

Specification of cost and income in respect of pensions

EURm	31 Dec 2016	31 Dec 2015
Pensions paid related to former employees of Postgirot Bank	-7	-7
Pensions paid covered by the pension foundation	-65	-63
Actuarial pension calculations	-13	-7
Defined benefit plans	-85	-77
Defined contribution plans	-80	-69
Pension costs¹	-165	-146
Return on specifically separated assets, %	6.0	2.5

1) See Note P8 "Staff costs".

P32. Retirement benefit obligations, cont.

Actual value of holdings in pension foundations

EURm	31 Dec 2016	31 Dec 2015
Shares	386	370
Interest-bearing securities	1,039	1,004
Other assets	44	47
Total	1,469	1,421

Main assumptions for defined benefit obligations

EURm	31 Dec 2016	31 Dec 2015
Discount rate	0.7%	1.6%
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 65m.

P33. Subordinated liabilities

EURm	31 Dec 2016	31 Dec 2015
Dated subordinated debenture loans	7,007	5,949
Hybrid capital loans	3,079	3,002
Total	10,086	8,951

Debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

The carrying amount at year end representing revaluations in the fair value of the hedged part of subordinated liabilities is included in "Fair value changes of the hedged items in portfolio hedge of interest rate risk" under "Liabilities" and amounts to EUR 339 m (EUR 386 m).

At 31 December 2016 seven loans – with terms specified below – exceeded 10% of the total outstanding volume dated subordinated loans.

EURm	Nominal value	Carrying amount	Interest rate (coupon)
Dated loan ¹	1,250	1,181	Fixed
Dated loan ²	750	750	Fixed
Dated loan ³	1,000	998	Fixed
Dated loan ⁴	750	748	Fixed
Dated loan ⁵	1,000	942	Fixed
Dated loan ⁶	750	744	Fixed
Dated loan ⁷	1,000	991	Fixed

1) Maturity date 13 May 2021.

2) Call date 15 February 2017, maturity date 15 February 2022.

3) Maturity date 26 March 2020.

4) Maturity date 29 March 2021.

5) Maturity date 21 September 2022.

6) Call date 10 November 2020, maturity date 10 November 2025.

7) Call date 7 September 2021, maturity date 7 September 2026.

P34. Untaxed reserves

EURm	31 Dec 2016	31 Dec 2015
Accumulated excess depreciation, equipment	2	2

P35. Assets pledged as security for own liabilities

Assets pledged for own liabilities

EURm	31 Dec 2016	31 Dec 2015
Securities etc ¹	1,080	1,208

The above pledges pertain to the following liabilities

EURm	31 Dec 2016	31 Dec 2015
Deposits by credit institutions	255	337
Deposits and borrowings from the public	913	1,014
Total	1,168	1,351

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 P45 "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.

P36. Other assets pledged

Other assets pledged are mainly related to securities which included interest-bearing securities pledged as securities for payment settlements within the central banks and clearing institutions EUR 11,750m (EUR 7,686m). The terms and conditions require day to day securities and relate to liquidity intra-day/overnight. Collateral pledged on behalf of other items other than the company's own liabilities, e.g. on behalf of a third party or on behalf of the company's own contingent liabilities are also accounted for under this item.

P37. Contingent liabilities

EURm	31 Dec 2016	31 Dec 2015
Guarantees		
- Loan guarantees	67,928	69,576
- Other guarantees	3,682	2,667
Documentary credits	304	125
Other contingent liabilities	51	34
Total	71,965	72,402

In the normal business Nordea 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 in favour of its Russian subsidiary JSC Nordea Bank where Nordea Bank AB (publ) guarantees specified exposures in JSC Nordea Bank. At 31 December 2016 the guarantees cover exposures amounting to EUR 1bn. The guarantees are priced at arm's length. All internal transactions under the guarantees are eliminated in the consolidated accounts.

Nordea Bank AB (publ) has 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 3bn of corporate loans, guarantees, documentary credits and loan commitments. In addition, EUR 4bn of derivatives are covered by the guarantee as of 31 December 2016. The maximum amount of derivatives guaranteed is EUR 10bn. The REA for this guarantee amounted to EUR 7bn as of 31 December 2016. The guarantee will generate commission income, while the losses recognized on the guaranteed exposures will be transferred to Nordea Bank AB (publ). The guarantee is priced at arm's length, including expected credit losses and the cost of capital required by the guarantee. All internal transactions in the guarantee are eliminated in the consolidated accounts.

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 "Staff costs".

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.

P38. Commitments

EURm	31 Dec 2016	31 Dec 2015
Credit commitments	10,972	10,988
Unutilised portion overdraft facilities	15,890	16,658
Other commitments	131	281
Total	26,993	27,927

For information about derivatives see Note P18 "Derivatives and hedge accounting".

Nordea Bank AB (publ) has issued a liquidity facility for the benefit of Nordea Hypotek AB. The facility covers the amount necessary in order to ensure payment in respect of all interest and principal payments that are scheduled to fall due on existing and future covered bonds issued by Nordea Hypotek AB. The facility has been included in the table above with EUR 523m.

Reverse repurchase agreements are recognised on and derecognised from the balance sheet on settlement date. Nordea has as per 31 December 2016 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 2016.

The net impact on the balance sheet is minor. These instruments have not been disclosed as commitments. All disclosed commitments are irrevocable. For further information about credit commitments, see Note G1 "Accounting policies", section 24.

P39. Capital adequacy

Table A2 Transitional own funds

For information of the capital adequacy regulations see Note G38 "Capital adequacy".

Common Equity Tier 1 capital: instruments and reserves

	(A) amount at disclosure date, EURm	(C) amounts subject to pre-regulation (eu) no 575/2013 treatment or prescribed residual amount of regulation (eu) no 575/2013
1 Capital instruments and the related share premium accounts	5,130	–
of which: Share capital	4,050	–
2 Retained earnings	12,384	–
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	–2	–
5 Minority interests (amount allowed in consolidated CET1)	–	–
5a Independently reviewed interim profits net of any foreseeable charge or dividend	274	–
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	17,786	–
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7 Additional value adjustments (negative amount)	–72	–
8 Intangible assets (net of related tax liability) (negative amount)	–1,539	–
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where conditions in Article 38 (3) are met) (negative amount)	–	–
11 Fair value reserves related to gains or losses on cash flow hedges	31	–
12 Negative amounts resulting from the calculation of expected loss amounts	–	–
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–57	–
15 Defined-benefit pension fund assets (negative amount)	–	–
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	–	–
25 of which: deferred tax assets arising from temporary differences	–	–
25b Foreseeable tax charges relating to CET1 items (negative amount)	–	–
26a Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	–	–
Of which: ... filter for unrealised loss 1	–	11
Of which: ... filter for unrealised gain 1	–	143
28 Total regulatory adjustments to Common equity Tier 1 (CET1)	–1,636	–
29 Common Equity Tier 1 (CET1) capital	16,150	–
Additional Tier 1 (AT1) capital: instruments		
30 Capital instruments and the related share premium accounts	2,304	–
33 Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	743	–
36 Additional Tier 1 (AT1) capital before regulatory adjustments	3,048	–
Additional Tier 1 (AT1) capital: regulatory adjustments		
37 Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	–30	–
41a Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	–	–
Of which shortfall	–	–
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	–30	–
44 Additional Tier 1 (AT1) capital	3,017	–
45 Tier 1 capital (T1 = CET1 + AT1)	19,167	–

P39. Capital adequacy, cont.

	(A) amount at disclosure date, EURm	(C) amounts subject to pre-regulation (eu) no 575/2013 treatment or prescribed residual amount of regulation (eu) no 575/2013
Tier 2 (T2) capital: instruments and provisions		
46 Capital instruments and the related share premium accounts	6,277	–
47 Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	–	–
50 Credit risk adjustments	134	–
51 Tier 2 (T2) capital before regulatory adjustments	6,411	–
Tier 2 (T2) capital: regulatory adjustments		
52 Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	–69	–
55 Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	–1,205	–
57 Total regulatory adjustments to Tier 2 (T2) capital	–1,274	–
58 Tier 2 (T2) capital	5,137	–
59 Total capital (TC = T1 + T2)	24,304	–
60 Total risk weighted assets	87,041	–
Capital ratios and buffers		
61 Common Equity Tier 1 (as a percentage of risk exposure amount)	18,6%	–
62 Tier 1 (as a percentage of risk exposure amount)	22,0%	–
63 Total capital (as a percentage of risk exposure amount)	27,9%	–
64 Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G–SII or O–SII buffer), expressed as a percentage of risk exposure amount)	3,1%	–
65 of which: capital conservation buffer requirement	2,5%	–
66 of which: countercyclical buffer requirement	0,6%	–
67 of which: systemic risk buffer requirement	–	–
67a of which: Global Systemically Important Institution (G–SII) or Other Systemically Important Institution (O–SII) buffer	–	–
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	14,1%	–
Amounts below the threshold for deduction (before risk weighting)		
72 Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	209	–
73 Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	725	–
75 Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	22	–
Applicable caps to the inclusion of provisions in Tier 2		
78 Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	31,061	–
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	186	–
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)		
80 Current cap on CET1 instruments subject to phase out arrangements	–	–
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–	–
82 Current cap on AT1 instruments subject to phase out arrangements	1,182	–
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–
84 Current cap on T2 instruments subject to phase out arrangements	300	–
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	–	–

P39. Capital adequacy, cont.

Minimum capital requirement and REA

EURm	31 Dec 2016		31 Dec 2015	
	Minimum Capital requirement	REA	Minimum Capital requirement	REA
Credit risk	6,120	76,502	6,346	79,328
- of which counterparty credit risk	266	3,329	133	1,660
IRB	2,485	31,061	2,849	35,613
- corporate	2,062	25,772	2,367	29,584
- advanced	1,393	17,408	1,718	21,467
- foundation	669	8,364	649	8,117
- institutions	244	3,054	255	3,195
- retail	121	1,512	125	1,562
- secured by immovable property collateral	6	73	7	83
- other retail	115	1,439	118	1,479
- other	58	723	102	1,272
Standardised	3,635	45,441	3,497	43,715
- central governments or central banks	5	56	5	67
- regional governments or local authorities	2	23	2	19
- public sector entities	–	–	–	–
- multilateral development banks	0	6	–	–
- international organisations	–	–	–	–
- institutions	1,251	15,641	1,279	15,986
- corporate	137	1,707	42	529
- retail	18	231	26	324
- secured by mortgages on immovable properties	210	2,626	212	2,646
- in default	3	38	3	43
- associated with particularly high risk	–	–	–	–
- covered bonds	–	–	0	0
- institutions and corporates with a short-term credit assessment	–	–	–	–
- collective investments undertakings (CIU)	–	–	–	–
- equity	2,007	25,089	1,925	24,065
- other items	2	24	3	36
Credit Value Adjustment Risk	16	195	13	156
Market risk	450	5,628	210	2,623
- trading book, Internal Approach	13	165	23	288
- trading book, Standardised Approach	–	–	–	–
- banking book, Standardised Approach	437	5,463	187	2,335
Operational risk	369	4,614	378	4,730
Standardised	369	4,614	378	4,730
Additional risk exposure amount, Article 3 CRR	8	102	16	195
Sub total	6,963	87,041	6,963	87,032
Adjustment for Basel I floor				
Additional capital requirement according to Basel I floor	–	–	–	–
Total	6,963	87,041	6,963	87,032

P39. Capital adequacy, cont.

Leverage ratio

EURm	31 Dec 2016	31 Dec 2015
Tier 1 capital, transitional definition, EURm ¹	19,167	19,314
Leverage ratio exposure, EURm ²	216,455	224,816
Leverage ratio, percentage ²	8.9	8.6

1) Including profit of the period.

2) Figures have been restated for 2015.

More Capital Adequacy information can be found in the section "Risk, Liquidity and Capital Management".

Table A3 – Capital instruments' main features template – CET1

Common equity Tier 1 capital		
1	Issuer	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	SE0000427361
3	Governing law(s) of the instrument	Swedish
Regulatory treatment		
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share capital as published in Regulation (EU) No 575/2013 article 28
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 4,050m
9	Nominal amount of instrument	EUR 4,049,951,919
10	Accounting classification	Shareholders' equity
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
Coupons / dividends		
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1
36	Non-compliant transitioned features	No

P39. Capital adequacy, cont.

Table A4 – Capital instruments' main features template – AT1

Additional Tier 1 instrument									
1	Issuer	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0200688256	W5795#AA7	W5795#AB5	US65557CAM55/ US65557DAM39	US65557CAN39/ US65557DAL55	XS1202091325	XS1202091671	XS1202090947
3	Governing law(s) of the instrument	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law
Regulatory treatment									
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Tier 2	Ineligible	Ineligible	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1
6	Eligible at solo/ (sub-)consolidated/solo & (sub-)consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.4	Additional Tier 1 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.4	Additional Tier 1 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.4	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 500m	EUR 162m	EUR 81m	EUR 943m	EUR 471m	EUR 234m	EUR 137m	EUR 519m
9	Nominal amount of instrument	EUR 500m	JPY 20,000m / EUR 162m	JPY 10,000m / EUR 81m	USD 1,000m / EUR 949m	USD 500m / EUR 474m	SEK 2,250m / EUR 236m	NOK 1,250m / EUR 138m	USD 550m / EUR 522m
9a	Issue price	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	17 sep 04	04 mars 05	12 Oct 05	23 sep 14	23 sep 14	12 mars 15	12 mars 15	12 mars 15
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	17 Sep 2009 In addition tax/ regulatory call 100 per cent of nominal amount	4 Mar 2035 In addition tax/ regulatory call 100 per cent of nominal amount	12 Oct 2035 In addition tax/ regulatory call 100 per cent of nominal amount	23 Sep 2019 In addition tax/ regulatory call 100 per cent of nominal amount	23 Sep 2024 In addition tax/ regulatory call 100 per cent of nominal amount	12 Mar 2020 In addition tax/ regulatory call 100 per cent of nominal amount	12 Mar 2020 In addition tax/ regulatory call 100 per cent of nominal amount	13 Sep 2021 In addition tax/ regulatory call 100 per cent of nominal amount
16	Subsequent call dates, if applicable	17 Mar and 17 Sep each year after first call date	4 Mar and 4 Sep each year after first call date	12 Apr and 12 Oct each year after first call date	23 Mar and 23 Sep each year after first call date	23 Mar and 23 Sep each year after first call date	12 Mar, 12 Jun, 12 Sep and 12 Dec each year after first call date	12 Mar, 12 Jun, 12 Sep and 12 Dec each year after first call date	13 Sep each year after first call date
17	Fixed or floating dividend / coupon	Floating	Fixed to floating	Fixed to floating	Fixed	Fixed	Floating	Floating	Fixed

P39. Capital adequacy, cont.

Table A4 – Capital instruments' main features template – AT1

Additional Tier 1 instrument									
18	Coupon rate and any related index	Floating 10-year CMS +0.05 per cent per annum subject to 8 per cent cap	Fixed USD 3.75 per cent per annum, until first call date, thereafter floating 6-month JPY deposit +1.22 per cent per annum	Fixed USD 3.84 per cent per annum, until first call date, thereafter floating 6-month JPY deposit +1.40 per cent per annum	Fixed 5.50 per cent per annum, until first call date, thereafter fixed 5-year mid swap +3.563 per cent per annum	Fixed 6.125 per cent per annum, until first call date, thereafter fixed 5-year mid swap +3.388 per cent per annum	Floating 3-month STIBOR +3.10 per cent per annum	Floating 3-month STIBOR +3.10 per cent per annum	Fixed 5.25 per cent per annum, until first call date, thereafter fixed 5-year mid swap +3.244 per cent per annum
19	Existence of a dividend stopper	Yes	Yes	Yes	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary Dividend stopper	Partially discretionary Dividend stopper	Partially discretionary Dividend stopper	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Partially discretionary	Partially discretionary	Partially discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	Yes	Yes	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down features	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	To avoid liquidation	To avoid liquidation	To avoid liquidation	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent
32	If write-down, full or partial	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Shareholders resolution regarding reversion and reinstatement made out of available distributable funds	Shareholders resolution regarding reversion and reinstatement, made out of available distribution funds	Shareholders resolution regarding reversion and reinstatement, made out of available distribution funds	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
36	Non-compliant transitioned features	Yes	Yes	Yes	No	No	No	No	No
37	If yes, specify non-compliant features	No specified trigger level, dividend stopper	No specified trigger level, step-up, dividend stopper	No specified trigger level, step-up, dividend stopper	N/A	N/A	N/A	N/A	N/A

P39. Capital adequacy, cont.

Table A5 – Capital instruments' main features template – T2

Tier 2 instruments					
1	Issuer	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0497179035	XS0544654162	US65557FAA49/ US65557HAA05	XS0743689993 US65557FAD87/ US65557HAD44
3	Governing law(s) of the instrument	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by the laws of the State of New York, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law Governed by the laws of the State of New York, except for the subordination provisions which are governed by Swedish law
Regulatory treatment					
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-) consolidated/solo & (sub-)consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 645m (64.5 per cent of Nominal amount, <5 yrs to maturity)	EUR 635m (84.6 per cent of Nominal amount, <5 yrs to maturity)	EUR 1030m (82.4 per cent of Nominal amount, <5 yrs to maturity)	EUR 750m EUR 942m
9	Nominal amount of instrument	EUR 1,000m	EUR 750m	USD 1,250m / EUR 1,186m	EUR 750m USD 1,000m / EUR 949m
9a	Issue price	99.810 per cent	99.699 per cent	99.508 per cent	99.803 per cent 99.364 per cent
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount 100 per cent of Nominal amount
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost Liability – amortised cost
11	Original date of issuance	26 Mar 2010	29 Sep 2010	13 May 2011	15 Feb 2012 21 Sep 2012
12	Perpetual or dated	Dated	Dated	Dated	Dated Dated
13	Original maturity date	26 Mar 2020	29 Mar 2021	13 May 2021	15 Feb 2022 21 Sep 2022
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes Yes
15	Optional call date, contingent call dates and redemption amount	Tax/regulatory call 100 per cent of nominal amount	Tax call 100 per cent of nominal amount	Tax call 100 per cent of nominal amount	15 Feb 2017 In addition tax call 100 per cent of nominal amount Tax/regulatory call 100 per cent of nominal amount
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A N/A

P39. Capital adequacy, cont.

Table A5 – Capital instruments' main features template – T2, cont.

Tier 2 instruments					
1	Issuer	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1292434146	XS1292433767	N/A	XS1317439559
3	Governing law(s) of the instrument	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law
Regulatory treatment					
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-) consolidated/solo & (sub-)consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 178m	EUR 240m	EUR 122m	EUR 744m
9	Nominal amount of instrument	SEK 1,700m / EUR 178m	SEK 2,300m / EUR 241m	JPY 15,000m / EUR 122m	EUR 750m
9a	Issue price	100 per cent	100 per cent	100 per cent	99.434 per cent
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	17 Sep 2015	17 Sep 2015	6 Oct 2015	10 Nov 2015
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity date	17 Sep 2025	17 Sep 2025	6 Oct 2025	10 Nov 2025
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	17 Sep 2020 In addition tax/regulatory call 100 per cent of nominal amount	17 Sep 2020 In addition tax/regulatory call 100 per cent of nominal amount	10 Nov 2020 In addition tax/regulatory call 100 per cent of nominal amount	07 Sep 2021 In addition tax/regulatory call 100 per cent of nominal amount
16	Subsequent call dates, if applicable	17 Mar, 17 Jun, 17 Sep and 17 Dec each year after first call date	17 Sep each year after first call date	N/A	10 Nov each year after first call date

P39. Capital adequacy, cont.

Table A5 – Capital instruments' main features template– T2, cont.

Tier 2 instruments						
Coupons/dividends						
17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	4.50%	4.00%	4.875%	Fixed 4.625 per cent per annum (equivalent to Euro Swap Rate +3.15 per cent per annum) to call date, thereafter reset fixed rate to Euro Swap Rate +3.15 per cent per annum	4.250%
19	Existence of a dividend stopper	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non- convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down features	No	No	No	No	No
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior debt	Senior debt	Senior debt	Senior debt	Senior debt
36	Non-compliant transitioned features	No	No	No	No	No

P39. Capital adequacy, cont.

Table A5 – Capital instruments' main features template – T2, cont.

Tier 2 instruments						
Coupons/dividends						
17	Fixed or floating dividend / coupon	Floating	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Floating 3-month STIBOR +1.5 per cent per annum	Fixed 1.935 per cent per annum, until first call date, thereafter fixed 5-year mid swap +1.5 per cent per annum	1,160%	Fixed 1.875 per cent per annum, until first call date, thereafter fixed 5-year mid swap +1.7 per cent per annum	Fixed 1.00 per cent per annum, until first call date, thereafter fixed 5-year mid swap +1.25 per cent per annum
19	Existence of a dividend stopper	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non- convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down features	No	No	No	No	No
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior debt	Senior debt	Senior debt	Senior debt	Senior debt
36	Non-compliant transitioned features	No	No	No	No	No

P40. Classification of financial instruments

Assets

31 Dec 2016, EURm	Financial assets at fair value through profit or loss						Non-financial assets, group/ associated undertakings and joint ventures	Total
	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale		
Cash and balances with central banks	101	–	–	–	–	–	–	101
Treasury bills	30	–	3,873	–	–	2,680	–	6,583
Loans to credit institutions	88,375	–	0	–	–	–	–	88,375
Loans to the public	39,220	–	4,506	–	–	–	–	43,726
Interest-bearing securities	26	2	3,058	–	–	7,273	–	10,359
Shares	–	–	129	1	–	–	–	130
Derivatives	–	–	2,602	–	2,066	–	–	4,668
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	–	–	–	–	–	–	0
Investments in group undertakings	–	–	–	–	–	–	5,733	5,733
Investments in group undertakings being merged	–	–	–	–	–	–	14,368	14,368
Investments in associated undertakings and joint ventures	–	–	–	–	–	–	12	12
Participating interest in other companies	–	–	–	1	–	–	–	1
Intangible assets	–	–	–	–	–	–	1,539	1,539
Properties and equipment	–	–	–	–	–	–	132	132
Deferred tax assets	–	–	–	–	–	–	22	22
Current tax assets	–	–	–	–	–	–	204	204
Other assets	199	–	1,286	–	–	–	3,075	4,560
Prepaid expenses and accrued income	665	–	–	–	–	–	84	749
Total	128,616	2	15,454	2	2,066	9,953	25,169	181,262

Liabilities

31 Dec 2016, EURm	Financial liabilities at fair value through profit or loss					Other financial liabilities	Non-financial liabilities	Total
	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging					
Deposits by credit institutions	256	–	–		20,118	–	–	20,374
Deposits and borrowings from the public	1,988	–	–		56,195	–	–	58,183
Debt securities in issue	–	–	–		63,162	–	–	63,162
Derivatives	2,551	–	1,061		–	–	–	3,612
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–	–	–		1,008	–	–	1,008
Current tax liabilities	–	–	–		–	–	–	0
Other liabilities	2,172	–	–		319	788	–	3,279
Accrued expenses and prepaid income	–	–	–		212	458	–	670
Provisions	–	–	–		–	307	–	307
Retirement benefit liabilities	–	–	–		–	169	–	169
Subordinated liabilities	–	–	–		10,086	–	–	10,086
Total	6,967	–	1,061		151,100	1,722	–	160,850

P40. Classification of financial instruments, cont.

Assets

31 Dec 2015, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss			Available for sale	Non-financial assets, group/ associated undertakings and joint ventures	Total
			Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging			
Cash and balances with central banks	75	–	–	–	–	–	–	75
Treasury bills	32	–	3,999	–	–	2,874	–	6,905
Loans to credit institutions	90,005	–	4	0	–	–	–	90,009
Loans to the public	41,104	–	4,716	–	–	–	–	45,820
Interest-bearing securities	28	2	3,963	86	–	8,084	–	12,163
Shares	–	–	2,329	33	–	–	–	2,362
Derivatives	–	–	2,863	–	2,148	–	–	5,011
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1	–	–	–	–	–	–	1
Investments in group undertakings	–	–	–	–	–	–	4,601	4,601
Investments in group undertakings being merged	–	–	–	–	–	–	14,793	14,793
Investments in associated undertakings and joint ventures	–	–	–	–	–	–	7	7
Participating interest in other companies	–	–	–	1	–	–	–	1
Intangible assets	–	–	–	–	–	–	1,091	1,091
Properties and equipment	–	–	–	–	–	–	138	138
Deferred tax assets	–	–	–	–	–	–	26	26
Current tax assets	–	–	–	–	–	–	3	3
Other assets	629	–	–	1,010	–	–	2,748	4,387
Prepaid expenses and accrued income	679	–	–	–	–	–	101	780
Total	132,553	2	17,874	1,130	2,148	10,958	23,508	188,173

Liabilities

	Financial liabilities at fair value through profit or loss					
	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
31 Dec 2015, EURm						
Deposits by credit institutions	337	983	–	17,749	–	19,069
Deposits and borrowings from the public	1,014	683	–	59,346	–	61,043
Debt securities in issue	–	–	–	68,908	–	68,908
Derivatives	3,109	–	1,071	–	–	4,180
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–	–	–	1,158	–	1,158
Current tax liabilities	–	–	–	–	34	34
Other liabilities	136	1,982	–	330	1,083	3,531
Accrued expenses and prepaid income	–	–	–	232	527	759
Provisions	–	–	–	–	301	301
Retirement benefit liabilities	–	–	–	–	159	159
Subordinated liabilities	–	–	–	8,951	–	8,951
Total	4,596	3,648	1,071	156,674	2,104	168,093

P40. 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 funding of Markets operations is 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 changes 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 term nature (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

EURm	Carrying amount	Amount to be paid at maturity
2016		
Financial liabilities designated at fair value through profit or loss	–	–
2015		
Financial liabilities designated at fair value through profit or loss	3,648	3,648

P41. Assets and liabilities at fair value

Fair value of financial assets and liabilities

EURm	31 Dec 2016		31 Dec 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	101	101	75	75
Treasury bills	6,583	6,583	6,905	6,905
Loans	132,101	132,178	135,830	136,258
Interest-bearing securities	10,359	10,359	12,163	12,163
Shares	130	130	2,362	2,362
Participating interest in other companies	1	1	1	1
Derivatives	4,668	4,668	5,011	5,011
Other assets	1,485	1,485	1,639	1,639
Prepaid expenses and accrued income	665	665	679	679
Total financial assets	156,093	156,170	164,665	165,093
Financial liabilities				
Deposits and debt instruments	152,813	153,112	159,129	159,080
Derivatives	3,612	3,612	4,180	4,180
Other liabilities	2,491	2,491	2,448	2,448
Accrued expenses and prepaid income	212	212	232	232
Total financial liabilities	159,128	159,427	165,989	165,940

For information about valuation of items measured at fair value on the balance sheet, see Note G1 "Accounting policies" and the section "Determination of fair value items measured at fair value on the balance sheet" in Note G40 "Assets and liabilities at fair value". For information about valuation of items not measured at fair value on the balance sheet, see the section "Financial assets and liabilities not held at fair value on the balance sheet", in Note G40.

P41. Assets and liabilities at fair value, cont.

Assets and liabilities held at fair value on the balance sheet

Categorisation into the fair value hierarchy

31 Dec 2016, 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 at fair value on the balance sheet¹				
Treasury bills	5,208	1,345	–	6,553
Loans to credit institutions	–	0	–	0
Loans to the public	–	4,506	–	4,506
Interest-bearing securities	6,072	4,104	155	10,331
Shares	130	–	0	130
Participating interest in other companies	–	–	1	1
Derivatives	2	4,653	13	4,668
Other assets	–	1,286	–	1,286
Total	11,412	15,894	169	27,475
Liabilities at fair value on the balance sheet¹				
Deposits by credit institutions	–	256	–	256
Deposits and borrowings from the public	–	1,988	–	1,988
Derivatives	1	3,585	26	3,612
Other liabilities	–	2,172	0	2,172
Total	1	8,001	26	8,028

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

31 Dec 2015, 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 at fair value on the balance sheet¹				
Treasury bills	2,613	4,260	–	6,873
Loans to credit institutions	–	4	–	4
Loans to the public	–	4,716	–	4,716
Interest-bearing securities	6,944	5,034	155	12,133
Shares	2,334	–	28	2,362
Participating interest in other companies	–	–	1	1
Derivatives	4	4,983	24	5,011
Other assets	–	1,010	–	1,010
Total	11,895	20,007	208	32,110
Liabilities at fair value on the balance sheet¹				
Deposits by credit institutions	–	1,320	–	1,320
Deposits and borrowings from the public	–	1,697	–	1,697
Derivatives	7	4,150	23	4,180
Other liabilities	–	2,118	–	2,118
Total	7	9,285	23	9,315

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

For determination of fair values for items measured at fair value on the balance sheet, see Note G40 "Assets and liabilities at fair value".

Transfers between Level 1 and 2

No transfers between Level 1 and 2 have occurred during this year or 2015. Transfers between levels are considered to have occurred at the end of the year.

P41. Assets and liabilities at fair value, cont.

Movements in Level 3

31 Dec 2016, EURm	1 Jan 2016	Sales	Transfers into level 3	31 Dec 2016
Interest-bearing securities	155	–	–	155
Shares	28	–28	–	0
Participating interest in other companies	1	–	–	1
Derivatives (net)	1	–	–14	–13

During the year Nordea Bank AB transferred derivatives (net) of EUR –14m into Level 3. The reason for the transfer into Level 3 was that observable market data was no longer available. Transfers between levels are considered to have

occurred at the end of the year. Fair value gains and losses in the income statement during the year are included in Note P5 “Net result from items at fair value” (see Note P5 Net result from items at fair value).

Movements in Level 3

31 Dec 2015, EURm	1 Jan 2015	Purchases	Transfers into level 3	Transfers out of level 3	31 Dec 2015
Interest-bearing securities	155	–	–	–	155
Shares	28	–	–	–	28
Participating interest in other companies	1	–	–	–	1
Derivatives (net)	8	–1	–1	–5	1

During the year Nordea Bank AB transferred derivatives (net) of EUR –5m out of Level 3 and EUR –1m into Level 3. The reason for the transfer from Level 3 was that observable market data became available. The reason for the transfer to Level 3 was that observable market data was no longer available. Transfers between levels are considered to have occurred at the end of the year. Fair value gains and losses in the income statement during the year are included in Note 5 “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.

Financial instruments

For information about the valuation processes, see Note G40 “Assets and liabilities at fair value”

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

31 Dec 2016, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value
Interest-bearing securities				
Credit institutions ¹	155	Discounted cash flows	Credit spread	+/-0
Participating interest in other companies				
Unlisted shares	1	Net asset value	–	+/-0
Derivatives				
Interest rate derivatives	–13	Option model	Corrections, Volatilities	–3/+3

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

For more information about measurement of the fair values in the table above, see section “Financial assets and liabilities not held at fair value on the balance sheet” in Note G40 “Assets and liabilities held at fair value”.

P41. Assets and liabilities at fair value, cont.

31 Dec 2015, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value
Interest-bearing securities				
Credit institutions ¹	155	Discounted cash flows	Credit spread	+/-0
Shares				
Unlisted shares	28	Net asset value	–	+/-0
Participating interest in other companies				
Unlisted shares	1	Net asset value	–	+/-0
Derivatives				
Interest rate derivatives	1	Option model	Corrections, Volatilities	+/-0

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

For more information about measurement of the fair values in the table above, see section “Financial assets and liabilities not held at fair value on the balance sheet” in Note G40 “Assets and liabilities held at fair value”.

Financial assets and liabilities not held at fair value on the balance sheet

	31 Dec 2016		31 Dec 2015		Level in fair value hierarchy
EURm	Carrying amount	Fair value	Carrying amount	Fair value	
Assets not held at fair value on the balance sheet					
Cash and balances with central banks	101	101	75	75	3
Treasury bills ^{1,2}	30	30	32	32	3
Loans	127,595	127,672	131,110	131,538	3
Interest-bearing securities ²	28	28	30	30	1,2,3
Other assets	199	199	629	629	3
Prepaid expenses and accrued income	665	665	679	679	3
Total	128,618	128,695	132,555	132,983	
Liabilities not held at fair value on the balance sheet					
Deposits and debt instruments	150,569	150,868	156,112	156,063	3
Other liabilities	319	319	330	330	3
Accrued expenses and prepaid income	212	212	232	232	3
Total	151,100	151,399	156,674	156,625	

1) The measurement principles follow those for similar instruments that are held at fair value on the balance sheet.

2) The fair value of Treasury bills and Interest-bearing securities is EUR 58m (EUR 62m), of which EUR 2m (EUR 2m) is categorised in level 1 and EUR 0m (EUR 0m) in level 2 and EUR 56m (EUR 60m) in level 3 of the fair value hierarchy.

For more information about measurement of the fair values in the table above, see section “Financial assets and liabilities not held at fair value on the balance sheet” in Note G40 “Assets and liabilities held at fair value”.

P42. Financial instruments set off on balance or subject to netting agreements

31 Dec 2016, 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			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	9,289	−4,666	4,623	−1,486	−	−1,790	1,347
Securities borrowing agreements	4,505	−	4,505	−	−4,505	−	0
Total	13,794	−4,666	9,128	−1,486	−4,505	−1,790	1,347

		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			
31 Dec 2016, EURm					Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities								
Derivatives		8,214	−4,666	3,548	−1,486	–	−94	1,968
Securities lending agreements		2,244	–	2,244	–	−2,244	–	0
Total		10,458	−4,666	5,792	−1,486	−2,244	−94	1,968

31 Dec 2015, 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			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	4,696	–320	4,376	–2,111	–	–1,854	411
Securities borrowing agreements	4,718	–	4,718	–	–4,718	–	0
Total	9,414	–320	9,094	–2,111	–4,718	–1,854	411

		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			
31 Dec 2015, EURm	Gross recognised financial liabilities ¹			Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	4,289	–320	3,969	–2,111	–	–130	1,728
Securities lending agreements	1,351	–	1,351	–	–1,351	–	0
Total	5,640	–320	5,320	–2,111	–1,351	–130	1,728

1) All amounts are measured at fair value.

2) Securities borrowing agreements are on the balance sheet classified as "Loans to credit institutions" or "Loans to the public". Securities lending agreements are on the balance sheet classified as "Deposits by credit institution" or as "Deposits and borrowings from the public".

For more information about master netting arrangements and similar agreements see section "Enforceable master netting arrangements and similar agreements" in Note G41 "Financial instruments set off on balance or subject to netting agreements".

P43. Disposal group held for sale

Balance sheet - Condensed ¹

EURm	31 Dec 2016
Assets	
Loans to credit institutions	818
Loans to the public	6,589
Other assets	295
Total assets held for sale	7,702
Liabilities	
Deposits by credit institutions	4,308
Deposits and borrowings from the public	4,783
Other liabilities	121
Total liabilities held for sale	9,212

1) Includes the external assets and liabilities held for sale. The external funding of the Baltic operations that will remain subsequent to the transaction is not included.

Assets and liabilities held for sale relate to Nordea's earlier announced decision to combine its Baltic operations with the Baltic operations of DNB. The individual assets and liabilities will be derecognised in Nordea and instead an investment in an associated company will be recognised. The transaction is expected to be completed around Q2 2017 and is subject to regulatory approvals.

P44. Assets and liabilities in foreign currencies

31 Dec 2016, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Total assets	65.7	56.5	2.6	2.0	32.1	22.4	181.3
Total liabilities	44.4	53.3	4.0	1.7	35.0	22.4	160.8

31 Dec 2015, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Total assets	58.6	55.3	6.4	2.2	37.0	28.7	188.2
Total liabilities	37.9	55.9	6.4	2.2	37.0	28.7	168.1

P45. Transferred assets and obtained collaterals

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 agreement 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 the 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 hold the securities as collateral, but have no recourse to other assets in Nordea.

The securities still reported on the balance sheet and the corresponding liabilities are measured at fair value.

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 2016	31 Dec 2015
Securities borrowing agreements		
Received collaterals which can be repledged or sold	4,505	4,718
- of which repledged or sold	4,505	4,718

P46. Maturity analysis for assets and liabilities

Expected maturity

EURm	Note	31 Dec 2016 Expected to be recovered or settled:			31 Dec 2015 Expected to be recovered or settled:		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with central banks		101	–	101	75	–	75
Treasury bills	P14	3,438	3,145	6,583	3,295	3,610	6,905
Loans to credit institutions	P15	61,362	27,013	88,375	60,125	29,884	90,009
Loans to the public	P15	13,973	29,753	43,726	37,993	7,827	45,820
Interest-bearing securities	P16	1,339	9,020	10,359	2,165	9,998	12,163
Shares	P17	1	129	130	2,330	32	2,362
Derivatives	P18	804	3,864	4,668	994	4,017	5,011
Fair value changes of the hedged items in portfolio hedge of interest rate risk		0	–	0	0	1	1
Investments in group undertakings	P19	–	5,733	5,733	30	4,571	4,601
Investments in group undertakings being merged	P20	14,368	–	14,368	14,793	–	14,793
Investments in associated undertakings and joint ventures	P21	–	12	12	–	7	7
Participating interest in other companies		–	1	1	–	1	1
Intangible assets	P22	–	1,539	1,539	–	1,091	1,091
Properties and equipment	P23	–	132	132	–	138	138
Deferred tax assets	P13	4	18	22	20	6	26
Current tax assets		204	–	204	3	–	3
Other assets	P24	4,560	–	4,560	4,387	–	4,387
Prepaid expenses and accrued income	P25	404	345	749	412	368	780
Total assets		100,558	80,704	181,262	126,622	61,551	188,173
Deposits by credit institutions	P26	13,240	7,134	20,374	12,693	6,376	19,069
Deposits and borrowings from the public	P27	58,099	84	58,183	60,367	676	61,043
Debt securities in issue	P28	34,450	28,712	63,162	32,726	36,182	68,908
Derivatives	P18	1,154	2,458	3,612	1,151	3,029	4,180
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,008	–	1,008	296	862	1,158
Current tax liabilities		–	0	0	34	–	34
Other liabilities	P29	3,113	166	3,279	3,531	–	3,531
Accrued expenses and prepaid income	P30	670	–	670	759	–	759
Provisions	P31	295	12	307	299	2	301
Retirement benefit liabilities	P32	6	163	169	8	151	159
Subordinated liabilities	P33	1,590	8,496	10,086	642	8,309	8,951
Total liabilities		113,625	47,225	160,850	112,506	55,587	168,093

P46. Maturity analysis for assets and liabilities, cont.

Contractual undiscounted cash flows

31 Dec 2016, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Treasury bills	–	3,058	430	2,966	269	6,723
Loans to credit institutions	4,490	52,181	11,389	18,616	2,427	89,103
Loans to the public	975	12,271	5,951	22,542	5,170	46,909
Interest-bearing securities	–	360	1,330	9,092	1,003	11,785
Other	–	5,163	–	–	22,466	27,629
Total financial assets	5,465	73,033	19,100	53,216	31,335	182,149
Deposits by credit institutions	4,113	6,870	2,409	6,684	379	20,455
Deposits and borrowings from the public	51,280	5,544	1,278	86	–	58,188
- of which Deposits	51,280	4,632	1,278	86	–	57,276
- of which Borrowings	–	912	–	–	–	912
Debt securities in issue	–	23,493	12,791	31,713	9,362	77,359
- of which Debt securities in issue	–	22,556	12,604	23,672	6,760	65,592
- of which Other	–	937	187	8,041	2,602	11,767
Other	–	5,235	–	–	216	5,451
Total financial liabilities	55,393	41,142	16,478	38,483	9,957	161,453
Derivatives, cash inflow	–	74,164	10,408	13,892	5,357	103,821
Derivatives, cash outflow	–	73,505	10,254	10,790	4,700	99,249
Net exposure	–	659	154	3,102	657	4,572
Exposure	–49,928	32,550	2,776	17,835	22,035	25,268
Cumulative exposure	–49,928	–17,378	–14,602	3,233	25,268	–

31 Dec 2015, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Treasury bills	–	96	1,823	4,786	407	7,112
Loans to credit institutions	3,456	50,765	14,488	18,984	3,378	91,071
Loans to the public	1,138	13,205	6,059	19,836	9,202	49,440
Interest-bearing securities	–	2,338	1,666	9,084	834	13,922
Other	–	33,443	–	–	–	33,443
Total financial assets	4,594	99,847	24,036	52,690	13,821	194,988
Deposits by credit institutions	3,243	8,866	2,258	4,385	405	19,157
Deposits and borrowings from the public	52,019	7,137	1,633	270	1	61,060
- of which Deposits	52,019	6,123	1,633	270	1	60,046
- of which Borrowings	–	1,014	–	–	–	1,014
Debt securities in issue	–	25,506	11,752	32,648	12,419	82,325
- of which Debt securities in issue	–	25,332	11,580	27,180	7,278	71,370
- of which Other	–	174	172	5,468	5,141	10,955
Other	–	30,486	–	–	–	30,486
Total financial liabilities	55,262	71,995	15,643	37,303	12,825	193,028
Derivatives, cash inflow	–	68,574	8,698	14,606	5,603	97,481
Derivatives, cash outflow	–	68,234	8,096	12,160	4,690	93,180
Net exposure	–	340	602	2,446	913	4,301
Exposure	–50,668	28,192	8,995	17,833	1,909	6,261
Cumulative exposure	–50,668	–22,476	–13,481	4,352	6,261	–

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 26,993m (EUR 27,927m), which could be drawn on at any time. Nordea has also issued guarantees of EUR 71,965m (EUR 72,402m) which may lead to future cash outflows if certain events occur.

For further information about remaining maturity, see also the section "Risk, Liquidity and Capital management".

P47. 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 "Accounting policies", section 26 and Note G45 "Related-party transactions".

EURm	Group undertakings		Associated undertakings		Other related parties	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Assets						
Loans and receivables	86,819	85,865	317	333	–	–
Interest-bearing securities	–	87	–	–	–	–
Derivatives	1,577	1,780	4	–	–	–
Investments in group undertakings	20,101	19,394	–	–	–	–
Other assets	704	914	–	–	–	–
Prepaid expenses and accrued income	509	579	–	–	–	–
Total assets	109,710	108,619	321	333	–	–
Liabilities						
Deposits	14,790	13,052	2	3	8	43
Debt securities in issue	54	111	–	–	–	–
Derivatives	2,433	2,798	–	5	–	–
Other liabilities	0	2	–	–	–	–
Accrued expenses and deferred income	23	286	–	–	–	–
Subordinated liabilities	19	12	–	–	–	–
Total liabilities	17,319	16,261	2	8	8	43
Off balance¹	68,197	70,814	1,763	1,668	–	–

1) Including guarantees to Nordea Bank Finland Plc, see Note P37 "Contingent liabilities" as well as nominal values on derivatives in associated undertakings.

EURm	Group undertakings		Associated undertakings		Other related parties	
	2016	2015	2016	2015	2016	2015
Net interest income and expenses	–168	–26	1	1	0	0
Net fee and commission income	396	399	1	0	–	–
Net result from items at fair value	–161	–229	5	–3	–	–
Other operating income	708	748	–	–	–	–
Total operating expenses	–146	–565	–	0	–	–
Profit before loan losses	629	327	7	–2	0	0

Compensation and loans to key management personnel

Compensation and loans to key management personnel are specified in Note G7 "Staff costs".

Other related-party transactions

Nordea Bank AB (publ) takes part in a guarantee consortium to support Norwegian Eksportfinans ASA. For further information, see Note G45 "Related-party transactions".

P48. Proposed distribution of earnings

According to the balance sheet, the following amount is available for distribution by the Annual General Meeting:

EUR	
Share premium reserve	1,079,925,521
Retained earnings	9,049,852,113
Other free funds	2,762,284,828
Net profit for the year	2,899,588,070
Total	15,791,650,532

The Board of Directors proposes that these earnings are distributed as follows:

EUR	
Dividends paid to shareholders, EUR 0.65 per share	2,625,368,991
To be carried forward to:	
- share premium reserve	1,079,925,521
- retained earnings	9,324,071,192
- other free funds	2,762,284,828
Total	15,791,650,532

It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands with respect to the size of the Company's and the Group's equity, which are imposed by the nature, scope and risks, associated with the business, and the Company's and the Group's need for consolidation, liquidity and financial position in general.

Signing of the Annual Report

The Board of Directors and the President and Group CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the International Reporting Standards (IFRS/IAS) referred to in the European parliament and councils' regulation (EC) 1606/2002, from 19 July 2002, on application of International Accounting Standards. They give a true and fair view of the Group's and the Company's financial position and result. The Board of Directors' Report for the Group and the Company gives a true and fair overview of the development of the operations, financial position and result of the Group and the Company and describes the material risks and uncertainties that the Company and the Group companies are facing.

3 February 2017

Björn Wahlroos
Chairman

Marie Ehrling
Vice Chairman

Tom Knutzen
Board member

Robin Lawther
Board member

Toni H. Madsen
Board member¹

Lars G Nordström
Board member

Gerhard Olsson
Board member¹

Hans Christian Riise
Board member¹

Sarah Russell
Board member

Silvija Seres
Board member

Kari Stadigh
Board member

Birger Steen
Board member

Casper von Koskull
President and Group CEO

Our audit report was submitted on 13 February 2017

Öhrlings PricewaterhouseCoopers AB

Peter Clemedtson
*Authorised Public Accountant
Auditor-in-charge*

Catarina Ericsson
Authorised Public Accountant

1) Employee representative.

Auditor's report

To the Annual general meeting of the shareholders of Nordea Bank AB (publ), corporate identity number 516406-0120

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nordea Bank AB (publ) for the year 2016, with the exception of the Corporate Governance report on pages 59–65. The annual accounts and consolidated accounts of the company are included on pages 35–225 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Security Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act of Credit Institutions and Security Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Security Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act of Credit Institutions and Security Companies. Our opinions do not include the Corporate Governance report on pages 59–65. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the

structure of the Group, the accounting processes and controls, and the industry in which the group operates.

The Nordea Group has centralised group functions combined with global processes per business area. We have organised the audit work by having our central team carry out the testing of centralised systems and processes whereby local auditors carry out the audit of systems and processes in each business area and legal entity.

Full scope audit is performed at entities with high significance and risk to the group. The procedures applied generally include an assessment and testing of controls over key business processes, analytical procedures of individual account balances, tests of accounting records through inspection, observation or confirmation, and obtaining corroborating evidential matter in response to inquiries.

For some entities, even though not considered to have high significance or risk, it is required from a group audit perspective to obtain assurance on certain accounting areas. In these cases, local audit teams are instructed to perform certain procedures and report back to us. The procedures applied generally include a detailed analytical review, reconciliation to underlying sub-ledgers, substantive testing for specific processes, areas and accounts, discussion with management regarding accounting, tax and internal control as well as follow-ups on known issues from previous periods.

Our audit is carried out continuously during the year. In December, we reported to the Board Audit Committee our interim audit regarding internal control and management's administration. At year end, we reported our final observations to the Board Audit Committee as well to the full Board of Directors. We have also performed a limited review of the interim report as of 30 June 2016.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

In the table on page 229 we set out how we tailored our audit for these key audit matters.

Key audit matter

How our audit addressed the Key audit matter

Impairment of loans to customers

Accounting for impairment of loans to customers require management's judgment over timing of recognition of impairment and the size of any such impairment allowance.

Nordea makes allowances for incurred credit losses both on an individual and on a collective basis.

Important areas of impairment of loans to customers relate to:

- Identification of impaired loans including completeness of the customer accounts that are included in the impairment calculation
- Assumptions and estimates made by management underlying the calculation of individual and collective impairment allowances. Examples of these relate to the probability to default and loss given default calculations.

Refer to the Annual Report Note G1 – Accounting policies (Critical judgements and estimation uncertainty), Note G10 – Net loan losses and Note G13 – Loans and impairment

Our audit included a combination of testing of internal controls over financial reporting and substantive testing.

We assessed and tested the design and operating effectiveness of the controls over:

- rating and scoring of customers
- individually assessed loan impairment calculations
- collectively assessed loan impairment calculations

We performed detailed testing on a sample of loans to ascertain whether we concur with the risk assessment as expressed by the internal rating or scoring. We had a special focus on loans to customers in the shipping, oil and offshore services.

We tested impairment calculations on a sample of significant impaired loans including assessment of expected future cash flow. In addition, we examined a sample of loans and advances which had not been identified by management as impaired.

We also assessed the appropriateness of relevant parameters in the collective impairment models.

Valuation of certain Level II and III financial instruments held at fair value

The valuation of Level II and III financial instruments utilise unobservable inputs for recurring fair value measurements. Significant portfolios of financial instruments are valued based on models and certain assumptions that are not observable by third parties.

Important areas in valuation of financial instruments held at fair value relate to:

- Framework & policies relating to models and valuation;
- Internal controls relating to fair value hierarchy, fair value adjustments, price testing and model control & governance; and
- Levelling and disclosures of financial instruments

Refer to the Annual Report Note G1 – Accounting policies (Critical judgements and estimation uncertainty), Note G18 – Derivatives and Hedge accounting, Note G39 – Classification of financial statements and Note G40 – Assets and liabilities at fair value.

In our audit, we assessed and tested the design and operating effectiveness of the controls over

- the identification, measurement and oversight of valuation of financial instruments
- fair value hierarchy, fair value adjustments and independent price verification
- model control & governance

We examined the Group's independent price verification processes, model validation and approval processes, controls over data feeds and inputs to valuation and the Group's governance and reporting processes and controls.

For the valuations dependent on unobservable inputs or which involve a higher degree of judgement, we assessed the assumptions, methodologies and models used by the Group. We performed an independent valuation of a sample of positions.

In respect of fair value adjustments, specifically CVA, DVA and FFVA for derivatives we assessed the methodology applied, underlying models and assumptions made by the Group and compared it with our knowledge of current industry practice. We tested the controls over the data inputs to the underlying models and on a sample basis tested underlying transactions back to supporting evidence.

Actuarial assumptions related to the Life business

Technical provisions have a material impact on the financial statements. Some of the economic and non-economic actuarial assumptions used in valuing insurance contracts are by nature judgmental.

Refer to the Annual Report Note G1 – Accounting policies (Critical judgements and estimation uncertainty) and Note G27 – Liabilities to policyholders

In our audit, we assessed the design and tested operating effectiveness of the controls over the process for calculating provisions within the Life business.

Our audit also included assessments of actuarial reports, assumptions used in calculations as well as the actuarial change analysis. The audit was carried out involving PwC actuaries.

Provisions for uncertain tax positions

The Group is subject to taxation in many jurisdictions and in certain cases the ultimate tax treatment is not determined until resolved with the relevant tax authority. Consequently, recognition and calculation of taxation requires judgment due to the uncertainty underlying its future outcome.

Refer to the Annual Report Note G1 – Accounting policies (Critical judgements and estimation uncertainty) and G11 – Taxes

We gained an understanding over the Group's internal processes for determining uncertain tax provisions.

Our tax specialists examined the correspondence between the Group and the relevant tax authorities. On a sample basis, we examined and tested significant matters in dispute and the provisions made by management as well as significant tax calculations.

IT systems supporting processes over financial reporting

The Group's financial reporting is highly dependent on IT systems supporting automated accounting and reconciliation procedures. To ensure complete and accurate financial records it is important that the IT general controls are designed and operates effectively.

For relevant IT systems and controls relating to financial reporting we assessed and tested the design and operating effectiveness.

We examined the framework of governance over the Group's IT organisation and the controls over program development and changes, access to program and data and IT operations.

- for logical access to program and data, audit activities included testing that new access, removal of access rights and that access rights were periodically monitored for appropriateness.
- other areas tested included security configurations, controls over changes to IT-systems including appropriate segregation of duties.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 4–34. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act of Credit Institutions and Security companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Board Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nordea Bank AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect;

- has undertaken any action or been guilty of any omission which can give rise to liability to the company; or
- in any other way has acted in contravention of the Banking and Financing Business Act, the Annual Accounts Act of Credit Institutions and Security Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of

assurance whether the proposal is in accordance with the Banking and Financing Business Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Banking and Financing Business Act.

A further description of our responsibility for the audit of the administration is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Stockholm, 13 February 2017

Öhrlings PricewaterhouseCoopers AB

Peter Clemedtson
Authorised Public Accountant
Auditor-in-charge

Catarina Ericsson
Authorised Public Accountant

ANNEX 2
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER FOR THE YEAR
ENDED 31 DECEMBER 2015, INCLUDING THE AUDITOR'S REPORT AND NOTES
RELATING THERETO

Income statement, Group

EURm	Note	2015	2014 ¹
Operating income			
Interest income		8,549	9,995
Interest expense		–3,439	–4,513
Net interest income	G3	5,110	5,482
Fee and commission income		4,035	3,799
Fee and commission expense		–1,010	–957
Net fee and commission income	G4	3,025	2,842
Net result from items at fair value	G5	1,703	1,425
Profit from associated undertakings accounted for under the equity method	G18	39	18
Other operating income	G6	263	474
Total operating income		10,140	10,241
Operating expenses			
General administrative expenses:			
Staff costs	G7	–3,263	–3,159
Other expenses	G8	–1,485	–1,656
Depreciation, amortisation and impairment charges of tangible and intangible assets	G9	–209	–585
Total operating expenses		–4,957	–5,400
Profit before loan losses		5,183	4,841
Net loan losses	G10	–479	–534
Operating profit		4,704	4,307
Income tax expense	G11	–1,042	–950
Net profit for the year from continuing operations		3,662	3,357
Net profit for the year from discontinued operations, after tax	G41	–	–25
Net profit for the year		3,662	3,332
Attributable to:			
Shareholders of Nordea Bank AB (publ)		3,662	3,332
Non-controlling interests		–	–
Total		3,662	3,332
Basic earnings per share, EUR – Total operations	G12	0.91	0.83
Diluted earnings per share, EUR – Total operations	G12	0.91	0.83
Basic earnings per share, EUR – Continuing operations	G12	0.91	0.84
Diluted earnings per share, EUR – Continuing operations	G12	0.91	0.84

1) During 2015 the scope of discontinued operations has changed and the IT-operations earlier classified as discontinued operations were reclassified to continuing operations which affected 2014.

Statement of comprehensive income, Group

EURm	2015	2014
Net profit for the year	3,662	3,332
Items that may be reclassified subsequently to the income statement		
Currency translation differences during the year	-544	-1,039
Hedging of net investments in foreign operations:		
Valuation gains/losses during the year	308	435
Tax on valuation gains/losses during the year	-68	-96
Available for sale investments ¹		
Valuation gains/losses during the year	-94	41
Tax on valuation gains/losses during the year	23	-8
Transferred to the income statement during the year	-66	-1
Tax on transfers to the income statement during the year	14	0
Cash flow hedges:		
Valuation gains/losses during the year	611	480
Tax on valuation gains/losses during the year	-145	-105
Transferred to the income statement during the year	-527	-449
Tax on transfers to the income statement during the year	126	98
Items that may not be reclassified subsequently to the income statement		
Defined benefit plans:		
Remeasurement of defined benefit plans during the year	483	-518
Tax on remeasurement of defined benefit plans during the year	-108	120
Other comprehensive income, net of tax²	13	-1,042
Total comprehensive income	3,675	2,290
Attributable to:		
Shareholders of Nordea Bank AB (publ)	3,675	2,290
Non-controlling interests	—	—
Total	3,675	2,290

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

2) For 2014 EUR -12m is related to discontinued operations.

Balance sheet, Group

EURm	Note	31 Dec 2015	31 Dec 2014
Assets			
Cash and balances with central banks		35,500	31,067
Loans to central banks	G13	13,224	6,958
Loans to credit institutions	G13	10,959	12,217
Loans to the public	G13	340,920	348,085
Interest-bearing securities	G14	88,176	87,110
Financial instruments pledged as collateral	G15	8,341	12,151
Shares	G16	40,745	39,749
Derivatives	G17	80,741	105,119
Fair value changes of the hedged items in portfolio hedge of interest rate risk		151	256
Investments in associated undertakings	G18	515	487
Intangible assets	G19	3,208	2,908
Properties and equipment		557	509
Investment properties	G21	3,165	3,227
Deferred tax assets	G11	76	130
Current tax assets		87	132
Retirement benefit assets	G31	377	42
Other assets	G22	18,600	17,581
Prepaid expenses and accrued income	G23	1,526	1,614
Total assets		646,868	669,342
Liabilities			
Deposits by credit institutions	G24	44,209	56,322
Deposits and borrowings from the public	G25	193,342	197,254
Liabilities to policyholders	G26	55,491	51,843
Debt securities in issue	G27	201,937	194,274
Derivatives	G17	79,505	97,340
Fair value changes of the hedged items in portfolio hedge of interest rate risk		2,594	3,418
Current tax liabilities		225	368
Other liabilities	G28	25,756	26,973
Accrued expenses and prepaid income	G29	1,805	1,943
Deferred tax liabilities	G11	1,028	983
Provisions	G30	415	305
Retirement benefit liabilities	G31	329	540
Subordinated liabilities	G32	9,200	7,942
Total liabilities		615,836	639,505
Equity			
Non-controlling interests		1	2
Share capital		4,050	4,050
Share premium reserve		1,080	1,080
Other reserves		-1,188	-1,201
Retained earnings		27,089	25,906
Total equity		31,032	29,837
Total liabilities and equity		646,868	669,342
Assets pledged as security for own liabilities	G33	184,795	163,041
Other assets pledged	G34	9,038	11,265
Contingent liabilities	G35	22,569	22,017
Commitments	G36	74,663	75,935

Statement of changes in equity, Group

	Attributable to shareholders of Nordea Bank AB (publ) ²									
	Other reserves:									
	Share capital ¹	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
EURm										
Balance at 1 Jan 2015	4,050	1,080	-1,313	6	113	-7	25,906	29,835	2	29,837
Net profit for the year	—	—	—	—	—	—	3,662	3,662	—	3,662
Items that may be reclassified subsequently to the income statement										
Currency translation differences during the year	—	—	-544	—	—	—	—	-544	—	-544
Hedging of net investments in foreign operations:										
Valuation gains/losses during the year	—	—	308	—	—	—	—	308	—	308
Tax on valuation gains/losses during the year	—	—	-68	—	—	—	—	-68	—	-68
Available for sale investments:										
Valuation gains/losses during the year	—	—	—	—	-94	—	—	-94	—	-94
Tax on valuation gains/losses during the year	—	—	—	—	23	—	—	23	—	23
Transferred to the income statement during the year	—	—	—	—	-66	—	—	-66	—	-66
Tax on transfers to the income statement during the year	—	—	—	—	14	—	—	14	—	14
Cash flow hedges:										
Valuation gains/losses during the year	—	—	—	611	—	—	—	611	—	611
Tax on valuation gains/losses during the year	—	—	—	-145	—	—	—	-145	—	-145
Transferred to the income statement during the year	—	—	—	-527	—	—	—	-527	—	-527
Tax on transfers to the income statement during the year	—	—	—	126	—	—	—	126	—	126
Items that may not be reclassified subsequently to the income statement										
Define benefit plans:										
Remeasurement of defined benefit plans during the year	—	—	—	—	—	483	—	483	—	483
Tax on remeasurement of defined benefit plans during the year	—	—	—	—	—	-108	—	-108	—	-108
Other comprehensive income, net of tax	—	—	-304	65	-123	375	—	13	—	13
Total comprehensive income	—	—	-304	65	-123	375	3,662	3,675	—	3,675
Share-based payments	—	—	—	—	—	—	2	2	—	2
Dividend for 2014	—	—	—	—	—	—	-2,501	-2,501	—	-2,501
Disposal of own shares ³	—	—	—	—	—	—	20	20	—	20
Change in non-controlling interests	—	—	—	—	—	—	—	—	-1	-1
Balance at 31 Dec 2015	4,050	1,080	-1,617	71	-10	368	27,089	31,031	1	31,032

1) Total shares registered were 4,050 million.

2) Restricted equity was at 31 December 2015 EUR 4,318m, of which share capital was EUR 4,050m and equity method reserve was EUR 268m. Equity method reserve is recognised in retained earnings. Unrestricted equity was at 31 December 2015 EUR 26,713m.

3) Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares were 18.6 million. The total holdings of own shares related to LTIP is 11.7 million.

	Attributable to shareholders of Nordea Bank AB (publ) ²									
			Other reserves:							
	Share capital ¹	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
EURm										
Balance at 1 Jan 2014	4,050	1,080	-613	-18	81	391	24,236	29,207	2	29,209
Net profit for the year	—	—	—	—	—	—	3,332	3,332	—	3,332
Items that may be reclassified subsequently to the income statement										
Currency translation differences during the year	—	—	-1,039	—	—	—	—	-1,039	—	-1,039
Hedging of net investments in foreign operations:										
Valuation gains/losses during the year	—	—	435	—	—	—	—	435	—	435
Tax on valuation gains/losses during the year	—	—	-96	—	—	—	—	-96	—	-96
Available for sale investments:										
Valuation gains/losses during the year	—	—	—	—	41	—	—	41	—	41
Tax on valuation gains/losses during the year	—	—	—	—	-8	—	—	-8	—	-8
Transferred to the income statement during the year	—	—	—	—	-1	—	—	-1	—	-1
Tax on transfers to the income statement during the year	—	—	—	—	0	—	—	0	—	0
Cash flow hedges:										
Valuation gains/losses during the year	—	—	—	480	—	—	—	480	—	480
Tax on valuation gains/losses during the year	—	—	—	-105	—	—	—	-105	—	-105
Transferred to the income statement during the year	—	—	—	-449	—	—	—	-449	—	-449
Tax on transfers to the income statement during the year	—	—	—	98	—	—	—	98	—	98
Items that may not be reclassified subsequently to the income statement										
Defind benefit plans:										
Remeasurement of defined benefit plans during the year	—	—	—	—	—	-518	—	-518	—	-518
Tax on remeasurement of defined benefit plans during the year	—	—	—	—	—	120	—	120	—	120
Other comprehensive income, net of tax	—	—	-700	24	32	-398	—	-1,042	—	-1,042
Total comprehensive income	—	—	-700	24	32	-398	3,332	2,290	—	2,290
Share-based payments	—	—	—	—	—	—	16	16	—	16
Dividend for 2013	—	—	—	—	—	—	-1,734	-1,734	—	-1,734
Disposal of own shares ³	—	—	—	—	—	—	56	56	—	56
Balance at 31 Dec 2014	4,050	1,080	-1,313	6	113	-7	25,906	29,835	2	29,837

1) Total shares registered were 4,050 million.

2) Restricted equity was at 31 December 2014 EUR 4,296m, of which share capital was EUR 4,050m and equity method reserve was EUR 246m. Equity method reserve is recognised in retained earnings. Unrestricted equity was at 31 December 2014 EUR 25,539m.

3) Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares were 23.0 million. The total holdings of own shares related to LTIP is 15.9 million.

Dividends per share

See Statement of changes in equity for the parent company, page 168.

Cash flow statement, Group

– Total operations

EURm	2015	2014
Operating activities		
Operating profit	4,704	4,307
Profit for the year from discontinued operations, after tax	—	–25
Adjustment for items not included in cash flow	2,824	8,140
Income taxes paid	–1,056	–966
Cash flow from operating activities before changes in operating assets and liabilities	6,472	11,456
Changes in operating assets		
Change in loans to central banks	–10,002	1,853
Change in loans to credit institutions	1,171	–1,050
Change in loans to the public	5,173	–17,359
Change in interest-bearing securities	–831	–3,785
Change in financial assets pledged as collateral	3,812	–2,609
Change in shares	–937	–7,196
Change in derivatives, net	4,453	155
Change in investment properties	38	169
Change in other assets	–1,402	–6,843
Changes in operating liabilities		
Change in deposits by credit institutions	–13,495	–4,398
Change in deposits and borrowings from the public	–4,272	568
Change in liabilities to policyholders	2,361	–765
Change in debt securities in issue	4,374	13,040
Change in other liabilities	3,281	5,940
Cash flow from operating activities	196	–10,824
Investing activities		
Sale of business operations	175	481
Acquisition of associated undertakings	0	–8
Sale of associated undertakings	10	480
Acquisition of property and equipment	–162	–197
Sale of property and equipment	27	14
Acquisition of intangible assets	–467	–343
Sale of intangible assets	9	—
Net divestments in debt securities, held to maturity	–139	2,822
Purchase/sale of other financial fixed assets	25	5
Cash flow from investing activities	–522	3,254
Financing activities		
Issued subordinated liabilities	2,159	1,106
Amortised subordinated liabilities	–1,424	–468
Divestment/repurchase of own shares including change in trading portfolio	20	56
Dividend paid	–2,501	–1,734
Cash flow from financing activities	–1,746	–1,040
Cash flow for the year	–2,072	–8,610
Cash and cash equivalents at the beginning of year	39,683	45,670
Translation difference	2,589	2,623
Cash and cash equivalents at the end of year	40,200	39,683
Change	–2,072	–8,610

Comments on the cash flow statement

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year for total operations. 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 items not included in cash flow includes:

EURm	2015	2014
Depreciation	189	237
Impairment charges	20	350
Loan losses	543	620
Unrealised gains/losses	1,401	-457
Capital gains/losses (net)	-197	-391
Change in accruals and provisions	143	-788
Translation differences	811	1,070
Change in bonus potential to policyholders, Life	236	918
Change in technical reserves, Life	1,053	3,839
Change in fair value of hedged items, assets/liabilities (net)	-753	1,749
Other	-622	993
Total	2,824	8,140

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	2015	2014
Interest payments received	8,810	10,319
Interest expenses paid	-3,473	-4,698

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 2015	31 Dec 2014
Cash and balances with central banks	35,500	31,067
Loans to central banks, payable on demand	2,684	6,454
Loans to credit institutions, payable on demand	2,016	2,162
Total	40,200	39,683

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

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

Loans to credit institutions, payable on demand include liquid assets not represented by bonds or other interest-bearing securities. Loans to central banks, payable on demand includes instruments where Nordea has the right to resell immediately.

Discontinued operations

The cash flow statements include cash flow attributable to total operations i.e. both continuing and discontinued operations. In 2014 the discontinued operations consisted of Nordea's Polish operations, for more information see Note G1 and Note G41. The cash flows related to the discontinued operations, excluding the cash flows at the closing of the transaction, consisted of net cash flows from operating activities of EUR -379m, net cash flow from investing activities of EUR -14m and net cash flows from financing activities of EUR 1m. There are no cash flows from discontinued operations 2015.

Quarterly development, Group

EURm	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014 ¹	Q3 2014 ¹	Q2 2014 ¹	Q1 2014 ¹	2015	2014 ¹
Net interest income	1,241	1,272	1,309	1,288	1,356	1,396	1,368	1,362	5,110	5,482
Net fee and commission income	768	717	783	757	763	667	708	704	3,025	2,842
Net result from items at fair value	436	222	401	644	367	291	356	411	1,703	1,425
Profit from associated undertakings accounted for under the equity method	3	18	8	10	–1	7	3	9	39	18
Other operating income	197	24	22	20	33	398	25	18	263	474
Total operating income	2,645	2,253	2,523	2,719	2,518	2,759	2,460	2,504	10,140	10,241
General administrative expenses:										
Staff costs	–956	–756	–772	–779	–760	–731	–910	–758	–3,263	–3,159
Other expenses	–455	–303	–363	–364	–418	–380	–428	–430	–1,485	–1,656
Depreciation, amortisation and impairment charges of tangible and intangible assets	–65	–49	–50	–45	–54	–410	–65	–56	–209	–585
Total operating expenses	–1,476	–1,108	–1,185	–1,188	–1,232	–1,521	–1,403	–1,244	–4,957	–5,400
Profit before loan losses	1,169	1,145	1,338	1,531	1,286	1,238	1,057	1,260	5,183	4,841
Net loan losses	–142	–112	–103	–122	–129	–112	–135	–158	–479	–534
Operating profit	1,027	1,033	1,235	1,409	1,157	1,126	922	1,102	4,704	4,307
Income tax expense	–179	–253	–283	–327	–280	–188	–216	–266	–1,042	–950
Net profit for the period from continuing operations	848	780	952	1,082	877	938	706	836	3,662	3,357
Net profit for the period from discontinued operations, after tax	–	–	–	–	–	0	–20	–5	–	–25
Net profit for the year	848	780	952	1,082	877	938	686	831	3,662	3,332
Diluted earnings per share (DEPS), EUR – Total operations	0.21	0.19	0.24	0.27	0.22	0.23	0.17	0.21	0.91	0.83
DEPS, rolling 12 months up to period end, EUR – Total operations	0.91	0.92	0.95	0.89	0.83	0.80	0.76	0.78	0.91	0.83

1) During 2015 the scope of discontinued operations has changed and the IT-operations earlier classified as discontinued operations were reclassified to continuing operations which affected 2014.

5 year overview, Group

Income statement

EURm	2015	2014 ²	2013	2012	2011 ¹
Net interest income	5,110	5,482	5,525	5,563	5,456
Net fee and commission income	3,025	2,842	2,642	2,468	2,395
Net result from items at fair value	1,703	1,425	1,539	1,774	1,517
Profit from associated undertakings accounted for under the equity method	39	18	79	93	42
Other operating income	263	474	106	100	91
Total operating income	10,140	10,241	9,891	9,998	9,501
General administrative expenses:					
Staff costs	-3,263	-3,159	-2,978	-2,989	-3,113
Other expenses	-1,485	-1,656	-1,835	-1,808	-1,914
Depreciation, amortisation and impairment charges of tangible and intangible assets	-209	-585	-227	-267	-192
Total operating expenses	-4,957	-5,400	-5,040	-5,064	-5,219
Profit before loan losses	5,183	4,841	4,851	4,934	4,282
Net loan losses	-479	-534	-735	-895	-735
Operating profit	4,704	4,307	4,116	4,039	3,547
Income tax expense	-1,042	-950	-1,009	-970	-913
Net profit for the year from continuing operations	3,662	3,357	3,107	3,069	2,634
Net profit for the year from discontinued operations, after tax	—	-25	9	57	—
Net profit for the year	3,662	3,332	3,116	3,126	2,634

Balance sheet

EURm	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011
Cash and balances with central banks	35,500	31,067	33,529	36,060	3,765
Loans to central banks and credit institutions	24,183	19,175	22,512	18,574	51,865
Loans to the public	340,920	348,085	342,451	346,251	337,203
Interest-bearing securities and pledged instruments	96,517	99,261	96,889	94,596	92,923
Derivatives	80,741	105,119	70,992	118,789	171,943
Other assets	69,007	66,635	55,166	53,908	43,432
Assets held for sale	—	—	8,895	—	—
Total assets	646,868	669,342	630,434	668,178	701,131
Deposits by credit institutions	44,209	56,322	59,090	55,426	55,316
Deposits and borrowings from the public	193,342	197,254	200,743	200,678	190,092
Liabilities to policyholders	55,491	51,843	47,226	45,320	40,715
Debt securities in issue	201,937	194,274	185,602	183,908	178,028
Derivatives	79,505	97,340	65,924	114,203	167,390
Subordinated liabilities	9,200	7,942	6,545	7,797	6,503
Other liabilities	32,152	34,530	31,897	32,841	37,442
Liabilities held for sale	—	—	4,198	—	—
Equity	31,032	29,837	29,209	28,005	25,645
Total liabilities and equity	646,868	669,342	630,434	668,178	701,131

1) The comparative figures for 2011 have not been restated in relation to discontinued operations (Nordea's Polish operations), see Note G41 for more information.

2) During 2015 the scope of discontinued operations has changed and the IT-operations earlier classified as discontinued operations were reclassified to continuing operations which affected 2014.

Ratios and key figures, Group

	2015	2014 ⁶	2013	2012	2011 ²
Basic earnings per share, EUR – Total operations	0.91	0.83	0.77	0.78	0.65
Diluted earnings per share, EUR – Total operations	0.91	0.83	0.77	0.78	0.65
Share price ¹ , EUR	10.15	9.68	9.78	7.24	5.98
Total shareholders' return, %	8.2	9.2	44.6	21.0	–24.4
Proposed/actual dividend per share, EUR	0.64	0.62	0.43	0.34	0.26
Equity per share ¹ , EUR	7.69	7.40	7.27	6.96	6.47
Potential shares outstanding ¹ , million	4,050	4,050	4,050	4,050	4,047
Weighted average number of diluted shares, million	4,031	4,031	4,020	4,026	4,028
Return on equity, % – Continuing operations	12.2	11.4	11.0	11.6	10.6
Return on assets, % – Total operations	0.57	0.50	0.49	0.47	0.38
Assets under management ¹ , EURbn	288.2	262.2	232.1	218.3	187.4
Cost/income ratio ⁵ , % – Continuing operations	47	49	51	51	55
Loan loss ratio, basis points	14	15	21	26	23
Common Equity Tier 1 capital ratio excluding Basel I floor ^{1,3} , %	16.5	15.7	14.9	13.1	11.2
Tier 1 capital ratio, excluding Basel I floor ^{1,3} , %	18.5	17.6	15.7	14.3	12.2
Total capital ratio, excluding Basel I floor ^{1,3} , %	21.6	20.6	18.1	16.2	13.4
Common equity tier 1 capital ^{1,3} , EURm	23,575	22,821	23,112	21,961	20,677
Tier 1 capital ^{1,3} , EURm	26,516	25,588	24,444	23,953	22,641
Risk exposure amount, excluding Basel I floor ^{1,4} , EURbn	143	146	155	168	185
Number of employees (full-time equivalents) ¹ – Continuing operations	29,815	29,643	29,429	29,491	33,068
Risk-adjusted profit ^{4,5} , EURm – Continuing operations	3,692	3,476	3,352	3,313	2,714
Economic profit ^{4,5} , EURm – Continuing operations	1,578	1,058	912	889	1,145
Economic capital ^{1,4} , EURbn – Total operations	25.0	24.3	24.4	23.8	17.7
Economic capital ^{1,4} , EURbn – Continuing operations	25.0	24.3	23.5	22.8	–
ROCAR ^{4,5} , % – Continuing operations	14.6	14.0	13.7	13.9	15.5
RAROCAR ^{4,5} , % – Continuing operations	14.9	14.4	13.7	13.9	15.5
MCEV, EURm	4,758	4,758	4,700	3,762	2,714

1) End of the year.

2) The comparative figures for 2011 have not been restated due to discontinued operations (Nordea's Polish operations), see Note G41 for more information.

3) 2013 ratios are reported under the Basel II regulation framework and 2014 and 2015 ratios are reported using the Basel III (CRR/CRDIV) framework.

4) Capital deductions and physical asset (PAS) are included in 2013, 2014 and 2015 ratios.

5) Excluding non-recurring items in 2015 and 2014.

6) During 2015 the scope of discontinued operations has changed and the IT-operations earlier classified as discontinued operations were reclassified to continuing operations which affected 2014.

Business definitions

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.

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 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 closing 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).

Own funds Own funds include 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.

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.

Return on assets Net profit for the year as a percentage of total assets at end of the year.

Risk-adjusted profit Total income minus total operating expenses, minus Expected losses and standard tax (24% 2015). In addition, Risk-adjusted profit excludes major non-recurring items.

Risk exposure amount 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.

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

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. Shortfall is deducted with 100% in CET1 – 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 Common equity Tier 1 capital constitutes the Tier 1 capital excluding hybrid capital loans.

Tier 1 capital ratio Tier 1 capital as a percentage of risk exposure amount. The Common equity Tier 1 capital ratio is calculated as Common equity Tier 1 capital as a percentage of risk exposure amount.

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 Own funds as a percentage of risk exposure amount.

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) 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 accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments) and the Supplementary Accounting Rules for Groups (RFR 1) from the Swedish Financial Reporting Board have been applied.

The 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 4 February 2016 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 17 March 2016.

2. Changed accounting policies

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2014 Annual Report. The new accounting requirements implemented during 2015 and their effects on Nordea's financial statements are described below.

The following new and amended standards and interpretations were implemented 1 January 2015 but have not had any significant impact on the financial statements of Nordea:

- Amendments to IAS 19: "Defined Benefit Plans: Employee Contributions"
- "Annual Improvements to IFRSs, 2010–2012 Cycle"
- "Annual Improvements to IFRSs, 2011–2013 Cycle"
- IFRIC 21 "Levies"

The Swedish Financial Reporting Board has amended the accounting recommendation for groups by issuing "RFR 1 Supplementary Accounting Rules for Groups – January 2015". These changes were implemented by Nordea 1 January 2015 but have not had any significant impact on Nordea's financial statements.

3. Changes in IFRSs not yet applied

IFRS 9 "Financial instruments"

IASB has completed the new standard for financial instruments, IFRS 9 "Financial instruments". IFRS 9 covers classification and measurement, impairment and general hedging and replaces the current requirements covering these areas in IAS 39. IFRS 9 is effective as from annual periods beginning on or after 1 January 2018. Earlier application is permitted, but IFRS 9 is not yet endorsed by the EU-commission. Nordea does not currently intend to early adopt the standard.

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

The impairment requirements in IFRS 9 are based on an expected loss model as opposed to the current incurred loss model in IAS 39. In general, it is expected that the new requirements will increase loan loss provisions, decrease equity and have a negative impact on capital adequacy, but no impact on large exposures, in the period of initial application. IFRS 9 requires all assets measured at amortised cost and fair value through other comprehensive income, as well as guarantees and loan commitments, to be included in the impairment test. Currently Nordea does not calculate collective provisions for off balance sheet exposures or the AFS portfolio.

The assets to test for impairment will be divided into three groups depending on the stage of credit deterioration. Stage 1 includes assets where there has been no significant deterioration in credit risk, stage 2 includes assets where there has been a significant deterioration and stage

3 includes assets that have been individually assessed to be impaired. In stage 1, the provisions should equal the 12 month expected loss. In stage 2 and 3, the provisions should equal the lifetime expected losses.

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

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

The main change to the general hedging requirements is that the standard aligns hedge accounting more closely with the risk management activities. As Nordea generally uses macro (portfolio) hedge accounting Nordea's assessment is that the new requirements will not have any significant impact on Nordea's financial statements, capital adequacy, or large exposures in the period of initial application.

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

IFRS 15 "Revenue from Contracts with Customers"

The IASB has published the new standard, IFRS 15 "Revenue from Contracts with Customers". The new standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition standards and interpretations within IFRS, such as IAS 18 "Revenue". The new standard is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. The EU-commission is expected to endorse the standard during the second quarter 2016. Nordea does not currently intend to early adopt the standard. The standard does not apply to financial instruments, insurance contracts or lease contracts. Nordea has not finalised the investigation of the impact on the financial statements but the current assessment is that the new standard will not have any significant impact on Nordea's financial statements, capital adequacy, or large exposures in the period of initial application.

Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"

The IASB has issued amendments to IFRS 11 "Joint Arrangements", which add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments are endorsed by the EU-commission. Nordea does not currently intend to early adopt the amendments. As Nordea does not have any joint venture the assessment is that the amendments will not have any effects on Nordea's financial statements, capital adequacy or large exposures in the period of initial application.

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

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

Amendments to IAS 1 "Disclosure initiative"

The IASB has amended IAS 1 as a result of the IASB's disclosure initiative. The amendments in IAS 1 regards materiality, disaggregation and subtotals, note structure, disclosures of accounting policies and presentation of items of OCI arising from equity accounted investments. The amendments are effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments are endorsed by the EU-commission. Nordea does not intend to early adopt the amendments. The new requirements are not expected to have any effect on Nordea's financial statements, capital adequacy, or large exposures in the period of initial application.

IFRS 16 "Leases"

The IASB has published the new standard, IFRS 16 "Leases". The new standard changes the accounting requirements for lessees. All leases (except for short term and small ticket leases) should be accounted for on the balance sheet of the lessee as a right to use the asset and a corresponding liability, and the lease payments should be recognised as amortisation and interest expense. The accounting requirements for lessors are unchanged. Additional disclosures are also required. The new standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The amendments are not yet endorsed by the EU-commission. Nordea does not currently intend to early adopt the amendments. Nordea's current assessment is that the new standard will change the accounting of property leases which mainly affects Nordea's balance sheet.

Other changes in IFRS

The IASB has published the following new or amended standards that are assessed to have no impact on Nordea's financial statement, capital adequacy or large exposures in the period of initial application:

- Amendments to IFRS 10, IFRS 12 and IAS 28: "Investment Entities: Applying the Consolidation Exception"
- Amendments to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses"
- "Annual Improvements to IFRSs, 2012-2014 Cycle"

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 a description is made of:

- 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 classification of additional tier 1 instruments
- assessing control for consolidation purposes
- 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 G39 "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 244,266m (EUR 271,194m) and EUR 156,354m (EUR 194,243m) 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 G39 "Assets and liabilities at fair value".

Estimation uncertainty also arises at initial recognition of financial instruments that are part of larger structural transactions. Although subsequently not necessarily held at fair value such instruments are initially recognised at fair value and as there is normally no separate transaction price or active market for such individual instruments the fair value has to be estimated.

Impairment testing of goodwill

Nordea's accounting policy for goodwill is described in section 16 "Intangible assets" and Note G19 "Intangible assets" lists the cash generating units to which goodwill has been allocated. Nordea's total goodwill amounted to EUR 2,170m (EUR 2,234m) 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 (generally 3–5 years) and to the estimated sector growth rate for the period beyond 3–5 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 G19 "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 367,767m (EUR 370,009m) at the end of the year. For more information, see Note G13 "Loans and impairment".

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 defined benefit obligation 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 also subject to estimation uncertainty. The main parameters used at year-end are disclosed in Note G31 "Retirement benefit obligations" together with a description of the sensitivity to changes in assumptions. The defined benefit obligation was EUR 3,271m (EUR 3,727m) at the end of the year.

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. 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 was EUR 35,945m (EUR 35,103m) at the end of the year. The carrying amount's sensitivity to different assumptions is disclosed in Note G26 "Liabilities to policyholders".

Valuation of investment properties

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

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 properties were EUR 3,165m (EUR 3,227m) at the end of the year. See Note G21 "Investment properties" 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 agreements was initially 3–25 years with renewal options. The lease agreements include no transfers of ownerships of the assets by the end of the lease term, nor any economic benefit from appreciation in value of the leased properties. 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 G20 "Leasing".

Classification of additional tier 1 instruments

Nordea has issued perpetual subordinated instruments where the interest payments to the holders are at the discretion of Nordea and non-accumulating. These instruments also include a requirement for Nordea to pay interest if the instruments are no longer allowed to be included in tier 1 capital. If there is a requirement to pay interest based on the occurrence or non-occurrence of an uncertain future event

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Accounting policies

that is beyond the control of both the issuer and the holder of the instrument, the instrument shall be classified as a financial liability. The inclusion of the subordinated loan in tier 1 capital is decided by the regulators and is thus beyond the control of Nordea and the holders of the instrument. Nordea classifies the instruments as financial liabilities.

Assessing control for consolidation purposes

One decisive variable when assessing if Nordea controls another entity is whether Nordea is exposed to variability in returns from the investment. For structured entities where voting rights are not the dominant factor when determining control, critical judgement has to be exercised when defining when Nordea is exposed to significant variability in returns. Nordea's critical judgement is that Nordea is normally exposed to variability in returns when Nordea receives more than 30% of the return produced by the structured entity. This is only relevant for structured entities where Nordea also is the investment manager and thus have influence over the return produced by the structured entity.

Another judgement relating to control is whether Nordea acts as an agent or as a principal. For unit linked and other contracts where the policyholder/depositor decides both the amount and which assets to invest in, Nordea is considered to act as an agent and thus does not have control.

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 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 76m (EUR 130m) 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 G30 "Provisions" and Note G35 "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 exists when Nordea is exposed to variability in returns from its investments in another entity and has the ability to affect those returns through its power over the other entity. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights. For entities where voting rights does not decide control, see section "Structured entities" below.

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.

Note P20 "Investments in group undertakings" lists the major group undertakings in the Nordea Group.

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.

Nordea does generally not have any sales or contribution of assets to or from associated undertakings. Other transactions between Nordea and its associates are not eliminated.

Note G18 "Investments in associated undertakings" lists the major associated undertakings in the Nordea Group.

Structured entities

A structured entity is an entity created to accomplish a narrow and well defined objective where voting rights are not the dominant factor in determining control. Often legal arrangements impose strict limits on the decision making powers of the management over the on-going activities of a structured entity. The same consolidation requirements apply to these entities, but as voting rights do not decide whether control exists, other factors are used to determine control.

Power can exist due to agreements or other types of influence over a structured entity. Nordea normally has power over entities sponsored or established by Nordea. Nordea has created a number of structured entities to allow clients to invest in assets invested in by the structured entity. Some structured entities invest in tradable financial instruments, such as shares and bonds (mutual funds). Structured entities can also invest in structured credit products or acquire assets from customers of Nordea, although only one such structured entity currently exists. Nordea is generally the investment manager and has sole discretion about investments and other administrative decisions and thus has power over these entities.

Typically, Nordea will receive service and commission fees in connection with the creation of the structured entity, or because it acts as investment manager, custodian or in some other function. Such income is normally not significant enough to expose Nordea to variability in returns and will thus not trigger consolidation. In some structured entities Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these structured entities Nordea is exposed to variability in returns and as the power over these entities affects the return, these structured entities are consolidated. Nordea normally considers a share of more than 30% of the return produced by a structured entity to give rise to variability and thus give control. Variability is measured as the sum of fees received and revaluation of assets held. For unit linked and other contracts where the policyholder/depositor decide both the amount

and which assets to invest in, Nordea is considered to act as an agent and does thus not have control.

Further information about consolidated and unconsolidated structured entities is disclosed in note G47 "Interests in structured entities".

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. The average exchange rates are calculated based on daily exchange rates divided by the number of banking days in the period. 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

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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 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.

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 G39 “Assets and liabilities at 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 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”

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together with losses from financial guarantees. 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 G39 “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 excluding 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-bearing 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”.

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 insurance” 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 insurance” and “Insurance risk expense, Life insurance” 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 insurance” 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 investment 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 insurance” 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 insurance” 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. securities 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 section 13 “Financial instruments”, as well as Note G42 “Transferred assets and obtained collaterals”.

9. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity (subsidiary or branch) is decided based upon the primary economic environment in which the entity operates. The parent company Nordea Bank AB (publ) uses two functional currencies (in addition to the functional currencies of the branches), 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 be designated as the hedging instrument. It also 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

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 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 items 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

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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 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 price that at the measurement date would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

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 level 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 regularly. The trade frequency and volume are monitored daily.

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)

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- 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 exchanges, the counterparty's 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 G39 "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 a Model Risk Management Committee and all models are reviewed on a regular basis.

For further information, see Note G39 "Assets and liabilities at fair value".

12. Cash and balances with central banks

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 institutions is established
- The balance is readily available at any time

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 G38 "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 and lending in reverse repurchase agreements.

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. 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) classified as “Liabilities to policyholders” on the balance sheet are managed at fair value and consequently classified into the category Designated at fair value through profit or loss. This applies also to assets held under insurance contracts (defined in section 19 “Liabilities to policyholders”), which are classified into the category Designated at fair value through profit or loss to reduce an accounting mismatch with the liabilities to policyholders that are generally measured at current value.

Also assets held under so called “pooled schemes”, which is a product similar to unit-linked insurance, are classified into the category Designated at fair value through profit or loss to avoid an accounting mismatch with the related deposits that are managed at fair value and consequently also classified into the category Designated at fair value through profit or loss.

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-bearing 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 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 on 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”. From a presentation perspective the host contract is on the balance sheet presented as “Debt securities in issue” and the embedded derivative as “Derivatives”.

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.

Exchanged traded derivatives are generally accounted for as settled on a daily basis when cash is paid or received and the instrument is reset to market terms. Derivative assets and liabilities against central counterparty clearing houses are, as mentioned above, generally set off on the balance sheet, but net cash collateral received or paid is generally accounted for separately as cash collateral paid (asset) or received (liability), which is also the case for cash collateral paid or received in bilateral OTC derivative transactions. Cash collateral paid or received in bilateral OTC derivative transactions are consequently not offset against the fair value of the derivatives.

Issued debt and equity instruments

A financial instrument issued by Nordea is either classified as a financial liability or equity. Issued financial instruments are classified as a financial liability if the contractual arrangement results in Nordea having a present obligation to either deliver cash or another financial asset, or a variable number of equity instruments to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and classified as equity, net of transaction costs. Where issued financial instruments contain both liability and equity components, these are accounted for separately.

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 G38 “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-bearing 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 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.

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 the 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 loan 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 properties 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 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 properties. 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 acqui-

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sition 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 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 and IT-development not yet taken into use 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, including IT-development taken into use, 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 other assets. For goodwill and IT-development not yet taken into use, 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 G19 “Intangible assets” for more information on the impairment testing.

17. Properties and equipment

Properties and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of properties and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of properties 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.

Properties 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 properties

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 properties 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”.

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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 adjusted for 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-contracts (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 insurance” and/or “Change in collective bonus potentials, Life insurance”, 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

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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 (publ) 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 pension plans and defined contribution pension plans, reflecting national practices and conditions in the countries where Nordea operates. Defined benefit pension plans are predominantly sponsored in Sweden, Norway and Finland. The major defined benefit pension 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 determined using the projected unit credit method, the net amount is recognised as a liability ("Retirement benefit liabilities"). If not, the net amount is recognised as an asset ("Retirement benefit assets"). Non-funded pension plans are recognised as "Retirement benefit liabilities".

Most pensions in Denmark, but also plans in other countries, are based on defined contribution arrangements that hold no pension liability for Nordea. All defined benefit pension plans are closed for new employees. 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. Actuarial calculations including the projected unit credit method are applied to assess the present

G1

Accounting policies

value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note G31 "Retirement benefit obligations").

When establishing the present value of the obligation and the fair value of any plan assets, remeasurement effects may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The remeasurement effects are recognised immediately in equity through other comprehensive income.

When the calculation results in a benefit the recognised asset is limited to 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 on the balance sheet as "Retirement benefit liabilities" or "Retirement benefit assets".

Discount rate in defined benefit pension 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, financial assets classified into the category Available for sale and accumulated remeasurements of defined benefit pension plans, 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 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 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, as is also the case with the Executive Incentive Programme (EIP). 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, apart from loans granted to employees, see Note G7 "Staff costs".

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 P20 "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 G18 "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 G45 "Related-party transactions".

27. Exchange rates

	Jan-Dec 2015	Jan-Dec 2014
EUR 1 = SEK		
Income statement (average)	9.3537	9.1012
Balance sheet (at end of year)	9.1895	9.3930
EUR 1 = DKK		
Income statement (average)	7.4587	7.4548
Balance sheet (at end of year)	7.4626	7.4453
EUR 1 = NOK		
Income statement (average)	8.9434	8.3597
Balance sheet (at end of year)	9.6030	9.0420
EUR 1 = PLN		
Income statement (average)	4.1826	4.1859
Balance sheet (at end of year)	4.2639	4.2732
EUR 1 = RUB		
Income statement (average)	67.9657	50.9996
Balance sheet (at end of year)	80.6736	72.3370

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 section "Business area results" in this report are that the information for CODM is prepared using plan exchange rates and to that different allocation principles between operating segments have been applied.

Basis of segmentation

Financial results are presented for the three main business areas Retail Banking, Wholesale Banking and Wealth Management, 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.

There have not been any changes to the basis of segmentation compared with the Annual Report 2014.

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 the Baltic countries (Retail Banking Baltic). 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, Offshore & Oil Services 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. Wealth management provides high quality investment, savings and risk management products. It also manages customers' assets and gives financial advice to affluent and high net worth individuals as well as to institutional investors. The division Private Banking provides wealth planning, full-scale investment advice, credit, and estate planning services to wealthy individuals, businesses and their owners, trusts and foundations. The division Asset Management is responsible for all actively managed investment products including internally managed investment funds and mandates as well as selected externally managed funds, and for serving the institutional asset management customers. Life & Pensions serves Nordea's Retail Private Banking and corporate customers with a full range of pension, endowment and risk products as well as tailor-made advice for bank distribution. Life & Pensions unallocated includes the result in Life & Pensions 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 & ALM.

Income statement 2015, EURm	Retail Banking	Wholesale Banking	Wealth Management	Group Corporate Centre	Other Operating segments	Total operating segments	Reconciliation	Total Group
Net interest income	3,526	1,034	123	390	9	5,082	28	5,110
Net fee and commission income	1,622	565	1,439	-15	-1	3,610	-585	3,025
Net result from items at fair value	446	825	352	86	0	1,709	-6	1,703
Profit from associated undertakings accounted for under the equity method	12	0	0	0	27	39	0	39
Other income	33	3	14	17	177	244	19	263
Total operating income	5,639	2,427	1,928	478	212	10,684	-544	10,140
– of which internal transactions ¹	-1,263	-308	13	1,577	-19	0		
Staff costs	-1,432	-637	-514	-271	-5	-2,859	-404	-3,263
Other expenses	-1,254	-217	-277	7	-28	-1,769	284	-1,485
Depreciation, amortisation and impairment charges of tangible and intangible assets	-79	-19	-9	-46	-2	-155	-54	-209
Total operating expenses	-2,765	-873	-800	-310	-35	-4,783	-174	-4,957
Profit before loan losses	2,874	1,554	1,128	168	177	5,901	-718	5,183
Net loan losses	-318	-159	-1	0	0	-478	-1	-479
Operating profit	2,556	1,395	1,127	168	177	5,423	-719	4,704
Income tax expense	-617	-352	-248	-93	-39	-1,349	307	-1,042
Net profit for the year	1,939	1,043	879	75	138	4,074	-412	3,662

Balance sheet 31 Dec 2015, EURbn

Loans to the public ²	228	60	11	–	–	299	42	341
Deposits and borrowings from the public ²	110	45	13	–	–	168	25	193

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Segment reporting, cont.

Income statement 2014, EURm	Retail Banking	Wholesale Banking	Wealth Management	Group Corporate Centre	Other Operating segments	Total operating segments	Reconciliation	Total Group
Net interest income	3,786	1,076	141	290	-29	5,264	218	5,482
Net fee and commission income	1,559	623	1,148	-14	0	3,316	-474	2,842
Net result from items at fair value	393	675	362	102	0	1,532	-107	1,425
Profit from associated undertakings accounted for under the equity method	10	0	—	0	3	13	5	18
Other income	26	3	15	20	0	64	410	474
Total operating income	5,774	2,377	1,666	398	-26	10,189	52	10,241
– of which internal transactions ¹	-1,480	-209	16	1,740	-67	0		
Staff costs	-1,451	-616	-488	-230	-7	-2,792	-367	-3,159
Other expenses	-1,394	-199	-285	-42	-1	-1,921	265	-1,656
Depreciation, amortisation and impairment charges of tangible and intangible assets	-102	-22	-10	-36	—	-170	-415	-585
Total operating expenses	-2,947	-837	-783	-308	-8	-4,883	-517	-5,400
Profit before loan losses	2,827	1,540	883	90	-34	5,306	-465	4,841
Net loan losses	-431	-93	-3	—	—	-527	-7	-534
Operating profit	2,396	1,447	880	90	-34	4,779	-472	4,307
Income tax expense	-609	-345	-194	-46	11	-1,183	233	-950
Net profit for the year	1,787	1,102	686	44	-23	3,596	-239	3,357

Balance sheet 31 Dec 2014, EURbn

Loans to the public ²	224	58	9	—	—	291	57	348
Deposits and borrowings from the public ²	108	39	11	—	—	158	39	197

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

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

Break-down of Retail Banking

Income statement, EURm	Retail Banking Nordic ¹		Retail Banking Baltic ²		Retail Banking Other ³		Total Retail Banking	
	2015	2014	2015	2014	2015	2014	2015	2014
Net interest income	3,461	3,719	148	143	-83	-76	3,526	3,786
Net fee and commission income	1,654	1,561	30	25	-62	-27	1,622	1,559
Net result from items at fair value	429	393	14	3	3	-3	446	393
Profit from associated undertakings accounted for under the equity method	7	6	0	0	5	4	12	10
Other income	11	1	2	3	20	22	33	26
Total operating income	5,562	5,680	194	174	-117	-80	5,639	5,774
– of which internal transactions	-1,111	-1,283	-28	-41	-124	-156	-1,263	-1,480
Staff costs	-919	-942	-26	-25	-487	-484	-1,432	-1,451
Other expenses	-1,725	-1,856	-61	-61	532	523	-1,254	-1,394
Depreciation, amortisation and impairment charges of tangible and intangible assets	-43	-42	-1	-1	-35	-59	-79	-102
Total operating expenses	-2,687	-2,840	-88	-87	10	-20	-2,765	-2,947
Profit before loan losses	2,875	2,840	106	87	-107	-100	2,874	2,827
Net loan losses	-293	-356	-16	-63	-9	-12	-318	-431
Operating profit	2,582	2,484	90	24	-116	-112	2,556	2,396
Income tax expense	-621	-616	-21	-16	25	23	-617	-609
Net profit for the year	1,961	1,868	69	8	-91	-89	1,939	1,787

Balance sheet, EURbn

Loans to the public	220	216	8	8	—	—	228	224
Deposits and borrowings from the public	106	104	4	4	—	—	110	108

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

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

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

Break-down of Wholesale Banking

Income statement, EURm	Corporate & Institutional Banking		Shipping, Offshore & Oil Services		Nordea Bank Russia		Capital Markets unallocated		Wholesale Banking Other ¹		Total Wholesale Banking	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net interest income	610	674	290	265	228	213	-5	-1	-89	-75	1,034	1,076
Net fee and commission income	511	562	61	68	12	14	-67	-62	48	41	565	623
Net result from items at fair value	307	260	40	33	13	-1	425	346	40	37	825	675
Other income	0	0	0	0	1	0	2	3	0	0	3	3
Total operating income	1,428	1,496	391	366	254	226	355	286	-1	3	2,427	2,377
– of which internal transactions	-136	-139	-67	-63	-82	-30	65	101	-88	-78	-308	-209
Staff costs	-38	-38	-19	-20	-46	-45	-471	-446	-63	-67	-637	-616
Other expenses	-377	-382	-38	-42	-21	-22	232	256	-13	-9	-217	-199
Depreciation, amortisation and impairment charges of tangible and intangible assets	0	0	0	0	-9	-5	-7	-15	-3	-2	-19	-22
Total operating expenses	-415	-420	-57	-62	-76	-72	-246	-205	-79	-78	-873	-837
Profit before loan losses	1,013	1,076	334	304	178	154	109	81	-80	-75	1,554	1,540
Net loan losses	-144	-120	-5	38	-23	-11	0	0	13	0	-159	-93
Operating profit	869	956	329	342	155	143	109	81	-67	-75	1,395	1,447
Income tax expense	-228	-242	-75	-67	-41	-36	-26	-20	18	20	-352	-345
Net profit for the year	641	714	254	275	114	107	83	61	-49	-55	1,043	1,102

Balance sheet, EURbn

Loans to the public	40	39	13	12	7	7	–	–	–	–	60	58
Deposits and borrowings from the public	39	34	5	4	1	1	–	–	–	–	45	39

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

Break-down of Wealth Management

Income statement, EURm	Private Banking		Asset Management		Life & Pensions unallocated		Wealth Management Other ¹		Total Wealth Management	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net interest income	122	140	1	1	0	0	0	0	123	141
Net fee and commission income	631	544	761	572	337	269	-290	-237	1,439	1,148
Net result from items at fair value	104	88	2	5	246	269	0	0	352	362
Other income	8	5	4	2	9	9	-7	-1	14	15
Total operating income	865	777	768	580	592	547	-297	-238	1,928	1,666
– of which internal transactions	13	12	0	0	0	0	0	4	13	16
Staff costs	-180	-171	-135	-120	-118	-122	-81	-75	-514	-488
Other expenses	-223	-227	-101	-101	-60	-61	107	104	-277	-285
Depreciation, amortisation and impairment	-4	-4	0	-1	-3	-3	-2	-2	-9	-10
Total operating expenses	-407	-402	-236	-222	-181	-186	24	27	-800	-783
Profit before loan losses	458	375	532	358	411	361	-273	-211	1,128	883
Net loan losses	-1	-3	0	0	0	0	0	0	-1	-3
Operating profit	457	372	532	358	411	361	-273	-211	1,127	880
Income tax expense	-101	-82	-117	-79	-90	-79	60	46	-248	-194
Net profit for the year	356	290	415	279	321	282	-213	-165	879	686

Balance sheet, EURbn

Loans to the public	11	9	–	–	–	–	–	–	11	9
Deposits and borrowings from the public	13	11	–	–	–	–	–	–	13	11

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

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	
	2015	2014	2015	2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Total Operating segments	10,684	10,189	5,423	4,779	299	291	168	158
Group functions ^{1,2}	5	14	-119	-77	—	—	—	—
Unallocated items ²	61	392	-192	-130	47	61	26	40
Eliminations	-4	-5	—	—	—	—	—	—
Differences in accounting policies ³	-606	-349	-408	-265	-5	-4	-1	-1
Total	10,140	10,241	4,704	4,307	341	348	193	197

1) Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources, Board of Directors and Group Executive Management.

2) Including non-recurring items 2015. Total operating income EUR 176m (EUR 378m) and Operating profit EUR -87m (EUR -157m).

3) Impact from plan rates used in the segment reporting and from that comparative figures for lending/deposits in Banking Poland are restated in operating segments but not in financial statements.

Total operating income split on product groups, EURm

	2015	2014
Banking products	6,183	6,188
Capital Markets products	1,793	1,968
Savings products & Asset management	1,341	1,038
Life & Pensions	593	553
Other	230	494
Total	10,140	10,241

Banking products consists of three different product types. Account products includes account based products such as lending, deposits, cards and Netbank services. Transaction products consists 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 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 decisions.

Life & Pensions includes life insurance and pension products and services.

Geographical information

	Total operating income, EURm		Assets, EURbn	
	2015	2014	31 Dec 2015	31 Dec 2014
Sweden	2,590	2,421	180	162
Finland	2,091	1,831	75	83
Norway	1,692	1,772	80	85
Denmark	2,792	3,183	250	277
Baltic countries	247	203	10	22
Russia	182	203	5	6
Other	546	628	47	34
Total	10,140	10,241	647	669

Nordea's main geographical markets comprise the Nordic countries, the Baltic countries 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	2015	2014
Interest income		
Loans to credit institutions	18	52
Loans to the public	7,350	8,555
Interest-bearing securities	551	728
Other interest income	630	660
Interest income¹	8,549	9,995

1) Of which contingent leasing income amounts to EUR 94m (EUR 116m). Contingent leasing income in Nordea consists of variable interest rates, excluding the fixed margin. If the contingent leasing income decreases there will be an offsetting impact from lower funding expenses.

G3 Net interest income, cont.

EURm	2015	2014
Interest expense		
Deposits by credit institutions	-90	-103
Deposits and borrowings from the public	-652	-1,145
Debt securities in issue	-3,175	-3,545
Subordinated liabilities	-362	-331
Other interest expenses ¹	840	611
Interest expense	-3,439	-4,513
Net interest income	5,110	5,482

1) The net interest income from derivatives, measured at fair value, 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 or loss amounts to EUR 6,551m (EUR 7,725m). Interest expenses from financial instruments not measured at fair value through profit or loss amounts to EUR -3,213m (EUR -3,925m).

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

G4 Net fee and commission income

EURm	2015	2014
Asset management commissions	1,496	1,188
Life insurance	373	367
Brokerage, securities issues and corporate finance	274	281
Custody and issuers services	121	129
Deposits	31	39
Total savings and investments	2,295	2,004
Payments	408	406
Cards	523	529
Total payments and cards	931	935
Lending	505	541
Guarantees and documentary payments	182	181
Total lending related commissions	687	722
Other commission income	122	138
Fee and commission income	4,035	3,799
Savings and investments	-344	-363
Payments	-102	-85
Cards	-252	-253
State guarantee fees	-147	-132
Other commission expenses	-165	-124
Fee and commission expense	-1,010	-957
Net fee and commission income	3,025	2,842

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 507m (EUR 557m).

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 amounts to EUR 2,144m (EUR 1,837m). The corresponding amounts for fee expenses is EUR -74m (EUR -96m).

G5 Net result from items at fair value

EURm	2015	2014
Equity related instruments	271	431
Interest related instruments and foreign exchange gains/losses	1,135	323
Other financial instruments (including credit and commodities)	56	409
Investment properties	-4	-10
Life insurance ¹	245	272
Total	1,703	1,425

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

Break-down of life insurance, EURm	2015	2014
Equity related instruments	1,417	2,398
Interest related instruments and foreign exchange gains/losses	-148	2,232
Other financial instruments	-	0
Investment properties	150	255
Change in technical provisions	-1,053	-3,834
Change in collective bonus potential	-169	-871
Insurance risk income	213	212
Insurance risk expense	-165	-120
Total	245	272

Net result from categories of financial instruments², EURm

	2015	2014
Available for sale assets, realised	66	1
Financial instruments designated at fair value through profit or loss	-31	184
Financial instruments held for trading ³	656	1,522
Financial instruments under fair value hedge accounting	-5	33
– of which net result on hedging instruments	-605	1,248
– of which net result on hedged items	600	-1,215
Financial assets measured at amortised cost ⁴	58	49
Financial liabilities measured at amortised cost	-30	-28
Foreign exchange gains/losses excluding currency hedges	751	-588
Other	-7	-20
Financial risk income, net Life insurance ¹	197	180
Insurance risk income, net Life insurance	48	92
Total	1,703	1,425

1) Premium income amounts to EUR 2,500m (EUR 2,270m).

2) The figures disclosed for Life (financial risk income and insurance risk income) are disclosed on gross basis, i.e. before eliminations of intra-group transactions.

3) Of which amortised deferred day one profits amounts to EUR 11m (EUR 11m).

4) Of which EUR 58m (EUR 49m) related to instruments classified into the category "Loans and receivables" and EUR 0m (EUR 0m) related to instruments classified into the category "Held to maturity".

G6 Other operating income

EURm	2015	2014
Divestment of shares ¹	182	378
Income from real estate	3	9
Sale of tangible assets	13	12
Other	65	75
Total	263	474

1) Gain from divestment of Nordea's merchant acquiring business to Nets of EUR 176m in 2015. Gain from divestment of Nets Holding A/S amounts to EUR 378m in 2014.

G7**Staff costs**

EURm	2015	2014
Salaries and remuneration (specification below) ¹	-2,490	-2,374
Pension costs (specification below)	-295	-289
Social security contributions	-434	-429
Other staff costs	-44	-67
Total²	-3,263	-3,159
Salaries and remuneration		
To executives ³		
– Fixed compensation and benefits	-18	-16
– Performance-related compensation	-10	-12
– Allocation to profit-sharing	-1	0
Total	-29	-28
To other employees	-2,461	-2,346
Total	-2,490	-2,374

1) Of which allocation to profit-sharing 2015 EUR 84m (EUR 80m) consisting of a new allocation of EUR 84m (EUR 76m) and an adjustment related to prior years of EUR 0m (EUR 4m).

2) Of which EUR 185m in salaries and EUR 20m in pension costs, including social security contributions, regards termination benefits in connection to the restructuring activities launched in the fourth quarter.

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 185 (182) individuals.

EURm	2015	2014
Pension costs¹		
Defined benefits plans (Note G31) ²	-76	-80
Defined contribution plans	-219	-209
Total	-295	-289

1) Pension cost for executives as defined in footnote 3 above, amounts to EUR 1m (EUR 5m) and pension obligations to EUR 23m (EUR 39m).

2) Excluding social security contributions. Including social security contributions EUR 90m (EUR 99m).

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) no later than one week before the Annual General Meeting on 17 March 2016.

Remuneration to the Board of Directors, CEO and Group Executive Management Board remuneration

The Annual General Meeting (AGM) 2015 decided to increase the remuneration to the Board of Directors (the Board). The remuneration was decided to be EUR 279,000 for the chairman, EUR 132,500 for the vice chairman and EUR 86,250 for other members. The annual remuneration for committee work was EUR 35,000 for the chairman of the committee and EUR 25,000 for other members. Board members employed by Nordea do not receive separate remuneration for their Board membership. There are no commitments for severance pay, pension or other remuneration to the members of the Board, except for a pension commitment to one Board member previously employed by Nordea.

Salary and benefits

Chief Executive Officer (CEO)

Casper von Koskull was appointed CEO 1 November 2015. The remuneration to the CEO consists of three components:

Remuneration to the Board of Directors¹

EUR	2015	2014
Chairman of the Board:		
Björn Wahlroos	296,377	273,160
Vice Chairman of the Board:		
Marie Ehrling	161,614	140,996
Other Board members²:		
Peter F Braunwaldern ³	–	22,435
Elisabeth Grieg ⁴	23,808	94,862
Svein Jacobsen ⁵	–	57,767
Tom Knutzen	116,224	97,502
Robin Lawther	107,183	72,426
Lars G Nordström	107,183	94,862
Sarah Russell	107,183	94,862
Silvija Seres ⁶	83,374	–
Kari Stadigh	116,224	101,035
Birger Steen ⁶	64,639	–
Total	1,183,809	1,049,907

1) The Board remuneration consists of a fixed annual fee and a fixed annual fee for committee work. The fees are approved in EUR and paid out in SEK quarterly in four equal instalments. For accounting purposes it is converted back into EUR, using the average exchange rate each year. In the accounting the exchange rate effects have had a decreasing impact on the remuneration to the Board.

2) Employee representatives excluded.

3) Resigned as member of the Board as from the AGM 2014.

4) Resigned as member of the Board as from the AGM 2015.

5) Resigned as member of the Board as from 31 July 2014.

6) New member of the Board as from the AGM 2015.

Fixed salary, GEM Executive Incentive Programme (GEM EIP) and benefits.

The fixed annual salary as CEO was decided to be SEK 12,200,000 (EUR 1,304,295).

GEM EIP 2015 is based on agreed, specific targets and can amount to a maximum of 100% of the fixed salary. For 2015 the outcome of the GEM EIP amounted to EUR 179,123.

In accordance with remuneration regulations from the Swedish FSA 40% of GEM EIP 2015 will be paid out in 2016, 30% will be deferred to 2019 and 30% to 2021.

The benefits for 2015 amounted to EUR 8,164 and include primarily car benefits.

The total earned remuneration for 2015, as CEO, based on the three components amounted to EUR 404,670.

For more information on the LTIP programmes see the separate section on remuneration in the Board of Directors' report and below.

The fixed salary, GEM EIP and contract terms for the CEO are proposed by the Board Remuneration Committee (BRC) and approved by the Board in accordance with Nordea's remuneration guidelines approved by AGM 2015.

Group Chief Operating Officer and Deputy Chief Executive Officer (Group COO and Deputy CEO)

Torsten Hagen Jørgensen was appointed Group COO and Deputy CEO 1 November 2015. The remuneration to the Group COO and Deputy CEO consists of three components: Fixed salary, GEM EIP and benefits.

The fixed annual salary as Group COO and Deputy CEO was decided to be DKK 8,000,000 (EUR 1,072,567).

GEM EIP 2015 is based on agreed, specific targets and can amount to a maximum of 100% of the fixed salary. For 2015 the outcome of the GEM EIP amounted to EUR 165,175.

In accordance with remuneration regulations from the Swedish FSA 40% of GEM EIP 2015 will be paid out in 2016, 30% will be deferred to 2019 and 30% to 2021.

G7

Staff costs, cont.

Remuneration to the Chief Executive Officer and Group Executive Management (excl. LTIP)

EUR	Fixed salary ¹		GEM Executive Incentive Programme ²		Benefits ¹		Total remuneration	
	2015	2014	2015	2014	2015	2014	2015	2014
Chief Executive Officer (CEO):								
Christian Clausen ³	1,041,869	1,241,653	1,003,526	1,084,267	72,114	73,026	2,117,509	2,398,946
Casper von Koskull ⁴	217,383	–	179,123	–	8,164	–	404,670	–
Group Chief Operating Officer and Deputy Chief Executive Officer (Group COO and Deputy CEO):								
Torsten Hagen Jørgensen ⁵	178,761	–	165,175	–	2,015	–	345,951	–
Group Executive Management (GEM):								
7 (6) individuals excluding CEO and Group COO and Deputy CEO ⁶	4,800,274	4,451,342	3,657,267	3,912,561	108,072	175,714	8,565,613	8,539,617
Former Chief Executive Officer (Former CEO):								
Christian Clausen ³	207,512	–	–	–	5,390	–	212,902	–
Total	6,445,799	5,692,995	5,005,091	4,996,828	195,755	248,740	11,646,645	10,938,563

1) The fixed salary is paid in local currencies and converted to EUR based on the average exchange rate each year. The fixed salary includes also holiday pay and car allowance. The fixed salaries and benefits 2014 have been restated and holiday pay and car allowance is, if applicable, classified as fixed salary in the above table while they were classified as Benefits in the Annual Report 2014. Benefits are included at taxable values.

2) The CEO and members of GEM were until 2012 offered a Variable Salary Part (VSP) and a share based Long Term Incentive Programme (LTIP). Instead of these two programmes the Board in 2013 decided, in order to reduce complexity, to offer a GEM Executive Incentive Programme (GEM EIP). The outcome from GEM EIP 2015 has been expensed in full in 2015 but will be paid out over a five year deferral period with forfeiture clauses in order to comply with the remuneration regulations from the Swedish FSA. The GEM EIP is indexed with Nordea's total shareholder return (TSR) during the deferral period. The GEM EIP is further described in the separate section on remuneration in the Board of Directors' report and below.

3) The fixed annual salary as CEO is, as communicated at the Annual General Meeting (AGM) 2015, SEK 11,646,020 (EUR 1,245,070). Remuneration as CEO is included for the period of appointment as CEO, for the period 1 January 2015 to 31 October 2015. Remuneration as Former CEO is included for the period 1 November 2015 to 31 December 2015.

4) The fixed annual salary as CEO is SEK 12,200,000 (EUR 1,304,295). Remuneration as CEO is included for the period of appointment as CEO, for the period 1 November 2015 to 31 December 2015. The remuneration as member of GEM is included together with other members of GEM for the period 1 January 2015 to 31 October 2015.

5) The fixed annual salary as Group COO and Deputy CEO is decided to be DKK 8,000,000 (EUR 1,072,567). Remuneration for the Group COO and Deputy CEO is included for the period of appointment as Group COO and Deputy CEO, for the period 1 November 2015 to 31 December 2015. The remuneration as member of GEM is included together with other members of GEM for the period 1 January 2015 to 31 October 2015.

6) Remuneration to GEM members is included for the period they have been appointed. One new GEM member was appointed 1 May 2015 and two members were appointed 1 November 2015. Two members are reported individually, as CEO and Group COO and Deputy CEO, as from 1 November 2015.

Long Term Incentive Programmes (LTIP) 2010–2012

	Expense ¹ (EUR)		Number of outstanding shares ²			
	2015	2014	LTIP 2012	LTIP 2011	LTIP 2010	Total
Chief Executive Officer (CEO):						
Christian Clausen	51,172	398,081	–	–	–	–
Casper von Koskull	6,550	–	39,340	24,448	8,097	71,885
Group Chief Operating Officer and Deputy Chief Executive Officer (Group COO and Deputy CEO):						
Torsten Hagen Jørgensen	6,076	–	36,495	21,876	6,363	64,734
Group Executive Management (GEM):						
7(6) individuals excluding CEO and Group COO and Deputy CEO	145,327	1,062,253	89,159	54,668	14,724	158,551
Former Chief Executive Officer (Former CEO):						
Christian Clausen	10,234	–	61,470	38,200	10,152	109,822
Total	219,359	1,460,334	226,464	139,192	39,336	404,992

1) The expense from the LTIP programmes is recognised as the vesting requirements are fulfilled over the three years vesting period starting the year of issuance. The expense 2014 includes expense from LTIP 2011 and LTIP 2012. The expense 2015 includes expense from LTIP 2012 and LTIP 2012 was fully expensed in May 2015. The expense is calculated in accordance with IFRS 2 "Share-based Payment" and presented for the period appointed CEO, Group COO and Deputy CEO, GEM and Former CEO.

2) 60% of the vested shares are deferred with forfeiture clauses due to remuneration regulations from the Swedish FSA and allotted over a five year period, for LTIP 2010 starting May 2013, for LTIP 2011 starting May 2014 and for LTIP 2012 starting May 2015. See also the separate Remuneration section on page 53 and below for more details. The numbers of outstanding shares are presented as of 31 December 2015. Shares in LTIP 2010, LTIP 2011 and LTIP 2012 are fully vested and consequently not conditional.

The benefits for 2015 amounted to EUR 2,015 and include primarily housing benefits.

The total earned remuneration for 2015, as Group COO and Deputy CEO, based on the three components amounted to EUR 345,951.

For more information on the LTIP programmes see the

separate section on remuneration in the Board of Directors' report and below.

The BRC prepares alterations in salary levels and outcome of GEM EIP as well as other changes in the remuneration package for the Group COO and Deputy CEO, for resolution by the Board.

G7

Staff costs, cont.

Group Executive Management (GEM)

The BRC prepares alterations in salary levels and outcome of GEM EIP as well as other changes in the remuneration package for members of GEM, for resolution by the Board. GEM EIP 2015, which is based on agreed, specific targets, can be a maximum of 100% of the fixed salary.

Benefits include primarily car and/or housing. As for the CEO, most GEM members took part of the previous LTIPs.

Pension*Chief Executive Officer (CEO)*

The CEO has a defined contribution plan in accordance with the Swedish collective agreement BTP1, with a complementing defined contribution plan on top of the collective agreement. The pension contribution in total is 30% of the fixed salary.

Group Chief Operating Officer and Deputy Chief Executive Officer (Group COO and Deputy CEO)

The Group COO and Deputy CEO has a defined contribution plan. The pension contribution is 30% of the fixed salary.

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 62, 65 or 70. Pension agreements are defined benefit plans, defined contribution plans or a combination of such plans.

One member has a defined benefit plan not based on a collective agreement. The defined benefit plan provides a retirement pension amounting to 50% of pensionable income for life from age 62, including national pension benefits. One member had a defined benefit plan which was closed by end of March 2015 and substituted by a defined benefit pension based on collective agreement, with a complementing defined contribution plan on top of the collective agreement. Four members have pensions in accordance with the Swedish collective agreement, two in BTP1 (defined contribution plan) and two in BTP2 (defined benefit plan), with complementing defined contribution plans on top of the collective agreement. Finally one member has a defined contribution plan not based on a collective agreement. Fixed salary is pensionable income for all GEM-members. Part of GEM EIP is included in the pensionable income for one member.

Pension expense and pension obligation

EUR	2015		2014	
	Pension expense ¹	Pension obligation ²	Pension expense ¹	Pension obligation ²
Board members³:				
Lars G Nordström	–	334,110	–	367,851
Chief Executive Officer (CEO):				
Christian Clausen ⁴	–2,159,170	–	760,804	15,341,148
Casper von Koskull ⁵	65,215	284,571	–	–
Group Chief Operating Officer and Deputy Chief Executive Officer (Group COO and Deputy CEO):				
Torsten Hagen Jørgensen ⁶	53,677	–	–	–
Group Executive Management (GEM):				
7 (6) individuals excluding CEO and Group COO and Deputy CEO ⁷	1,837,118	8,741,323	2,122,898	8,585,591
Former Chairman of the Board and CEOs:				
Vesa Vainio ⁸	–	5,376,111	–339,377	5,773,806
Christian Clausen ⁴	62,254	–	–	–
Total	–140,906	14,736,115	2,544,325	30,068,396

1) The pension expense is related to pension premiums paid in defined contribution agreements and pension rights earned during the year in defined benefit agreements (Current service cost and Past service cost and settlements as defined in IAS 19). Of the total pension expense EUR 1,366,811 relates to defined contribution agreements.

2) The pension obligation is calculated in accordance with IAS 19. The obligation is 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.

3) Employee representatives excluded. The pension obligation is in accordance with the collective pension agreement BTP2 and earned during the employment period.

4) The pension agreement changed from a defined benefit plan to a defined contribution plan as from 1 April 2015. The pension obligation/pension risk was transferred to the CEO 1 April 2015 and the pension obligation for the Former CEO is hence accounted for as settled. The settlement led to a gain of EUR 2,611,144 which has had a decreasing impact on the pension expense. The pension agreement from 1 April 2015 is a defined contribution plan with a contribution amounting to 30% of fixed salary. The pension expense in 2015 is presented for the period appointed CEO, 1 January 2015 to 31 October 2015. The pension expense excluding the settlement was EUR 451,974 for the period as CEO. The pension expense as Former CEO and Senior Advisor is presented for the period 1 November 2015 to 31 December 2015.

5) The pension agreement is a defined contribution plan. The contribution is 30% of fixed salary, consisting of the collective agreement BTP1 and a complementary additional contribution. The pension expense as CEO is presented for the period appointed CEO, for the period 1 November 2015 to 31 December 2015. The pension obligation is in accordance with the collective pension agreement BTP2 and earned as a member of GEM. The pension expense as member of GEM is included together with other members of GEM for the period 1 January 2015 to 31 October 2015.

6) The Group COO and Deputy CEO's pension agreement is a defined contribution plan and the contribution is 30% of fixed salary. The pension expense as Group COO and Deputy CEO is presented for the period appointed Group COO and Deputy CEO, 1 November 2015 to 31 December 2015. The pension expense as member of GEM is included together with other members of GEM for the period 1 January 2015 to 31 October 2015.

7) Members of GEM included for the period they are appointed. The pension obligation is the obligation towards the members of GEM as of 31 December.

8) The pension obligation for Vesa Vainio is mainly due to pension rights earned in, and funded by, banks forming Nordea. The decrease in the pension obligation is mainly due to pension payments in 2015.

G7

Staff costs, cont.

Notice period and severance pay

In accordance with their employment contracts CEO and one GEM member have a notice period of 12 months and a severance pay equal to 12 months' salary to be reduced by the salary the executive receives as a result of any other employment during these 12 months. The Group COO and Deputy CEO and three GEM members have a notice period of 6 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. Two GEM members have a notice period of 6 months' and a severance pay equal to 18 months' salary to be reduced by the salary the executive receives as a result of any other employment during these 18 months. One GEM member has a notice period of 4 months. The Former CEO is not entitled to any severance pay.

Loans to key management personnel

Loans to key management personnel, as defined in Note G1 section 26, amount to EUR 4m (EUR 3m). 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 variable and was at 31 December 2014 2.8% for loans up to NOK 5m and 3.15% for loans above NOK 5m. In Finland the employee interest rate for loans corresponds to Nordea's funding cost with a margin of 40 basis points up to EUR 0.4m, and 60 basis points on the part that exceeds EUR 0.4m. 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, a decrease from 150 basis points as from 1 December 2014). 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

	2015			2014		
	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Conditional rights LTIP 2012						
Outstanding at the beginning of the year	1,254,300	3,141,893	1,254,300	1,260,752	3,164,297	1,260,752
Granted ¹	66,029	165,168	66,029	54,976	137,708	54,976
Forfeited	-136,196	-395,678	-136,196	-61,428	-160,112	-61,428
Allotted	-903,505	-2,069,499	-903,505	—	—	—
Outstanding at end of year	280,628	841,884	280,628	1,254,300	3,141,893	1,254,300
– of which currently exercisable	—	—	—	—	—	—
Rights LTIP 2011						
Outstanding at the beginning of year	269,671	450,568	121,352	974,746	1,949,493	974,746
Granted ¹	14,513	24,248	6,531	42,030	84,060	42,030
Forfeited	—	—	—	-24,245	-375,231	-570,137
Allotted	-71,643	-119,698	-32,242	-722,860	-1,207,754	-325,287
Outstanding at end of year²	212,541	355,118	95,641	269,671	450,568	121,352
– of which currently exercisable	—	—	—	—	—	—
Rights LTIP 2010						
Outstanding at the beginning of year	132,584	140,078	59,664	179,929	190,096	80,971
Allotted	-45,629	-48,220	-20,545	-47,345	-50,018	-21,307
Outstanding at end of year²	86,955	91,858	39,119	132,584	140,078	59,664
– of which currently exercisable	—	—	—	—	—	—

1) Granted rights are compensation for dividend on the underlying Nordea share during the year.

2) Allotment of rights have been deferred following retention requirements by the Nordic FSAs. There is no exercise price for the deferred rights.

Participation in the Long Term Incentive Programmes (LTIPs) requires that the participants take direct ownership by investing in Nordea shares.

G7

Staff costs, cont.

Long Term Incentive Programmes, cont.

	LTIP 2012			LTIP 2011		
	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price, EUR	—	—	—	—	—	—
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 5.78 ¹	EUR 5.78 ¹	EUR 2.09 ¹	EUR 7.23 ¹	EUR 7.25 ¹	EUR 2.63 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.

Conditions and requirements

For each ordinary share the participants lock in to the LTIPs, they are granted a conditional Matching Share to receive ordinary shares based on continued employment, with certain exemptions, and the conditional Performance Share I and II to receive additional ordinary shares also based on fulfillment of certain performance conditions. The performance conditions 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 Performance

Share I. The performance conditions for 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. Furthermore the profit for each right is capped.

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.

LTIP 2012/2011/2010 are not allotted in full due to deferral and retention requirements by Nordic FSAs.

	LTIP 2012	LTIP 2011
Service condition, 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.
Performance condition, Performance Share I	Average RAROCAR during the period 2012 up to and including 2014. Full allotment 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 allotment will be obtained if the Compound Annual Growth Rate amounts to or exceeds 10%.
EPS knock out, Performance Share I	—	Average reported EPS for 2011–2013 lower than EUR 0.26.
Performance condition, 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 allotment 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 allotment will be obtained if Nordea is ranked number 1–5.
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.
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.

G7

Staff costs, cont.

Long Term Incentive Programmes, cont.**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
Weighted average share price	EUR 6.70	EUR 8.39
Right life	3.0 years	3.0 years
Deduction of expected dividends	No	No
Risk free rate	Not applicable	Not applicable
Expected volatility	Not applicable	Not applicable

Expenses for equity-settled share-based payment programmes¹

EURm	LTIP 2012	LTIP 2011
Total expense during 2015	-2	-
Total expense during 2014	-14	-2

1) All amounts excluding social security contribution.

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 transferred after three years or transferred 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. Due to that the allocation of variable compensation is not finally decided during the current year, the deferred amount during the year in the table below relates to variable compensation earned the previous year.

In addition Nordea in 2013 introduced the Executive Incentive Programme ("EIP") which aims to strengthen Nordea's capability to retain and recruit the best talents. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's result, profitability and long term value growth. EIP reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long term result is to be considered when determining the targets. The EIP shall not exceed the fixed salary. EIP shall be paid in the form of cash and be subject to TSR-indexation, deferral, forfeiture clauses and retention as per relevant remuneration regulations. The main part of EIP 2015 is paid no earlier than autumn 2019. Participation in the programme is offered to up to 400 managers and key employees, except GEM who are instead offered a GEM EIP (further information about the GEM EIP can be found in

As the exercise price (zero for LTIP 2012, LTIP 2011 and LTIP 2010) is significantly below the share price at grant date, the value has a limited sensitivity to expected volatility and risk-free interest.

The value of the 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.

the Remuneration section in the Board of Director's Report), within the Nordea Group. EIP is offered instead of Nordea's LTIP and VSP for the invited employees. The allocation of the EIP 2015 is decided during spring 2016, and a reservation of EUR 47m excl. social costs is made 2015. 80% of the allocated amount will be subject to TSR-indexation.

The below table only includes deferred amounts indexed with Nordea TSR. EIP has been included as from 2014, when deferred. Further information regarding all deferred amounts can be found in the separate report on remuneration published on Nordea's homepage (www.nordea.com).

EURm	Share linked deferrals	
	2015	2014
Opening balance	32	28
Reclassification ¹	12	–
Deferred/earned during the year	47	17
TSR indexation during the year	3	4
Payments during the year ²	-26	-17
Translation differences	-1	0
Closing balance	67	32

1) Relates to a reclassification from deferred amounts that are indexed with a fixed rate.

2) There have been no adjustments due to forfeitures.

G7**Staff costs, cont.****Average number of employees**

	Total		Men		Women	
	2015	2014	2015	2014	2015	2014
Full-time equivalents						
Denmark	8,288	8,255	4,486	4,328	3,802	3,927
Sweden	6,957	6,963	3,346	3,212	3,611	3,751
Finland	6,946	6,971	2,181	1,990	4,765	4,981
Norway	3,137	3,238	1,678	1,748	1,459	1,490
Poland	1,197	931	585	461	612	470
Russia	1,085	1,418	268	454	817	964
Estonia	480	486	114	104	366	382
Latvia	436	431	125	132	311	299
Luxembourg	393	373	243	245	150	128
Lithuania	360	351	123	110	237	241
United States	110	118	57	61	53	57
Singapore	86	85	39	29	47	56
United Kingdom	82	75	52	46	30	29
Germany	58	57	32	31	26	26
Switzerland	32	30	23	13	9	17
China	29	28	13	12	16	16
Brazil	5	4	4	3	1	1
Total average	29,681	29,814	13,369	12,979	16,312	16,835
Total number of employees (FTEs), end of period	29,815	29,643				

Gender distribution

In the parent company's Board of Directors 56% (50%) were men and 44% (50%) were women. In the Board of Directors of the Nordea Group companies, 73% (75%) were men and 27% (25%) were women. The corresponding numbers for Other executives were 69% (65%) men and 31% (35%) women. Internal Boards consist mainly of management in Nordea.

G8 Other expenses

EURm	2015	2014
Information technology	-485	-561
Marketing and representation	-84	-103
Postage, transportation, telephone and office expenses	-145	-178
Rents, premises and real estate	-373	-389
Other	-398	-425
Total	-1,485	-1,656

Auditors' fees – Total operations

EURm	2015	2014
PricewaterhouseCoopers		
Auditing assignments	-5	-
Audit-related services	0	-
Tax advisory services	-1	-
Other assignments	-1	-
Total	-7	-

KPMG

Auditing assignments	-1	-5
Audit-related services	-1	-1
Tax advisory services	0	0
Other assignments	-1	-1
Total	-3	-7

E&Y

Auditing assignments	0	-1
Audit-related services	0	0
Tax advisory services	0	0
Other assignments	-1	0
Total	-1	-1
Total Auditors' fees	-11	-8

G9 Depreciation, amortisation and impairment charges of tangible and intangible assets

EURm	2015	2014
Depreciation/amortisation		
Properties and equipment	-113	-125
Intangible assets	-76	-110
Total	-189	-235

Impairment charges

Intangible assets	-20	-350
Total	-20	-350
Total	-209	-585

G10 Net loan losses

EURm	2015	2014
Loan losses divided by class		
Realised loan losses	-	-2
Allowances to cover realised loan losses	-	2
Reversals of previous provisions	1	23
Loans to credit institutions¹	1	23
Realised loan losses	-605	-633
Allowances to cover realised loan losses	448	450
Recoveries on previous realised loan losses	63	81
Provisions	-1,074	-998
Reversals of previous provisions	693	557
Loans to the public¹	-475	-543
Realised loan losses	-11	-3
Allowances to cover realised loan losses	11	3
Provisions	-104	-107
Reversals of previous provisions	99	93
Off-balance sheet items²	-5	-14
Net loan losses	-479	-534

1) See Note G13 "Loans and impairment".

2) Included in Note G30 "Provisions" as "Transfer risk" and "Guarantees/commitments".

G11**Taxes****Income tax expense**

EURm	2015	2014
Current tax	-957	-884
Deferred tax	-85	-6
Bank tax in Finland ¹	–	-60
Total	-1,042	-950

1) The Finnish bank tax which was introduced in 2013 and ended in 2014 was based on risk exposure amount rather than income.

For current and deferred tax recognised in Other comprehensive income, see Statement of comprehensive income.

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate in Sweden (excluding bank tax in Finland 2014) as follows:

EURm	2015	2014
Profit before tax	4,704	4,307
Tax calculated at a tax rate of 22.0%	-1,035	-948
Effect of different tax rates in other countries	-34	-55
Income from associated undertakings	6	2
Tax-exempt income	72	131
Non-deductible expenses	-16	-25
Adjustments relating to prior years	-17	9
Utilization of non-capitalized tax losses carry-forwards from previous periods	–	1
Change of tax rate	27	3
Not creditable foreign taxes	-45	-8
Tax charge	-1,042	-890
Average effective tax rate	22%	21%

Deferred tax

EURm	Deferred tax assets		Deferred tax liabilities	
	2015	2014	2015	2014
Deferred tax related to:				
Tax losses carry-forward	86	283	–	–
Loans to the public	22	20	430	410
Derivatives	8	10	394	459
Intangible assets	6	0	45	44
Investment properties	0	0	142	150
Retirement benefit assets/obligations	44	156	84	60
Hedge of net investments in foreign operations	–	–	–	94
Liabilities/provisions	87	54	103	127
Other	17	7	24	39
Netting between deferred tax assets and liabilities	-194	-400	-194	-400
Total	76	130	1,028	983

EURm	2015	2014
Unrecognised deferred tax assets		
Unused tax losses carry-forward with no expire date	44	44
Total	44	44

G12

Earnings per share

	Total operations		Continuing operations		Discontinued operations	
	2015	2014	2015	2014	2015	2014
Earnings:						
Profit attributable to shareholders of Nordea Bank AB (publ) (EURm)	3,662	3,332	3,662	3,357	–	–25
Number of shares (in millions):						
Number of shares outstanding at beginning of year	4,050	4,050	4,050	4,050	–	4,050
Average number of own shares	–21	–26	–21	–26	–	–26
Weighted average number of basic shares outstanding	4,029	4,024	4,029	4,024	–	4,024
Adjustment for diluted weighted average number of additional ordinary shares outstanding ¹	2	7	2	7	–	7
Weighted average number of diluted shares outstanding	4,031	4,031	4,031	4,031	–	4,031
Basic earnings per share, EUR	0.91	0.83	0.91	0.84	–	–0.01
Diluted earnings per share, EUR	0.91	0.83	0.91	0.84	–	–0.01

1) Relates to the Long Term Incentive Programmes (LTIP). For further information on these programmes, see Note G1 section 21.

G13

Loans and impairment

EURm	Central banks and credit institutions		The public ¹		Total	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Loans, not impaired	24,185	19,177	337,622	344,407	361,807	363,584
Impaired loans	–	–	5,960	6,425	5,960	6,425
– Performing	–	–	3,682	4,115	3,682	4,115
– Non-performing	–	–	2,278	2,310	2,278	2,310
Loans before allowances	24,185	19,177	343,582	350,832	367,767	370,009
Allowances for individually assessed impaired loans	–	–	–2,213	–2,329	–2,213	–2,329
– Performing	–	–	–1,289	–1,432	–1,289	–1,432
– Non-performing	–	–	–924	–897	–924	–897
Allowances for collectively assessed impaired loans	–2	–2	–449	–418	–451	–420
Allowances	–2	–2	–2,662	–2,747	–2,664	–2,749
Loans, carrying amount	24,183	19,175	340,920	348,085	365,103	367,260

1) Finance leases, where Nordea Group is a lessor, are included in Loans to the public, see Note G20 Leasing.

G13

Loans and impairment, cont.

Movements of allowance accounts for impaired loans

EURm	Central banks and credit institutions			The public			Total		
	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2015	0	-2	-2	-2,329	-418	-2,747	-2,329	-420	-2,749
Provisions	—	0	0	-818	-256	-1,074	-818	-256	-1,074
Reversals of previous provisions	—	1	1	476	217	693	476	218	694
Changes through the income statement	-	1	1	-342	-39	-381	-342	-38	-380
Allowances used to cover realised loan losses	—	—	—	448	—	448	448	—	448
Reclassification	—	—	—	4	—	4	4	—	4
Translation differences	—	-1	-1	6	8	14	6	7	13
Closing balance at 31 Dec 2015	0	-2	-2	-2,213	-449	-2,662	-2,213	-451	-2,664
Opening balance at 1 Jan 2014	-24	-3	-27	-2,373	-419	-2,792	-2,397	-422	-2,819
Provisions	1	0	1	-877	-121	-998	-876	-121	-997
Reversals of previous provisions	22	0	22	442	115	557	464	115	579
Changes through the income statement	23	0	23	-435	-6	-441	-412	-6	-418
Allowances used to cover realised loan losses	2	—	2	450	—	450	452	—	452
Translation differences	-1	1	—	29	7	36	28	8	36
Closing balance at 31 Dec 2014	0	-2	-2	-2,329	-418	-2,747	-2,329	-420	-2,749

Allowances and provisions¹

EURm	Central banks and credit institutions		The public		Total	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Allowances for items on the balance sheet	-2	-2	-2,662	-2,747	-2,664	-2,749
Provisions for off balance sheet items	—	-9	-65	-63	-65	-72
Total allowances and provisions	-2	-11	-2,727	-2,810	-2,729	-2,821

1) Included in Note G30 "Provisions" as "Transfer risk" and "Guarantees/commitments".

Key ratios¹

	31 Dec 2015	31 Dec 2014
Impairment rate, gross, basis points	162	174
Impairment rate, net, basis points	102	111
Total allowance rate, basis points	72	74
Allowances in relation to impaired loans, %	37	36
Total allowances in relation to impaired loans, %	45	43
Non-performing loans, not impaired, EURm	485	289

1) For definitions, see "Business definitions" on page 69.

G14
Interest-bearing securities

EURm	31 Dec 2015	31 Dec 2014
State and sovereigns	23,093	26,107
Municipalities and other public bodies	2,667	2,385
Mortgage institutions	27,785	28,742
Other credit institutions	27,804	23,730
Corporates	6,176	5,175
Corporates sub-investment grade	650	758
Other	1	213
Total	88,176	87,110

G16
Shares

EURm	31 Dec 2015	31 Dec 2014
Shares	15,302	15,505
Fund units, equity related	17,611	16,529
Fund units, interest related	7,840	7,745
Total	40,753	39,779
– of which Financial instruments pledged as collateral (Note G15)	8	30
Total	40,745	39,749

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 2015	31 Dec 2014
Interest-bearing securities	8,333	12,121
Shares	8	30
Total	8,341	12,151

For information on transferred assets and reverse repos, see Note G42.

G17**Derivatives and Hedge accounting****Derivatives held for trading**

31 Dec 2015, EURm	Fair value		Total nom amount
	Positive	Negative	
Interest rate derivatives			
Interest rate swaps	46,918	42,076	4,517,572
FRAs	7	12	51,470
Futures and forwards	264	327	1,538,842
Options	10,731	9,392	431,777
Other	6	88	6,671
Total	57,926	51,895	6,546,332
Equity derivatives			
Equity swaps	294	332	6,825
Futures and forwards	8	15	985
Options	521	750	24,238
Total	823	1,097	32,048
Foreign exchange derivatives			
Currency and interest rate swaps	14,529	21,136	856,486
Currency forwards	1,708	1,219	113,622
Options	266	208	28,027
Other	1	1	79
Total	16,504	22,564	998,214
Credit derivatives			
Credit Default Swaps (CDS)	2,304	2,288	92,427
Total	2,304	2,288	92,427
Commodity derivatives	17	13	483
Other derivatives	20	30	3,370
Total derivatives held for trading	77,594	77,887	7,672,874

Derivatives used for hedge accounting

31 Dec 2015, EURm	Fair value		Total nom amount
	Positive	Negative	
Interest rate derivatives	1,677	712	81,603
Foreign exchange derivatives	1,470	906	25,613
Total derivatives used for hedge accounting	3,147	1,618	107,216
– of which cash flow hedges	968	849	12,664 ¹
– of which fair value hedges	1,891	708	86,503 ¹
– of which net investment hedges	288	61	12,962
Total derivatives	80,741	79,505	7,780,090

1) Some cross currency interest rate swaps and interest rate swaps are used both as fair value hedges and cash flow hedges and the nominal amounts are then reported on both lines.

Periods when hedged cashflows are expected to occur and when they are expected to affect the income statement

31 Dec 2015, EURm	<1 year	1–3 years	3–5 years	5–10 years	10 years
Cash inflows (assets)	–	–	–	–	–
Cash outflows (liabilities)	688	4,434	2,773	2,038	712
Net cash outflows	688	4,434	2,773	2,038	712

G17**Derivatives and Hedge accounting, cont.****Derivatives held for trading**

31 Dec 2014, EURm	Fair value		Total nom amount
	Positive	Negative	
Interest rate derivatives			
Interest rate swaps	62,562	56,949	4,187,058
FRAs	55	62	61,419
Futures and forwards	360	392	1,294,054
Options	15,447	12,815	456,865
Total	78,424	70,218	5,999,396
Equity derivatives			
Equity swaps	105	275	7,372
Futures and forwards	13	22	981
Options	549	780	20,132
Total	667	1,077	28,485
Foreign exchange derivatives			
Currency and interest rate swaps	17,526	19,612	723,861
Currency forwards	2,224	994	84,666
Options	467	329	29,654
Other	1	1	99
Total	20,218	20,936	838,280
Credit derivatives			
Credit Default Swaps (CDS)	2,864	2,853	91,827
Total	2,864	2,853	91,827
Commodity derivatives	71	19	787
Other derivatives	35	15	2,359
Total derivatives held for trading	102,279	95,118	6,961,134

Derivatives used for hedge accounting

31 Dec 2014, EURm	Fair value		Total nom amount
	Positive	Negative	
Interest rate derivatives	2,044	1,064	95,925
Equity derivatives	—	4	55
Foreign exchange derivatives	796	1,154	28,094
Total derivatives used for hedge accounting	2,840	2,222	124,074
– of which cash flow hedges	816	850	36,091 ¹
– of which fair value hedges	1,672	1,370	100,598 ¹
– of which net investment hedges	352	2	12,674
Total derivatives	105,119	97,340	7,085,208

1) Some cross currency interest rate swaps and interest rate swaps are used both as fair value hedges and cash flow hedges and the nominal amounts are then reported on both lines.

Periods when hedged cashflows are expected to occur and when they are expected to affect the income statement

31 Dec 2014, EURm	<1 year	1–3 years	3–5 years	5–10 years	10 years
Cash inflows (assets)	—	—	—	—	—
Cash outflows (liabilities)	3,626	10,022	3,989	3,628	1,191
Net cash outflows	3,626	10,022	3,989	3,628	1,191

G18**Investments in associated undertakings**

EURm	31 Dec 2015	31 Dec 2014
Acquisition value at beginning of year	488	641
Acquisitions during the year	0	8
Sales during the year	-2	-102
Share in earnings ¹	59	22
Dividend received	-18	-55
Reclassification	0	-8
Translation differences	-10	-18
Acquisition value at end of year	517	488
Accumulated impairment charges at beginning of year	-1	-11
Reversed impairment charges during the year	-	1
Reclassifications	-	8
Translation differences	-1	1
Accumulated impairment charges at end of year	-2	-1
Total	515	487

1) Share in earnings

EURm	2015	2014
Profit from companies accounted for under the equity method	39	18
Portfolio hedge, Eksportfinans ASA	3	-10
Associated undertakings in Life insurance, reported as Net result from items at fair value	17	14
Share in earnings	59	22

Nordea's share of the associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2015	31 Dec 2014
Total assets	3 767	4,068
Net profit or loss from continuing operations	34	-141
Other comprehensive income	-	-
Total comprehensive income	34	-141

Nordea has issued contingent liabilities of EUR 226m (EUR 358m) on behalf of associated undertakings.

31 Dec 2015	Registration number	Domicile	Carrying amount 2015, EURm	Carrying amount 2014, EURm	Voting power of holding %
Eksportfinans ASA	816521432	Oslo	180	164	23
Ejendomspartnerskabet af 1/7 2003	27134971	Ballerup	200	194	49
Suomen Luotto-osuuskunta	0201646-0	Helsinki	3	3	27
LR Realkredit A/S	26045304	Copenhagen	6	10	39
Realia Holding Oy	2106796-8	Helsinki	20	20	25
Samajet Nymøllevej 59-91	24247961	Ballerup	21	21	25
E-nettet Holding A/S	28308019	Copenhagen	2	2	20
Hovedbanens Forretningscenter K/S	16301671	Ballerup	17	16	50
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	9	9	33
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	8	8	33
SWIPP Holding APS	36439696	Copenhagen	3	3	30
Bankernas Kontantservice A/S	33077599	Copenhagen	6	5	20
Samejet Lautruphøj I/S	50857859	Ballerup	6	6	50
NF Techfleet AB	556967-5423	Stockholm	2	1	20
NF Fleet Oy	2006935-5	Espoo	6	5	20
NF Fleet AB	556692-3271	Stockholm	4	3	20
Upplysningscentralen UC AB	556137-5113	Stockholm	4	2	26
Bankomat AB	556817-9716	Stockholm	6	5	20
Other			12	10	
Total			515	487	

G19

Intangible assets

EURm	31 Dec 2015	31 Dec 2014
Goodwill allocated to cash generating units¹		
Retail Banking Norway	745	787
Retail Banking Denmark	588	591
Retail Banking Sweden	225	221
Life & Pensions, Denmark	128	129
Life & Pensions, Norway	127	127
Life & Pensions, Poland	41	40
Banking Russia	139	154
Shipping, Offshore & Oil services	177	185
Total goodwill	2,170	2,234
Computer software	938	580
Other intangible assets	100	94
Total intangible assets	3,208	2,908
1) Excluding goodwill in associated undertakings.		
Movements in goodwill		
Acquisition value at beginning of year	2,235	2,422
Translation differences	-64	-187
Acquisition value at end of year	2,171	2,235
Accumulated impairment charges at beginning of year	-1	-1
Accumulated impairment charges at end of year	-1	-1
Total	2,170	2,234
Movements in computer software		
Acquisition value at beginning of year	1,415	1,184
Acquisitions during the year	429	279
Disposals during the year	-635	-10
Reclassifications	-	4
Translation differences	-9	-42
Acquisition value at end of year	1,200	1,415
Accumulated amortisation at beginning of year	-448	-380
Amortisation according to plan for the year	-49	-85
Accumulated amortisation on disposals during the year	266	10
Translation differences	2	7
Accumulated amortisation at end of year	-229	-448
Accumulated impairment charges at beginning of year	-387	-47
Accumulated impairment charges on disposals during the year	369	-
Impairment charges during the year	-20	-350
Translation differences	5	10
Accumulated impairment charges at end of year	-33	-387
Total	938	580

G19**Intangible assets, cont.****Impairment testing of goodwill**

A cash generating unit, defined as the operating segment, is the basis for the goodwill impairment test. For Life & Pensions, the cash generating units for which goodwill is tested, are the operations in each country.

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 flows are expected to continue indefinitely.

Cash flows in the near future (generally between 3–5 years) are based on financial forecasts, derived from forecasted margins, volumes 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 1.3% (2.0%) has been used for all cash generating units, except Retail Banking Norway and Life & Pensions, Norway where 1.8% (2.0%) has 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 2015 is 7.6% (7.5%), which equals a pre-tax rate of 10.0% (9.9%). For operations in Norway, the expected interest rate is higher and the discount rate used is 8.1% (7.5%). For Russia an additional risk premium of 400 (580) basis points has been applied.

The impairment tests conducted in 2015 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.

The impairment test for Russia did not indicate any impairment loss based on the estimated cash flows and abovementioned assumptions. Reasonable possible changes to the discount rate and the growth rate do not trigger any impairment loss, but the current turmoil in Russia does however create uncertainty also around estimated cash flows. It is however Nordea's assessment that even a significant decrease in future cash flows would, all other assumptions unchanged, will not lead to an impairment loss.

G20

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 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 2015	31 Dec 2014
Gross investments	7,281	7,480
Less unearned finance income	-282	-356
Net investments in finance leases	6,999	7,124
Less unguaranteed residual values accruing to the benefit of the lessor	-21	-22
Present value of future minimum lease payments receivable	6,978	7,102
Accumulated allowance for uncollectible minimum lease payments receivable	8	8

As of 31 December 2015 the gross investment and the net investment by remaining maturity was distributed as follows:

EURm	31 Dec 2015	
	Gross Investment	Net Investment
2016	1,971	1,865
2017	1,769	1,696
2018	1,465	1,417
2019	963	935
2020	520	496
Later years	593	590
Total	7,281	6,999

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.

Under non-cancellable operating leases, the future minimum lease payments receivable are distributed as follows:

EURm	31 Dec 2015
2016	13
2017	15
2018	11
2019	6
2020	3
Later years	1
Total	49

Nordea as a lessee**Finance leases**

Nordea has only to a minor extent entered into finance lease agreements.

Operating leases

Nordea has entered into operating lease agreements for premises and office equipment.

Leasing expenses during the year, EURm	31 Dec 2015	31 Dec 2014
Leasing expenses during the year	-236	-236
– of which minimum lease payments	-231	-233
– of which contingent rents	-5	-3
Leasing income during the year regarding sublease payments	5	6

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

EURm	31 Dec 2015
2016	136
2017	107
2018	89
2019	63
2020	56
Later years	227
Total	678

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 13m.

G21 Investment properties

EURm	31 Dec 2015	31 Dec 2014
Carrying amount at beginning of year	3,227	3,524
Acquisitions during the year	226	172
Sales/disposables during the year	-205	-423
Fair value adjustments	28	50
Transfers/reclassifications during the year	-156	-35
Translation differences	45	-61
Carrying amount at end of year	3,165	3,227

Amounts recognised in the income statement¹

EURm	2015	2014
Fair value adjustments	28	50
Rental income	165	220
Direct operating expenses that generate rental income	-37	-43
Direct operating expenses that did not generate rental income	-10	-9
Total	146	218

1) 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 properties.

Approximately 75% of the investment properties are valued using internal models based on a rate of return calculation. For the remaining 25% of the investment properties, appraisals were obtained from independent external valuers.

For further information regarding investment properties, see note G39.

G22 Other assets

EURm	31 Dec 2015	31 Dec 2014
Claims on securities settlement proceeds	1,596	3,339
Cash/margin receivables	14,697	11,176
Other	2,307	3,066
Total	18,600	17,581

G23 Prepaid expenses and accrued income

EURm	31 Dec 2015	31 Dec 2014
Accrued interest income	310	404
Other accrued income	558	487
Prepaid expenses	658	723
Total	1,526	1,614

G24 Deposits by credit institutions

EURm	31 Dec 2015	31 Dec 2014
Central banks	12,243	13,601
Banks	20,187	28,940
Other credit institutions	11,779	13,781
Total	44,209	56,322

G25 Deposits and borrowings from the public

EURm	31 Dec 2015	31 Dec 2014
Deposits ¹	179,630	168,682
Contracts where the return is based on separate assets	4,293	4,287
Repurchase agreements	9,419	24,285
Total	193,342	197,254

1) Deposits related to individual pension savings (IPS) are also included.

G26

Liabilities to policyholders

EURm	31 Dec 2015	31 Dec 2014
Traditional life insurance provisions	19,081	19,705
– of which guaranteed provisions	18,989	19,612
– of which non-guaranteed provisions	92	93
Collective bonus potential	3,984	3,732
Unit-linked insurance provisions	12,236	11,026
– of which guaranteed provisions	0	0
– of which non-guaranteed provisions	12,236	11,026
Insurance claims provision	395	387
Provisions, Health & personal accident	250	253
Total insurance contracts	35,946	35,103
Investment contracts	19,545	16,740
– of which guaranteed provisions	3,517	3,666
– of which non-guaranteed provisions	16,028	13,074
Total	55,491	51,843

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 measures and recognises insurance contracts using local accounting policies.

	Traditional life insurance provisions	Collective bonus potentials	Unit-linked insurance provisions	Insurance claims provisions	Provisions, Health & per- sonal accident	Investment contracts provisions	Total
31 Dec 2015, EURm							
Provisions/bonus potentials, beginning of year	19,705	3,732	11,026	387	253	16,740	51,843
Gross premiums written	784	—	2,125	—	—	4,942	7,851
Transfers	–499	—	354	—	—	–684	–829
Addition of interest/investment return	421	—	225	—	—	580	1,226
Claims and benefits	–1,618	—	–1,041	12	–6	–1,890	–4,543
Expense loading including addition of expense bonus	–102	—	–90	—	—	–97	–289
Change in provisions/bonus potential	95	246	–333	—	4	—	12
Other	605	—	1	—	—	–35	571
Translation differences	–309	6	–31	–4	–2	–11	–352
Provisions/bonus potentials, end of year	19,082	3,984	12,236	395	249	19,545	55,491
Provision relating to bonus schemes/ discretionary participation feature:	95%					14%	

	Traditional life insurance provisions	Collective bonus potentials	Unit-linked insurance provisions	Insurance claims provisions	Provisions, Health & per- sonal accident	Investment contracts provisions	Total
31 Dec 2014, EURm							
Provisions/bonus potentials, beginning of year	20,613	2,897	9,321	420	238	13,737	47,226
Gross premiums written	878	—	1,797	—	—	4,473	7,148
Transfers	–822	—	152	—	—	–749	–1,419
Addition of interest/investment return	454	—	468	—	—	1,345	2,267
Claims and benefits	–2,004	—	–990	–29	5	–1,539	–4,557
Expense loading including addition of expense bonus	–110	—	–79	—	—	–89	–278
Change in provisions/bonus potential	0	915	0	—	13	—	928
Other	1,042	0	373	—	—	18	1,433
Translation differences	–346	–80	–16	–4	–3	–456	–905
Provisions/bonus potentials, end of year	19,705	3,732	11,026	387	253	16,740	51,843
Provision relating to bonus schemes/ discretionary participation feature:	95%					17%	

G26**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 2015		31 Dec 2014	
	Effect on policyholders liabilities ¹	Effect on Nordeas Equity ²	Effect on policyholders liabilities ¹	Effect on Nordeas Equity ²
Sensitivities, EURm				
Mortality – increased living with 1 year	27.8	–21.4	68.3	–52.6
Mortality – decreased living with 1 year	–6.5	5.0	–1.2	0.9
Disability – 10% increase	13.8	–10.6	27.7	–21.3
Disability – 10% decrease	–9.2	7.1	–16.1	12.4
50 bp increase in interest rates	–816.6	0.3	–915.0	–7.6
50 bp decrease in interest rates	872.3	–0.5	1,001.7	4.7
12% decrease in all share prices	–1,478.9	–2.8	–1,684.3	–1.8
8% decrease in property value	–236.8	–1.5	–240.3	–0.7
8% loss on counterparts	–24.9	–0.2	–31.7	0.0

1) + (plus) indicates that policyholders liabilities increase.

2) – (minus) indicates that equity decrease.

Liabilities to policyholders divided in guarantee levels (technical interest rate)

31 Dec 2015, EURm	Non	0 pct.	0 to 2 pct.	2 to 3 pct.	3 to 4 pct.	Over 4 pct.	Total liabilities
Technical provision	28,357	2,340	7,666	4,820	3,996	3,684	50,863
31 Dec 2014, EURm	Non	0 pct.	0 to 2 pct.	2 to 3 pct.	3 to 4 pct.	Over 4 pct.	Total liabilities
Technical provision	24,194	2,236	7,854	5,391	3,966	3,830	47,471

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

For investments where the customer is bearing the risk, see Note G43.

G27**Debt securities in issue**

EURm	31 Dec 2015	31 Dec 2014
Certificates of deposit	26,018	22,926
Commercial papers	23,243	30,133
Covered bonds	106,746	98,986
Other bonds	45,860	42,155
Other	70	74
Total	201,937	194,274

G28**Other liabilities**

EURm	31 Dec 2015	31 Dec 2014
Liabilities on securities settlement proceeds	1,108	3,085
Sold, not held, securities	8,824	6,903
Accounts payable	179	174
Cash/margin payables	11,141	10,061
Other	4,504	6,750
Total	25,756	26,973

G29**Accrued expenses and prepaid income**

EURm	31 Dec 2015	31 Dec 2014
Accrued interest	20	45
Other accrued expenses	1,464	1,589
Prepaid income	321	309
Total	1,805	1,943

G30**Provisions**

EURm	31 Dec 2015	31 Dec 2014
Restructuring	333	167
Transfer risk	–	10
Guarantees/commitments	65	62
Tax	1	1
Other	16	65
Total	415	305

EURm	Restructuring	Transfer risk	Guarantees/ commitments	Tax	Other	Total
At beginning of year	167	10	62	1	65	305
New provisions made	249	0	104	1	2	356
Provisions utilised	–71	–	–11	–1	–3	–86
Reversals	–9	–10	–89	0	–46	–154
Reclassifications	–3	–	–	–	–2	–5
Translation differences	0	0	–1	0	0	–1
At end of year	333	–	65	1	16	415

New provisions for restructuring costs were recognised in the fourth quarter by EUR 238m, and cover termination benefits (EUR 191m) and redundant premises (EUR 47m). The restructuring activities have been initiated to manage the transformational change to a truly digital bank. The majority of the provision is expected to be used during 2016. 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.

Loan loss provisions for individually assessed guarantees and other commitments amounted to EUR 65m.

Provision for legal disputes amounts to EUR 1m (EUR 0m expected to be settled 2016) and other provisions to EUR 15m (EUR 6m expected to be settled 2016).

G31

Retirement benefit obligations

EURm	31 Dec 2015	31 Dec 2014
Defined benefit plans, net	48	–498
Total	48	–498

Nordea sponsors both defined contribution plans (DCP) and defined benefit plans (DBP). IAS 19 secures that the pension obligations net of plan assets backing these obligations are reflected on the Group's balance sheet. The major plans in each country are funded schemes covered by assets in pension funds/foundations.

The plans are structured in accordance with local regulations and legislations, local practice and, where applicable, collective agreements. Nordea's main DBPs in Sweden, Norway and Finland are all employer financed final salary and service based pension plans providing pension benefits on top of the statutory systems. All DBPs are closed for new entrants, new employees are offered DCPs. DBPs in Sweden are mainly offered in accordance with collective agreements and follow the regulations in the Pension Obligations Vesting Act (Tryggandelagen). Plan assets are held in a separate pension foundation. In Norway the DBPs are in accordance with the Nordea Norway occupational pension plan and follow the Occupational Pension Act (Foretakspensjonloven). In Norway plan assets are also held by a separate pension fund. In Finland Nordea is providing additional pension benefits on top of the statutory system in accordance with the Nordea Finland occupational pension plan and follows the regulations in the Employees' Pension Act (TyEL). Plan assets are generally held in a separate pension foundation. Minimum funding requirements differ between plans but where such requirements are based on collective agreements or internal policies the funding requirement is generally that the pension obligations measured using local requirements shall be covered in full or with a predefined surplus. Some pension plans are not covered by funding requirements and are generally unfunded. Quarterly assessments are made to secure the level of future contributions.

Defined benefit plans may impact Nordea via changes in the net present value of obligations and/or changes in the market value of plan assets. Changes in the obligation are most importantly driven by changes in assumptions on discount rates (interest rates and credit spreads), salary increases, turnover and mortality as well as relevant experience adjustments where the actual outcome differs from the assumptions. Assets are invested in diversified portfolios as further disclosed below, with bond exposures mitigating the interest rate risk in the obligations and a fair amount of real assets (inflation protected) to reduce the long term inflationary risk in liabilities.

No significant plan amendments, curtailments and settlements have been made during the year.

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on different actuarial assumptions.

Assumptions ¹	Swe	Nor	Fin	Den
2015				
Discount rate ²	3.07%	2.89%	2.14%	2.67%
Salary increase	2.25%	2.75%	1.75%	2.25%
Inflation	1.25%	1.75%	1.25%	1.25%
Mortality	DUS06	GAP07/I73	Gompertz	FSA
2014				
Discount rate ²	2.50%	2.50%	2.00%	2.25%
Salary increase	2.50%	3.00%	2.00%	2.50%
Inflation	1.50%	1.75%	1.50%	1.50%
Mortality	DUS06	GAP07/I73	Gompertz	FSA

1) The assumptions disclosed for 2015 have an impact on the liability calculation by year-end 2015, while the assumptions disclosed for 2014 are used for calculating the pension expense in 2015.

2) More information on the discount rate can be found in Note G1, section 22. The sensitivities to changes in the discount rate can be found below.

Sensitivities – Impact on Defined Benefit Obligation (DBO) %

	Swe	Nor	Fin	Den
Discount rate – Increase 50bps	–7.3%	–7.0%	–6.8%	–4.9%
Discount rate – Decrease 50bps	8.3%	7.8%	7.6%	5.3%
Salary increase – Increase 50bps	2.8%	2.5%	0.4%	5.3%
Salary increase – Decrease 50bps	–2.0%	–2.3%	–0.4%	–5.0%
Inflation – Increase 50bps	7.2%	6.5%	4.2%	–
Inflation – Decrease 50bps	–6.3%	–5.9%	–3.9%	–
Mortality – Increase 1 year	3.2%	3.3%	3.9%	4.8%
Mortality – Decrease 1 year	–3.2%	–3.2%	–3.8%	–4.7%

The sensitivity analyses are prepared by changing one actuarial assumption while keeping the other assumptions unchanged. This is a simplified approach since the actuarial assumptions usually are correlated. However, it gives the possibility to isolate one effect from another. The method used for calculating the impact on the obligation is the same as when calculating the obligation accounted for in the financial statements. Compared with the 2014 Annual Report there have been no changes in the methods used when preparing the sensitivity analyses.

As all pensions in Denmark are salary indexed, the inflation has no impact on the DBO in Denmark.

G31**Retirement benefit obligations, cont.****Net retirement benefit liabilities/assets**

EURm	Swe 2015	Nor 2015	Fin 2015	Den 2015	Total 2015	Total 2014
Obligations	1,421	843	907	100	3,271	3,727
Plan assets	1,554	644	992	129	3,319	3,229
Net liability(-)/asset(+)	133	-199	85	29	48	-498
– of which retirement benefit liabilities	123	199	5	2	329	540
– of which retirement benefit assets	256	–	90	31	377	42

Movements in the obligation

2015, EURm	Swe	Nor	Fin	Den	Total
Opening balance	1,663	968	985	111	3,727
Current service cost	29	20	3	0	52
Interest cost	40	24	21	2	87
Pensions paid	-73	-29	-42	-5	-149
Past service cost and settlements	-18	16	1	–	-1
Remeasurement from changes in demographic assumptions	–	–	-31	–	-31
Remeasurement from changes in financial assumptions	-204	-63	-26	-5	-298
Remeasurement from experience adjustments	7	-23	-12	-3	-31
Translation differences	35	-55	8	0	-12
Change in provision for SWT/SSC ¹	-58	-15	–	–	-73
Closing balance	1,421	843	907	100	3,271
– of which relates to the active population	32%	43%	11%	–	28%

1) Change in provision for special wage tax (SWT) and social security contribution (SSC) in Sweden and Norway.

2014, EURm	Swe	Nor	Fin	Den	Total
Opening balance	1,368	829	818	115	3,130
Current service cost	23	17	3	0	43
Interest cost	50	31	29	4	114
Pensions paid	-68	-32	-43	-9	-152
Past service cost and settlements	22	25	0	-15	32
Remeasurement from changes in demographic assumptions	–	–	–	1	1
Remeasurement from changes in financial assumptions	300	165	181	14	660
Remeasurement from experience adjustments	15	-9	-10	1	-3
Translation differences	-91	-81	7	0	-165
Change in provision for SWT/SSC ¹	44	23	–	–	67
Closing balance	1,663	968	985	111	3,727
– of which relates to the active population	34%	47%	10%	–	30%

1) Change in provision for special wage tax (SWT) and social security contribution (SSC) in Sweden and Norway.

The average duration of the obligation is 15 (16) years in Sweden, 15 (15) years in Norway, 14 (14) years in Finland and 10 (10) years in Denmark based on discounted cash flows. The fact that all DBPs are closed for new entrants and that there are no active members in Denmark, and to some extent also in Finland, leads to lower duration.

G31**Retirement benefit obligations, cont.****Movements in the fair value of plan assets**

2015, EURm	Swe	Nor	Fin	Den	Total
Opening balance	1,497	636	972	124	3,229
Interest income (calculated using the discount rate)	37	17	20	2	76
Pensions paid	–	–17	–42	–7	–66
Settlements	–16	–	2	–	–14
Contributions by employer	0	26	–1	6	31
Remeasurement (actual return less interest income)	2	22	33	2	59
Translation differences	34	–40	8	2	4
Closing balance	1,554	644	992	129	3,319

2014, EURm	Swe	Nor	Fin	Den	Total
Opening balance	1,412	650	927	128	3,117
Interest income (calculated using the discount rate)	52	26	32	5	115
Pensions paid	–	–17	–43	–7	–67
Settlements	–	8	–	–13	–5
Contributions by employer	0	5	7	2	14
Refund to employer	–	–	–21	–	–21
Remeasurement (actual return less interest income)	118	18	62	9	207
Translation differences	–85	–54	8	0	–131
Closing balance	1,497	636	972	124	3,229

Asset composition

The combined return on assets in 2015 was 4.2% (10.3%). The assets return was driven by positive return on equities and real estate with only limited contribution from bonds and credit investments. At the end of the year the equity exposure in Nordea's pension funds/foundations represented 27% (26%) of total assets.

Asset composition in funded schemes	Swe 2015	Nor 2015	Fin 2015	Den 2015	Total 2015	Total 2014
Bonds	70%	56%	55%	81%	63%	66%
– sovereign	35%	41%	38%	46%	38%	39%
– covered bonds	25%	11%	–	35%	15%	18%
– corporate bonds	10%	4%	17%	–	10%	9%
– with quoted market price in an active market	70%	56%	55%	81%	63%	66%
Equity	27%	27%	28%	17%	27%	26%
– domestic	6%	6%	8%	17%	7%	8%
– european	7%	9%	8%	–	8%	7%
– US	8%	7%	7%	–	7%	7%
– emerging	5%	5%	5%	–	5%	4%
– Nordea shares	1%	–	–	–	–	0%
– with quoted market price in an active market	27%	27%	28%	17%	27%	26%
Real estate ¹	–	12%	10%	–	6%	5%
– occupied by Nordea	–	–	3%	–	1%	1%
Cash and cash equivalents	3%	5%	7%	2%	4%	3%

1) The geographical location of the real estate follows the geographical location of the relevant pension plan.

The Group expects to contribute EUR 36m to its defined benefit plans in 2016.

G31**Retirement benefit obligations, cont.****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 90m (EUR 99m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans (see specification in Note G7).

Recognised in the income statement

2015, EURm	Swe	Nor	Fin	Den	Total
Current service cost	29	20	3	0	52
Net interest	3	7	1	0	11
Past service cost and settlements ¹	-2	16	-1	-	13
SWT/SSC ²	8	6	-	-	14
Pension cost on defined benefit plans (expense+ income-)	38	49	3	0	90

1) The past service cost 2015 mainly regards termination benefits in connection to restructuring activities launched in the fourth quarter.

2) Cost related to special wage tax (SWT) in Sweden and social security contribution (SSC) in Norway.

2014, EURm	Swe	Nor	Fin	Den	Total
Current service cost	23	17	3	0	43
Net interest	-2	5	-3	-1	-1
Past service cost and settlements ¹	22	18	0	-2	38
SWT/SSC ²	13	6	-	-	19
Pension cost on defined benefit plans (expense+ income-)	56	46	0	-3	99

1) The past service cost 2014 mainly regards termination benefits in connection to the cost efficiency programme launched in the second quarter.

2) Cost related to special wage tax (SWT) in Sweden and social security contribution (SSC) in Norway.

Compared with the pension cost 2014, excluding past service cost and related SWT and SSC, the pension cost has increased in 2015 as a consequence of the change of actuarial assumptions at the end of 2014.

Recognised in other comprehensive income

2015, EURm	Swe	Nor	Fin	Den	Total
Remeasurement from changes in demographic assumptions	-	-	-31	-	-31
Remeasurement from changes in financial assumptions	-204	-63	-26	-5	-298
Remeasurement from experience adjustments	7	-23	-12	-3	-31
Remeasurement of plan assets (actual return less interest income)	-2	-22	-33	-2	-59
SWT/SSC ¹	-48	-16	-	-	-64
Pension cost on defined benefit plans (expense+/-income-)	-247	-124	-102	-10	-483

1) Cost related to special wage tax (SWT) in Sweden and social security contribution (SSC) in Norway.

2014, EURm	Swe	Nor	Fin	Den	Total
Remeasurement from changes in demographic assumptions	-	-	-	1	1
Remeasurement from changes in financial assumptions	300	165	181	14	660
Remeasurement from experience adjustments	15	-9	-10	1	-3
Remeasurement of plan assets (actual return less interest income)	-118	-18	-62	-9	-207
SWT/SSC ¹	48	19	-	-	67
Pension cost on defined benefit plans (expense+/-income-)	245	157	109	7	518

1) Cost related to special wage tax (SWT) in Sweden and social security contribution (SSC) in Norway.

G31 Retirement benefit obligations, cont.**Multiemployer plans**

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 defined benefit plan that cannot be calculated as such, 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 defined contribution plan in accordance with IAS 19. Information on the funded status in the plan is not available.

The new AFP plan gives the entitled employees a lifelong addition to regular pensions from the age of 62. Further, the new scheme allows the employees to continue working while receiving AFP without this affecting the pension rights. The plan is founded on the basis of a three party cooperation between employer organisations, employee organisations and the Norwegian government. The government covers one third of the pension expense to the AFP plan while the member companies collectively cover the remaining two thirds of the pension expense. The premium the member firms are paying to the plan is determined to be sufficient to cover on-going pension expenses as well as to provide a basis for building up a pension fund. The purpose of the pension fund is to ensure sufficient ability to cover expected future pension obligations.

The premium rate for 2015 is 2.4% of the employees' wages between 1 and 7.1 times the average base amount according to the Norwegian National Insurance Act. The premium is calculated based on the average wages and base amounts from the previous year, excluding employees over the age of 61. Total premiums paid in 2015 amount to EUR 4m. Payments to the plan during 2015 covered 2,872 employees. The premium rate for 2016 will be 2.5% of the employees' wages between 1 and 7.1 times the average base amount according to the Norwegian National Insurance Act. The expected premium in 2016 amounts to EUR 4m.

The employees that meet the requirements for AFP are guaranteed AFP payments regardless of the solvency of their employers. As a result the employer members have joint responsibility for two thirds of the payable pensions to the employees that at any given time meet the requirements for AFP. Any deficit or surplus on windup of the plan or entities' withdrawal from the plan will not have any impact on Nordea.

Key management personnel

The Group's total pension obligations regarding key management personnel amounted to EUR 15m (EUR 30m) at the end of the year. These obligations are to a high degree covered by plan assets. Defined benefit pension costs (Current service cost as well as Past service cost and settlements as defined in IAS 19) related to key management personnel in 2015 were EUR 0m (EUR 2m). Complete information concerning key management personnel is disclosed in Note G7.

G32 Subordinated liabilities

EURm	31 Dec 2015	31 Dec 2014
Dated subordinated debenture loans	5,940	4,434
Undated subordinated debenture loans	262	1,557
Hybrid capital loans	2,998	1,951
Total	9,200	7,942

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.

G33 Assets pledged as security for own liabilities

EURm	31 Dec 2015	31 Dec 2014
Assets pledged for own liabilities		
Securities etc ¹	17,628	19,571
Loans to the public	134,520	130,539
Other assets pledged	32,647	12,931
Total	184,795	163,041

The above pledges pertain to the following liabilities

Deposits by credit institutions	8,178	8,620
Deposits and borrowings from the public	6,711	8,618
Derivatives	13,773	10,667
Debt securities in issue	106,178	98,547
Other liabilities and commitments	22,267	19,971
Total	157,107	146,423

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 G42, 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 assets pledged relates to certificate of deposits pledged by Nordea to comply with authority requirements.

G34**Other assets pledged**

Other assets pledged are mainly related to securities which includes interest-bearing securities pledged as securities for payment settlements within the central banks and clearing institutions (EUR 9,019m (EUR 11,247m)). The terms and conditions require day to day securities and relate to liquidity intraday/over night. Collateral pledged on behalf of other items other than the company's own liabilities, e.g. on behalf of a third party or on behalf of the company's own contingent liabilities are also accounted for under this item.

G35**Contingent liabilities**

EURm	31 Dec 2015	31 Dec 2014
Guarantees		
– Loan guarantees	5,865	4,811
– Other guarantees	14,791	15,027
Documentary credits	1,805	2,102
Other contingent liabilities	108	77
Total	22,569	22,017

In the normal business Nordea issues various forms of guarantees in favour of the Nordea'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 Nordea'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, 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 the Group or its financial position.

G36**Commitments**

EURm	31 Dec 2015	31 Dec 2014
Unutilised overdraft facilities	37,961	38,234
Loan commitments	33,379	36,057
Future payment obligations	956	722
Other commitments	2,367	922
Total	74,663	75,935

Reverse repurchase agreements are recognised on and derecognised from the balance sheet on settlement date. Nordea has as per 31 December 2015 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 2015. The net impact on the balance sheet is minor. These instruments have not been disclosed as commitments.

For information about credit commitments, see Note G1, section 24, about derivatives, see Note G17 and about reverse repos, see Note G42.

G37

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 a worldwide capital adequacy standard (Basel III) drawn up by the Basel Committee on Banking Supervision. Within the EU, the capital adequacy requirements are outlined in the Capital Requirements Directive IV (CRD IV) and Capital Requirements Regulation (CRR).

CRD IV/CRR require higher capitalisation levels and better quality of capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk based requirement, measures to promote the build-up of capital that can be drawn in periods of stress and the introduction of liquidity standards. CRD IV was implemented through national law within all EU countries during 2014, while the CRR entered into force in all EU countries on the first of January 2014.

The Basel III framework is built on three Pillars:

- Pillar I – requirements for the calculation of REA and Capital
- Pillar II – rules for the Supervisory Review Evaluation Process (SREP) including the Internal Capital Adequacy Assessment Process (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 business 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 2016, Nordea will continue to closely follow the development of the new capital requirement regime as well as maintain its open dialogue with the supervisory authorities.

The disclosures in this note cover the Nordea Group as defined on page 134.

Own funds

Own funds is the sum of Tier 1 and Tier 2 capital. Tier 1 capital consists of both common equity Tier 1 (CET1) and additional Tier 1 capital.

Tier 1 capital

Tier 1 capital is the sum of common equity tier 1 capital and additional Tier 1 capital. CET1 capital is considered to be capital of the highest quality with ultimate loss-absorbing characteristics and consists predominately of paid in capital and retained earnings. Profit may only be included

after permission from the financial supervisory authority and after deduction of proposed dividend. Due to the implementation of CRR, deduction that according to previous rules were made 50% from Tier 1 and 50% from tier 2 are now fully deducted from common equity tier 1. Furthermore, CRR also changes the treatment of investments in financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences, which are now risk weighted instead of deducted from Tier 1 and Tier 2.

Additional Tier 1 capital items consist of additional Tier 1 instruments and the related share premium.

Additional Tier 1 instruments

Additional Tier 1 instruments are subordinated capital instruments that rank senior only to share capital. CRR specifies the necessary characteristics required for inclusion in additional Tier 1 capital. The instruments are loss-absorbing from a going concern perspective as coupons can be cancelled at any time at the full discretion of the issuer and the principal will be written down if the Common Equity Tier 1 capital ratio would fall below a pre-defined trigger level. The instruments may only be repaid with the permission from the Swedish FSA and not earlier than five years after original issuance of the instrument. Additional Tier 1 instruments that fulfil the CRR requirements are fully included whereas remaining instruments are phased out according to transitional rules. During 2015, Nordea issued one Additional Tier 1 instrument of EUR 0.9bn and two undated Additional Tier 1 loans were called after approval by the Swedish FSA. As of year-end, Nordea held EUR 2.8bn in undated subordinated instruments.

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-à-vis depositors and other bank creditors.

Tier 2 instruments

Tier 2 instruments are subordinated instruments. The basic principle for subordinated instruments in own funds is the order of priority in case of a default or bankruptcy situation. Under such conditions, the holder of the subordinated instrument would be repaid after other creditors, but before shareholders. Tier 2 instruments can be dated or undated instruments. According to the regulation, Tier 2 instruments that fulfil the CRD IV requirements are fully included whereas remaining instruments are phased out according to transitional rules.

The inclusion of outstanding Tier 2 instruments in the Tier 2 capital is reduced if the remaining maturity is less than five years. During 2015, Nordea issued four Tier 2 instrument of in total EUR 1.3bn. As of year-end, Nordea held EUR 5.8bn in dated subordinated instruments and EUR 0.2bn in undated subordinated instruments.

The tables below shows the main features of outstanding Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments.

G37**Capital adequacy, cont.****Table A2 Transitional own funds**

	(A) amount at disclosure date, EURm	(C) amounts subject to pre-regulation (eu) no 575/2013 treatment or prescribed residual amount of regulation (eu) no 575/2013
Common Equity Tier 1 capital: instruments and reserves		
1 Capital instruments and the related share premium accounts	5,130	—
of which: Share capital	4,050	—
2 Retained earnings	21,589	—
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	–64	—
5 Minority interests (amount allowed in consolidated CET1)	0	0
5a Independently reviewed interim profits net of any foreseeable charge or dividend	727	—
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	27,382	—
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7 Additional value adjustments (negative amount)	–258	—
8 Intangible assets (net of related tax liability) (negative amount)	–2,866	—
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where conditions in Article 38 (3) are met) (negative amount)	0	—
11 Fair value reserves related to gains or losses on cash flow hedges	–71	—
12 Negative amounts resulting from the calculation of expected loss amounts	–297	0
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–12	—
15 Defined-benefit pension fund assets (negative amount)	–296	0
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	–7	—
25 of which: deferred tax assets arising from temporary differences	0	—
25b Foreseeable tax charges relating to CET1 items (negative amount)	0	—
26a Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	0	—
Of which: ... filter for unrealised loss 1	0	68
Of which: ... filter for unrealised gain 1	0	283
28 Total regulatory adjustments to Common equity Tier 1 (CET1)	–3,807	—
29 Common Equity Tier 1 (CET1) capital	23,575	—
Additional Tier 1 (AT1) capital: instruments		
30 Capital instruments and the related share premium accounts	2,241	—
33 Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	729	0
36 Additional Tier 1 (AT1) capital before regulatory adjustments	2,970	—
Additional Tier 1 (AT1) capital: regulatory adjustments		
37 Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	–30	—
41a Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	0	0
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	–30	—
44 Additional Tier 1 (AT1) capital	2,941	—
45 Tier 1 capital (T1 = CET1 + AT1)	26,516	—
Tier 2 (T2) capital: instruments and provisions		
46 Capital instruments and the related share premium accounts	5,870	—
47 Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	76	—
48 Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0	0
49 of which: instruments issued by subsidiaries subject to phase out	0	—
51 Tier 2 (T2) capital before regulatory adjustments	5,946	—

G37**Capital adequacy, cont.****Tier 2 (T2) capital: regulatory adjustments**

52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-61	—
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-1,501	—
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	0	—
57	Total regulatory adjustments to Tier 2 (T2) capital	-1,562	—
58	Tier 2 (T2) capital	4,384	—
59	Total capital (TC = T1 + T2)	30,900	—
60	Total risk weighted assets	143,294	—

Capital ratios and buffers

61	Common Equity Tier 1 (as a percentage of risk exposure amount)	16.5%	—
62	Tier 1 (as a percentage of risk exposure amount)	18.5%	—
63	Total capital (as a percentage of risk exposure amount)	21.6%	—
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	5.9%	—
65	of which: capital conservation buffer requirement	2.5%	—
66	of which: countercyclical buffer requirement	0.4%	—
67	of which: systemic risk buffer requirement	3.0%	—
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.0%	—
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	12.0%	—

Amounts below the threshold for deduction (before risk weighting)

72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	189	—
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	954	—
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	0	—

Applicable caps to the inclusion of provisions in Tier 2

78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	103,717	—
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	622	—

Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)

82	Current cap on AT1 instruments subject to phase out arrangements	1,379	—
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	—
84	Current cap on T2 instruments subject to phase out arrangements	668	—
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	—

G37**Capital adequacy, cont.****Minimum capital requirement and REA**

EURm	31 Dec 2015		31 Dec 2014	
	Minimum Capital requirement	REA	Minimum Capital requirement	REA
Credit risk	9,358	116,978	9,522	119,029
– of which counterparty credit risk	761	9,510	843	10,535
IRB	8,297	103,717	8,451	105,637
– corporate	5,630	70,371	5,743	71,792
– advanced	4,497	56,211	4,048	50,600
– foundation	1,133	14,160	1,695	21,192
– institutions	682	8,526	766	9,572
– retail	1,802	22,520	1,755	21,940
– secured by immovable property collateral	1,016	12,702	897	11,219
– other retail	786	9,818	858	10,721
– other	183	2,300	187	2,333
Standardised	1,061	13,261	1,071	13,392
– central governments or central banks	40	504	57	717
– regional governments or local authorities	19	237	17	211
– public sector entities	3	32	2	20
– multilateral development banks	0	0	–	–
– international organisations	–	–	–	–
– institutions	23	282	27	338
– corporate	169	2,109	154	1,921
– retail	251	3,137	255	3,181
– secured by mortgages on immovable properties	231	2,887	222	2,777
– in default	9	119	12	155
– associated with particularly high risk	59	741	53	666
– covered bonds	–	–	–	–
– institutions and corporates with a short-term credit assessment	–	–	–	–
– collective investments undertakings (CIU)	–	–	–	–
– equity	209	2,617	195	2,442
– other items	48	596	77	964
Credit Value Adjustment Risk	140	1,751	185	2,308
Market risk	522	6,534	588	7,341
– trading book, Internal Approach	239	2,990	312	3,898
– trading book, Standardised Approach ¹	96	1,209	116	1,447
– banking book, Standardised Approach	187	2,335	160	1,996
Operational risk	1,363	17,031	1,347	16,842
Standardised	1,363	17,031	1,347	16,842
Additional risk exposure amount, Article 3 CRR	80	1,000	–	–
Sub total	11,463	143,294	11,642	145,520
Adjustment for Basel I floor				
Additional capital requirement according to Basel I floor	6,283	78,533	5,995	74,938
Total	17,746	221,827	17,637	220,458

1) Market Risk – of which trading book, Standardised Approach restated for 2014.

Leverage ratio

	31 Dec 2015	31 Dec 2014
Tier 1 capital, transitional definition, EURm ¹	26,516	25,382
Leverage ratio exposure, EURm	576,317	590,759
Leverage ratio, percentage	4.6	4.3

1) Including profit for the period.

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Capital adequacy, cont.

Capital requirements for market risk

EURm	Trading book, IA		Trading book, SA		Banking book, SA		Total	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk & other ¹	1,193	96	966	77	—	—	2,159	173
Equity risk	353	28	220	17	—	—	573	45
Foreign exchange risk	209	17	—	—	2,335	187	2,544	204
Commodity risk	—	—	22	2	—	—	22	2
Settlement risk	—	—	1	0	—	—	1	0
Diversification effect	–644	–52	—	—	—	—	–644	–52
Stressed Value-at-Risk	1,046	84	—	—	—	—	1,046	84
Incremental Risk Measure	381	30	—	—	—	—	381	30
Comprehensive Risk Measure	452	36	—	—	—	—	452	36
Total	2,990	239	1,209	96	2,335	187	6,534	522

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.

Nordea may transfer capital within its legal entities without material restrictions, subject to the general conditions for entities considered solvent with sufficient liquidity under local law and satisfying minimum capital adequacy requirements. 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 Nordea's entities. Such approval has to be applied and

authorised by the local FSA for internal subordinated loans as prescribed by Article 77 in the CRR.

Table A3–A5 include disclosure of capital instruments' main features in accordance with §6.4 in FFFS 2014:18 and using the template in Annex II in article 3 in Commission implementing regulation (EU) No 1423/2013. Template items are excluded if not applicable.

Table A3 – Capital main features template – CET1

Common equity Tier 1 capital

1	Issuer	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	SE0000427361
3	Governing law(s) of the instrument	Swedish
<i>Regulatory treatment</i>		
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share capital as published in Regulation (EU) No 575/2013 article 28
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 4,050m
9	Nominal amount of instrument	EUR 4,049,951,919
10	Accounting classification	Shareholders' equity
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
<i>Coupons / dividends</i>		
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1
36	Non-compliant transitioned features	No

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Capital adequacy, cont.

Table A4 – Capital main features template – AT1

Additional Tier 1 instrument

1	Issuer	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0200688256	W5795#AA7	W5795#AB5	US65557CAM55/ US65557DAM39	US65557CAN39/ US65557DAL55	XS1202091325	XS1202091671	XS1202090947
3	Governing law(s) of the instrument	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law
<i>Regulatory treatment</i>									
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Tier 2	Ineligible	Ineligible	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1
6	Eligible at solo/(sub-) consolidated/ solo & (sub-) consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.4	Additional Tier 1 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.4	Additional Tier 1 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.4	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 500m	EUR 153m	EUR 76m	EUR 912m	EUR 455m	EUR 243m	EUR 129m	EUR 502m
9	Nominal amount of instrument	EUR 500m	JPY 20,000m / EUR 153m	JPY 10,000m / EUR 76m	USD 1,000m / EUR 919m	USD 500m / EUR 459m	SEK 2,250m / EUR 245m	NOK 1,250m / EUR 130m	USD 550m / EUR 505m
9a	Issue price	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	17-Sep-2004	04-Mar-2005	12-Oct-2005	23-Sep-2014	23-Sep-2014	12-Mar-2015	12-Mar-2015	12-Mar-2015
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	17-Sep-2009 In addition tax/ regulatory call 100 per cent of nominal amount	4-Mar-2035 In addition tax/ regulatory call 100 per cent of nominal amount	12-Oct-2035 In addition tax/ regulatory call 100 per cent of nominal amount	23-Sep-2019 In addition tax/ regulatory call 100 per cent of nominal amount	23-Sep-2024 In addition tax/ regulatory call 100 per cent of nominal amount	12-Mar-2020 In addition tax/ regulatory call 100 per cent of nominal amount	12-Mar-2020 In addition tax/ regulatory call 100 per cent of nominal amount	13-Sep-2021 In addition tax/ regulatory call 100 per cent of nominal amount
16	Subsequent call dates, if applicable	17-Mar and 17-Sep each year after first call date	4-Mar and 4-Sep each year after first call date	12-Apr and 12-Oct each year after first call date	23-Mar and 23-Sep each year after first call date	23-Mar and 23-Sep each year after first call date	2-Mar, 12-Jun, 12-Sep and 12-Dec each year after first call date	2-Mar, 12-Jun, 12-Sep and 12-Dec each year after first call date	13-Sep each year after first call date

Additional Tier 1 instrument

Coupons/dividends

17	Fixed or floating dividend / coupon	Floating	Fixed to floating	Fixed to floating	Fixed	Fixed	Floating	Floating	Fixed
18	Coupon rate and any related index	Floating 10-year CMS +0.05 per cent per annum subject to 8 per cent cap	Fixed USD 3.75 per cent per annum, until first call date, thereafter floating 6-month JPY deposit +1.22 per cent per annum	Fixed USD 3.84 per cent per annum, until first call date, thereafter floating 6-month JPY deposit +1.40 per cent per annum	Fixed 5.50 per cent per annum, until first call date, thereafter fixed 5-year mid swap +3.563 per cent per annum	Fixed 6.125 per cent per annum, until first call date, thereafter fixed 5-year mid swap +3.388 per cent per annum	Floating 3-month STIBOR +3.10 per cent per annum	Floating 3-month NIBOR +3.10 per cent per annum	Fixed 5.25 per cent per annum, until first call date, thereafter fixed 5-year mid swap +3.244 per cent per annum
19	Existence of a dividend stopper	Yes	Yes	Yes	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary Dividend stopper	Partially discretionary Dividend stopper	Partially discretionary Dividend stopper	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Partially discretionary	Partially discretionary	Partially discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	Yes	Yes	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down features	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	To avoid liquidation	To avoid liquidation	To avoid liquidation	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent
32	If write-down, full or partial	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Shareholders resolution regarding reconversion and reinstatement made out of available distributable funds	Shareholders resolution regarding reconversion and reinstatement made out of available distributable funds	Shareholders resolution regarding reconversion and reinstatement made out of available distributable funds	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
36	Non-compliant transitioned features	Yes	Yes	Yes	No	No	No	No	No
37	If yes, specify non-compliant features	No specified trigger level, dividend stopper	No specified trigger level, step-up, dividend stopper	No specified trigger level, step-up, dividend stopper	N/A	N/A	N/A	N/A	N/A

G37**Capital adequacy, cont.****Table A5 – Capital main features template – T2****Tier 2 instruments**

1	Issuer	Nordea Bank Norge ASA	Nordea Bank Finland PLC	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	GB0001961928	N/A	XS0497179035	XS0544654162	US65557FAA49/ US65557HAA05	XS0743689993
3	Governing law(s) of the instrument	Governed by English law, except for the subordination provisions which are governed by Norwegian law	Governed by English law, except for the subordination provisions which are governed by Finnish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by the laws of the State of New York, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law

Regulatory treatment

4	Transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Ineligible	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-) consolidated/ solo & (sub-) consolidated	Solo, sub-consolidated & consolidated	Solo, sub-consolidated & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.5	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 184m	EUR 76m	EUR 845m (84.5 per cent of Nominal amount, <5 yrs to maturity)	EUR 747m	EUR 1,142m	EUR 749m
9	Nominal amount of instrument	USD 200m / EUR 184m	JPY 10,000m / EUR 76m	EUR 1,000m	EUR 750m	USD 1,250m / EUR 1,148m	EUR 750m
9a	Issue price	100 per cent	100 per cent	99.810 per cent	99.699 per cent	99.508 per cent	99.803 per cent
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	04-Nov-1986	22-Aug-2001	26-Mar-2010	29-Sep-2010	13-May-2011	15-Feb-2012
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated	Dated
13	Original maturity date	No maturity	No maturity	26-Mar-2020	29-Mar-2021	13-May-2021	15-Feb-2022
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	18-Nov-1991 In addition tax call 100 per cent of nominal amount	26-Feb-2029 In addition tax call 100 per cent of nominal amount	Tax/regulatory call 100 per cent of nominal amount	Tax call 100 per cent of nominal amount	Tax call 100 per cent of nominal amount	15-Feb-2017 In addition tax call 100 per cent of nominal amount
16	Subsequent call dates, if applicable	18-May and 18-Nov each year after first call date	26-Feb and 26-Aug each year after first call date	N/A	N/A	N/A	N/A

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Capital adequacy, cont.

Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)
US65557FAD87 / US65557HAD44	XS1292434146	XS1292433767	N/A	XS1317439559
Governed by the laws of the State of New York, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law
Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
EUR 911m	EUR 185m	EUR 250m	EUR 114m	EUR 743m
USD 1,000m / EUR 919m	SEK 1,700m / EUR 185m	SEK 2,300m / EUR 250m	JPY 15,000m / EUR 114m	EUR 750m
99,364 per cent	100 per cent	100 per cent	100 per cent	99,434 per cent
100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
21-Sep-2012	17-Sep-2015	17-Sep-2015	06-Oct-2015	10-Nov-2015
Dated	Dated	Dated	Dated	Dated
21-Sep-2022	17-Sep-2025	17-Sep-2025	06-Oct-2025	10-Nov-2025
Yes	Yes	Yes	Yes	Yes
Tax/regulatory call 100 per cent of nominal amount	17-Sep-2020 In addition tax/regulatory call 100 per cent of nominal amount	17-Sep-2020 In addition tax/regulatory call 100 per cent of nominal amount	Tax/regulatory call 100 per cent of nominal amount	10-Nov-2020 In addition tax/regulatory call 100 per cent of nominal amount
	N/A	17-Mar, 17-Jun, 17-Sep and 17-Dec each year after first call date	17-Sep each year after first call date	N/A 10-Nov each year after first call date

G37**Capital adequacy, cont.****Table A5 – Capital main features template – T2, cont****Tier 2 instruments***Coupons/dividends*

17	Fixed or floating dividend / coupon	Floating	Fixed to floating	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Floating 6-month USD +0.1875 per cent per annum	Fixed USD 4.51 per cent per annum to call date, thereafter floating rate equivalent to 6-month JPY Deposit +2.00 per cent per annum	4,50%	4,00%	4,875%	Fixed 4.625 per cent per annum (equivalent to Euro Swap Rate +3.15 per cent per annum) to call date, thereafter reset fixed rate to Euro Swap Rate +3.15 per cent per annum
19	Existence of a dividend stopper	No	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary Dividend pusher	Partially discretionary Dividend pusher	Mandatory	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Partially discretionary	Partially discretionary	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	Yes	No	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down features	No	No	No	No	No	No
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior debt	Senior debt	Senior debt	Senior debt	Senior debt	Senior debt
36	Non-compliant transitioned features	No	Yes	No	No	No	No
37	If yes, specify non-compliant features	N/A	Step-up	N/A	N/A	N/A	N/A

G37**Capital adequacy, cont.**

Fixed	Floating	Fixed	Fixed	Fixed
4,250%	Floating 3-month STIBOR +1.5 per cent per annum	Fixed 1.935 per cent per annum, until first call date, thereafter fixed 5-year mid swap +1.5 per cent per annum	1,160%	Fixed 1.875 per cent per annum, until first call date, thereafter fixed 5-year mid swap +1.7 per cent per annum
No	No	No	No	No
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
No	No	No	No	No
Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
No	No	No	No	No
Senior debt	Senior debt	Senior debt	Senior debt	Senior debt
No	No	No	No	No
N/A	N/A	N/A	N/A	N/A

G37**Capital adequacy, cont.****Specification of group undertakings 31 December 2015**

Owner	Company name	Voting power of holding, %	Domicile	Consolidation method
Nordea Bank AB (publ)	Nordea Bank Finland Plc	100	Finland	Purchase method
Nordea Bank Finland Plc	Nordea Finance Finland Ltd	100	Finland	Purchase method
	Realia Holding Oy	25	Finland	Equity method
Nordea Finance Finland Ltd	Tukirahoitus Oy	100	Finland	Purchase method
	Nordea Finance Estonia Ltd	100	Estonia	Purchase method
	Nordea Finance Latvia Ltd	100	Latvia	Purchase method
	Nordea Finance Lithuania Ltd	100	Lithuania	Purchase method
	NF Fleet Oy	20	Finland	Equity method
Nordea Finance Estonia Ltd	ALD Automotive Eesti AS	25	Estonia	Equity method
Nordea Finance Latvia Ltd	ALD Automotive SIA	25	Latvia	Equity method
Nordea Finance Lithuania Ltd	UAB ALD Automotive	25	Lithuania	Equity method
<i>Nordea Bank Finland Plc</i>	<i>Ancillary service undertakings</i>			
Nordea Bank AB (publ)	Nordea Bank Norge ASA	100	Norway	Purchase method
Nordea Bank Norge ASA	Nordea Eiendoms kreditt AS	100	Norway	Purchase method
	Nordea Finans Norge AS	100	Norway	Purchase method
	Eksportfinans ASA	23	Norway	Purchase method
Nordea Finans Norge AS	NF Fleet AS	20	Norway	Equity method
<i>Nordea Bank Norge ASA</i>	<i>Ancillary service undertakings</i>			
Nordea Bank AB (publ)	Nordea Bank Danmark A/S	100	Denmark	Purchase method
Nordea Bank Danmark A/S	LR-Realkredit A/S	39	Denmark	Equity method
	Nordea Finans Danmark A/S	100	Denmark	Purchase method
	Nordea Kredit Realkreditaktieselskab	100	Denmark	Purchase method
	NJK1 ApS	100	Denmark	Purchase method
	Swipp Holding ApS	30	Denmark	Equity method
	Bankernas Kontant service A/S	20	Denmark	Equity method
	Fiona Asset Company A/S	100	Denmark	Purchase method
Nordea Finans Danmark A/S	Fleggaard Busleasing	39	Germany	Equity method
	NF Fleet A/S	20	Denmark	Equity method
	K/S UL 676	100	Denmark	Purchase method
	K/S UL 677	100	Denmark	Purchase method
	K/S UL 678	100	Denmark	Purchase method
	UL Transfer Aps	100	Denmark	Purchase method
Nordea Finans Danmark A/S	UL International ApS	100	Denmark	Purchase method
	DT Finance K/S	100	Denmark	Purchase method
	BH Finance K/S	100	Denmark	Purchase method
	NAMIT 10 K/S	100	Denmark	Purchase method
	City 10 K/S	100	Denmark	Purchase method
	Tide Leasing 2012 K/S	100	Denmark	Purchase method
	LB12 K/S	100	Denmark	Purchase method
	BAAS 2012 K/S	100	Denmark	Purchase method
<i>Nordea Bank Danmark A/S</i>	<i>Ancillary service undertakings</i>			

G37**Capital adequacy, cont.****Specification of group undertakings 31 December 2015, cont.**

Owner	Company name	Voting power of holding, %	Domicile	Consolidation method
Nordea Bank AB (publ)	OOO Promyshlennaya Companiya Vestkon	100	Russia	Purchase method
OOO Promyshlennaya Companiya Vestkon / Nordea Bank AB (publ)	Joint Stock Company Nordea Bank	100	Russia	Purchase method
Joint Stock Company Nordea Bank	Nordea Leasing LLC	100	Russia	Purchase method
<i>Joint Stock Company Nordea Bank</i>	<i>Ancillary service undertakings</i>			
Nordea Bank AB (publ)	Nordea Hypotek AB (publ)	100	Sweden	Purchase method
	Nordea Finans Sverige AB (publ)	100	Sweden	Purchase method
	Nordea Investment Management AB	100	Sweden	Purchase method
	Bankomatcentralen AB	48	Sweden	Equity method
	Svenska e-fakturabolaget AB	50	Sweden	Equity method
	BDB Bankernas Depå AB	20	Sweden	Equity method
	BAB Bankernas Automatbolag AB	20	Sweden	Equity method
	Getswish AB (former Goldcup 8289)	20	Sweden	Equity method
	PK Properties Int'l Corp	100	USA	Purchase method
	Nordea Funds Ltd	100	Finland	Purchase method
Nordea Finans Sverige AB (publ)	NF Fleet AB	20	Sweden	Purchase method
Nordea Investment Management AB	Nordea Investment Management North America Inc	100	USA	Purchase method
	Nordea Investment Management AG	100	Germany	Purchase method
	Nordea Private Equity Holding A/S	100	Denmark	Purchase method
Nordea Private Equity Holding A/S	Nordea Private Equity I A/S	100	Denmark	Purchase method
	Nordea Private Equity II – Global A/S	100	Denmark	Purchase method
	Nordea Private Equity III – GLOBAL A/S	100	Denmark	Purchase method
	Nordea Private Equity II – EU Mezz A/S	100	Denmark	Purchase method
	Nordea Private Equity II – EU MM Buyout A/S	100	Denmark	Purchase method
	PWM Global PE III ApS	100	Denmark	Purchase method
	NF Techfleet AB	20	Sweden	Equity method
<i>Nordea Bank AB (publ)</i>	<i>Ancillary service undertakings</i>			
Nordea Bank AB (publ) / Nordea Investment Management AB	Nordea Bank S.A.	100	Luxembourg	Purchase method
Nordea Bank S.A.	Nordea Investment Funds S.A.	100	Luxembourg	Purchase method

G38

Classification of financial instruments

	Financial assets at fair value through profit or loss							
	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets and associated undertakings	Total
31 Dec 2015, EURm								
Assets								
Cash and balances with central banks	35,500	—	—	—	—	—	—	35,500
Loans to central banks	8,095	—	5,129	—	—	—	—	13,224
Loans to credit institutions	7,449	—	3,489	21	—	—	—	10,959
Loans to the public	251,876	—	36,999	52,045	—	—	—	340,920
Interest-bearing securities	61	2,708	34,870	16,421	—	34,116	—	88,176
Financial instruments pledged as collateral	—	—	8,341	—	—	—	—	8,341
Shares	—	—	4,917	35,828	—	—	—	40,745
Derivatives	—	—	77,594	—	3,147	—	—	80,741
Fair value changes of the hedged items in portfolio hedge of interest rate risk	151	—	—	—	—	—	—	151
Investments in associated undertakings	—	—	—	—	—	—	515	515
Intangible assets	—	—	—	—	—	—	3,208	3,208
Properties and equipment	—	—	—	—	—	—	557	557
Investment properties	—	—	—	—	—	—	3,165	3,165
Deferred tax assets	—	—	—	—	—	—	76	76
Current tax assets	—	—	—	—	—	—	87	87
Retirement benefit assets	—	—	—	—	—	—	377	377
Other assets	2,698	—	—	14,697	—	—	1,205	18,600
Prepaid expenses and accrued income	968	—	—	—	—	—	558	1,526
Total	306,798	2,708	171,339	119,012	3,147	34,116	9,748	646,868

	Financial liabilities at fair value through profit or loss					
	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
31 Dec 2015, EURm						
Liabilities						
Deposits by credit institutions	17,534	1,086	—	25,589	—	44,209
Deposits and borrowings from the public	10,465	8,520	—	174,357	—	193,342
Liabilities to policyholders	—	19,545	—	—	35,946	55,491
Debt securities in issue	6,885	46,229	—	148,823	—	201,937
Derivatives	77,887	—	1,618	—	—	79,505
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	2,594	—	2,594
Current tax liabilities	—	—	—	—	225	225
Other liabilities	8,824	11,141	—	3,652	2,139	25,756
Accrued expenses and prepaid income	—	—	—	341	1,464	1,805
Deferred tax liabilities	—	—	—	—	1,028	1,028
Provisions	—	—	—	—	415	415
Retirement benefit liabilities	—	—	—	—	329	329
Subordinated liabilities	—	—	—	9,200	—	9,200
Total	121,595	86,521	1,618	364,556	41,546	615,836

G38

Classification of financial instruments, cont.

31 Dec 2014, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss		Derivatives used for hedging	Available for sale	Non-financial assets and associated undertakings	Total
			Held for trading	Designated at fair value through profit or loss				
Assets								
Cash and balances with central banks	31,067	—	—	—	—	—	—	31,067
Loans to central banks	6,676	—	282	—	—	—	—	6,958
Loans to credit institutions	7,657	—	4,547	13	—	—	—	12,217
Loans to the public	246,862	—	49,517	51,706	—	—	—	348,085
Interest-bearing securities	—	2,630	34,418	18,541	—	31,521	—	87,110
Financial instruments pledged as collateral	—	—	12,151	—	—	—	—	12,151
Shares	—	—	8,445	31,300	—	4	—	39,749
Derivatives	—	—	102,279	—	2,840	—	—	105,119
Fair value changes of the hedged items in portfolio hedge of interest rate risk	256	—	—	—	—	—	—	256
Investments in associated undertakings	—	—	—	—	—	—	487	487
Intangible assets	—	—	—	—	—	—	2,908	2,908
Properties and equipment	—	—	—	—	—	—	509	509
Investment properties	—	—	—	—	—	—	3,227	3,227
Deferred tax assets	—	—	—	—	—	—	130	130
Current tax assets	—	—	—	—	—	—	132	132
Retirement benefit assets	—	—	—	—	—	—	42	42
Other assets	4,590	—	—	11,176	—	—	1,815	17,581
Prepaid expenses and accrued income	1,123	—	4	—	—	—	487	1,614
Total	298,231	2,630	211,643	112,736	2,840	31,525	9,737	669,342

	Financial liabilities at fair value through profit or loss		Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
	Held for trading	Designated at fair value through profit or loss				
31 Dec 2014, EURm						
Liabilities						
Deposits by credit institutions	23,806	3,220	—	29,296	—	56,322
Deposits and borrowings from the public	24,577	8,343	—	164,334	—	197,254
Liabilities to policyholders	—	16,741	—	—	35,102	51,843
Debt securities in issue	8,001	42,619	—	143,654	—	194,274
Derivatives	95,118	—	2,222	—	—	97,340
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	3,418	—	3,418
Current tax liabilities	—	—	—	—	368	368
Other liabilities	6,903	10,061	—	6,377	3,632	26,973
Accrued expenses and prepaid income	9	—	—	345	1,589	1,943
Deferred tax liabilities	—	—	—	—	983	983
Provisions	—	—	—	—	305	305
Retirement benefit liabilities	—	—	—	—	540	540
Subordinated liabilities	—	—	—	7,942	—	7,942
Total	158,414	80,984	2,222	355,366	42,519	639,505

G38**Classification of financial instruments, cont.****Loans designated at fair value through profit or loss**

EURm	31 Dec 2015	31 Dec 2014
Carrying amount	52,066	51,719
Maximum exposure to credit risk	52,066	51,719
Carrying amount of credit derivatives used to mitigate the credit risk	–	–

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 46,229m (EUR 42,619m), the funding of the Markets operation, EUR 16,454m (EUR 17,337m) deposits linked to the investment return of separate assets, EUR 4,293m (EUR 4,287m) and investment contracts in Life, EUR 19,545m (EUR 16,741m). 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 and assetlinked deposits 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 100m (decreased EUR 6m) in 2015 due to changes in own credit risk. The cumulative change since designation is a decrease of EUR 691m (decrease EUR 592m). 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 51,713m (EUR 51,244m) and lending in the Markets operation, EUR 353m (EUR 475). The fair value of lending in Nordea Kredit Realkreditaktieselskab decreased by EUR 19m (increased EUR 7m) in 2015 due to changes in credit risk. The cumulative change since designation is a decrease of EUR 171m (decrease EUR 153m). The method used to estimate the amount of change in the fair value attributable to changes in credit risk is similar 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

2015, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	86,521	85,776
2014, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	80,984	79,198

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.

G39**Assets and liabilities at fair value****Fair value of financial assets and liabilities**

EURm	31 Dec 2015		31 Dec 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	35,500	35,500	31,067	31,067
Loans	365,254	366,598	367,516	368,872
Interest-bearing securities	88,176	88,391	87,110	87,421
Financial instruments pledged as collateral	8,341	8,341	12,151	12,151
Shares	40,745	40,745	39,749	39,749
Derivatives	80,741	80,741	105,119	105,119
Other assets	17,395	17,395	15,766	15,766
Prepaid expenses and accrued income	968	968	1,127	1,127
Total	637,120	638,679	659,605	661,272
Financial liabilities				
Deposits and debt instruments	451,282	451,167	459,210	460,653
Liabilities to policyholders	19,545	19,545	16,741	16,741
Derivatives	79,505	79,505	97,340	97,340
Other liabilities	23,617	23,617	23,341	23,341
Accrued expenses and prepaid income	341	341	354	354
Total	574,290	574,175	596,986	598,429

For information about valuation of items measured at fair value on the balance sheet, see Note G1 and the section "Determination of fair values for items measured at fair value on the balance sheet" below. For information about valuation of items not measured at fair value on the balance sheet, see the section "Financial assets and liabilities not held at fair value on the balance sheet" below.

G39

Assets and liabilities at fair value, cont.

Assets and liabilities held at fair value on the balance sheet

Categorisation into the fair value hierarchy

	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
31 Dec 2015, EURm							
Assets at fair value on the balance sheet¹							
Loans to central banks	–	–	5,129	–	–	–	5,129
Loans to credit institutions	–	–	3,510	–	–	–	3,510
Loans to the public	–	–	89,044	–	–	–	89,044
Interest-bearing securities ²	49,979	12,986	43,511	6,044	250	45	93,740
Shares ³	33,158	26,757	2,717	2,414	4,878	4,212	40,753
Derivatives	211	–	78,875	32	1,655	–	80,741
Investment properties	–	–	–	–	3,165	3,085	3,165
Other assets	–	–	14,697	–	–	–	14,697
Total	83,348	39,743	237,483	8,490	9,948	7,342	330,779
Liabilities at fair value on the balance sheet¹							
Deposits by credit institutions	–	–	18,620	1,361	–	–	18,620
Deposits and borrowings from the public	–	–	18,985	–	–	–	18,985
Liabilities to policyholders	–	–	19,545	19,545	–	–	19,545
Debt securities in issue ⁴	46,229	–	6,885	–	–	–	53,114
Derivatives ⁴	242	–	77,739	153	1,524	–	79,505
Other liabilities	6,909	–	13,056	–	–	–	19,965
Total	53,380	–	154,830	21,059	1,524	–	209,734

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

2) Of which EUR 8,333m relates to the balance sheet item Financial instruments pledged as collateral.

3) Of which EUR 8m relates to the balance sheet item Financial instruments pledged as collateral.

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

	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
31 Dec 2014, EURm							
Assets at fair value on the balance sheet¹							
Loans to central banks	–	–	282	–	–	–	282
Loans to credit institutions	–	–	4,560	7	–	–	4,560
Loans to the public	–	–	101,223	–	–	–	101,223
Interest-bearing securities ²	54,724	12,805	41,598	6,936	279	53	96,601
Shares ³	32,724	22,739	1,597	1,596	5,458	4,486	39,779
Derivatives	102	–	103,551	119	1,466	–	105,119
Investment properties	–	–	–	–	3,227	3,127	3,227
Other assets	–	–	11,176	–	–	–	11,176
Prepaid expenses and accrued income	–	–	4	–	–	–	4
Total	87,550	35,544	263,991	8,658	10,430	7,666	361,971
Liabilities at fair value on the balance sheet¹							
Deposits by credit institutions	–	–	27,026	1,541	–	–	27,026
Deposits and borrowings from the public	–	–	32,920	–	–	–	32,920
Liabilities to policyholders	–	–	16,741	16,741	–	–	16,741
Debt securities in issue ⁴	42,619	–	8,001	–	–	–	50,620
Derivatives ⁴	91	–	95,623	56	1,626	–	97,340
Other liabilities	4,667	–	12,297	–	–	–	16,964
Accrued expenses and prepaid income	–	–	9	–	–	–	9
Total	47,377	–	192,617	18,338	1,626	–	241,620

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

2) Of which EUR 12,121m relates to the balance sheet item Financial instruments pledged as collateral.

3) Of which EUR 30m relates to the balance sheet item Financial instruments pledged as collateral.

4) For structured bonds the host contract and the embedded derivative are presented separately. The host contract is presented on the balance sheet as Debt securities in issue and the embedded derivative on the balance sheet as Derivatives. The total fair value off the structured bonds is EUR 7,541m, of which EUR 7,185m is categorised into Level 2 and a net negative fair value of EUR –356m into Level 3 in the fair value hierarchy.

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Assets and liabilities at fair value, cont.

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

Fair value measurements of assets and liabilities carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). 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 assets and 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 assets and liabilities that do not have directly quoted market prices available from active markets. The fair values are based on quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active. Alternatively, 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 resale/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 assets and liabilities 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, investment properties, more complex OTC derivatives where unobservable input have a significant impact on the fair values, certain complex or structured financial instruments 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 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 hierarchy 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 subsidiary 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 of financial assets and liabilities are 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.

Nordea incorporates credit valuation adjustments (CVA) and debit valuation adjustments (DVA) into derivative valuations. CVA and DVA reflect the impact on fair value of the counterparty's credit risk and Nordea's own credit quality, respectively. Calculations are based on estimates of exposure at default, probability of default and recovery rates, on a counterparty basis. Generally, exposure at default for CVA and DVA is based on expected exposure and estimated through the simulation of underlying risk factors. Where possible, probabilities of defaults (PDs) and recovery rates are sourced from the CDS markets. For counterparties where this information is not directly available, PDs and recovery rates are estimated using a cross sectional approach where the illiquid counterparties are mapped to comparable liquid CDS names.

The impact of funding costs and funding benefits on valuation of recollateralised and imperfectly collateralised derivatives is recognised as a funding fair valuation adjustment (FFVA). In 2015 Nordea has developed its FFVA framework to incorporate an estimated funding curve which reflects the market cost of funding. Since FFVA is a newly developing market practice, Nordea is continuously monitoring the

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Assets and liabilities at fair value, cont.

market practices, and consequently reviewing and developing the methodology in use.

Another 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 fair value measurement of the investment properties takes into account a market participant's ability to generate economic benefits by using the investment properties in its highest and best use, i.e. taking into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The current use of the investment properties in Nordea is in accordance with the highest and best use. The valuation of the investment properties is carried out taking into account the purpose and the nature of the property by using the most appropriate valuation methods. The primary valuation approach is a discounted cash flow model using current cash flows, market interest rates and the current yield requirements.

Transfers between Level 1 and 2

During the year, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 1,129m (EUR 149m) from Level 1 to Level 2 and EUR 295m (EUR 1,290m) from Level 2 to Level 1 of the fair value hierarchy. Nordea also transferred shares of EUR 22m (EUR 0m) from Level 1 to Level 2, derivative assets of EUR 96m (EUR 0m) and derivative liabilities of EUR 120m (EUR 0m) from Level 2 to Level 1 and other liabilities of EUR 4m (EUR 55m) from Level 2 to Level 1.

The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the year 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 been actively traded during the year and reliable quoted prices are obtained in the market. Transfers have also occurred following the implementation of an improved and more granular classification approach. Transfers between levels are considered to have occurred at the end of the year.

Movements in Level 3

2015, EURm	1 Jan 2015	Fair value gains/ losses recognised in the income statement during the year		Recognised in OCI	Purchases/ Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Translation differences	31 Dec 2015
		Realised	Unrealised								
Interest-bearing securities	279	1	8	—	75	–111	–1	—	–2	1	250
– of which Life	53	—	–3	—	—	–6	—	—	—	1	45
Shares	5,458	307	49	—	4,468	–5,021	–58	29	–333	–21	4,878
– of which Life	4,486	281	36	—	4,377	–4,897	–55	3	—	–19	4,212
Derivatives (net)	–160	37	–18	—	–1	—	–37	443	–133	0	131
Investment properties	3,227	–1	27	—	222	–263	—	—	—	–47	3,165
– of which Life	3,127	—	27	—	215	–237	—	—	—	–47	3,085

Unrealised gains and losses relate to those assets and liabilities held at the end of the year. During 2015 Nordea transferred shares of EUR 29m from Level 2 to Level 3 and EUR 333m from Level 3 to Level 2. Nordea also transferred derivatives (net) of EUR 443 from Level 2 to Level 3 and EUR 133 m from Level 3 to Level 2. The reason for the transfer from Level 3 to Level 2 was that observable market data became available. The reason for the transfer from Level 2 to Level 3 was that observable market data was no longer available. Transfers have also occurred following the implementation of an improved and more granular classification approach. Transfers between levels are considered to have occurred at the end of the year. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note G5). Assets and liabilities related to derivatives are presented net.

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Assets and liabilities at fair value, cont.

Movements in Level 3, cont.

2014, EURm	1 Jan 2014	Fair value gains/ losses recognised in the income statement during the year		Recognised in OCI	Purchases/ Issues	Sales	Settle- ments	Transfers out of Level 3	Translation differences	31 Dec 2014
		Realised	Unrealised							
Interest-bearing securities	478	8	10	-2	163	-373	-3	—	-2	279
– of which Life	104	5	5	—	19	-78	—	—	-2	53
Shares	3,841	388	313	—	2,417	-1,441	-22	-22	-16	5,458
– of which Life	2,842	324	238	—	2,332	-1,196	-15	-22	-17	4,486
Derivatives (net)	37	-488	-197	—	—	—	488	—	—	-160
Investment properties	3,524	-1	-3	—	267	-462	—	-33	-65	3,227
– of which Life	3,367	7	-3	—	241	-390	—	-33	-62	3,127
Other liabilities	1	—	—	—	—	-1	—	—	—	—

Unrealised gains and losses relate to those assets and liabilities held at the end of the year. During 2014 Nordea transferred shares of EUR 22m from Level 3 to Level 2. The reason for the transfer from Level 3 to Level 2 was that observable market data became available. Transfers between levels are considered to have occurred at the end of the year. Fair value gains and losses in the income statement during the year are included in “Net result from items at fair value” (see Note G5). Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in Level 3

Financial instruments

Nordea has an independent specialised valuation control unit, Group Valuation Control (GVC). GVC has the responsibility of setting the Nordea valuation framework as well as overseeing and independently assessing valuations of financial instruments held at fair value on Nordea's balance sheet. GVC issues the Nordea Group Valuation Policy, which is approved by the Group Valuation Committee. The Group Valuation Committee governs valuation matters and also serves as escalation point for valuation issues. Further escalation of valuation issues is addressed by the Assets and Liabilities Committee, which reports to the Board of Directors.

The valuation control process in Nordea consists of several steps. The first step is to determine the end of day (EOD) marking of mid-prices. It is the responsibility of the trading organisation to set correct prices used for the valuation process, these prices are either internally marked prices set by trading or externally sourced prices. These valuation prices and valuation approaches are then controlled and tested by independent control units. The cornerstone in the control process is the independent price verification (IPV). The IPV test comprises verification of the correctness of valuations by using independently sourced data that best reflects the market. Finally the results of valuation testing and valuations are analysed and any findings are escalated with valuation committees as decision bodies.

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 valuation adjustment at portfolio level 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.

Investment properties

The main part of the investment properties in Nordea is held by Nordea Life and Pension (NLP). The valuation of the investment properties in NLP is performed quarterly by the real estate departments in each entity within NLP with full or partial assistance from external valuers. For the departments that use their own methodologies the changes in price levels of the properties are compared with valuations of similar properties assessed by external valuers. The result of the valuation is presented to, and approved by, the local management in each entity. The CFO in each entity within NLP is responsible for the approval of the concepts and for the values used. The principles used in all entities are in accordance with regulations provided by the local Financial Supervisory Authorities (FSA) which are in accordance with international valuation principles and in accordance with IFRS.

In addition there is an Investment Operation Committee (IOC) which is a joint forum focusing on valuation and accounting of investment operations issues within NLP. The entities within NLP report regularly to IOC and IOC report quarterly to the Nordea Group Valuation Committee.

Investment properties in NLP are backing the liabilities to policyholders in life insurance contracts, unit-linked contracts and investment contracts, which means that the impact on Nordea's income statement and on shareholders' equity depends on the financial buffers and the profit sharing agreements in the actual unit that owns the property.

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Assets and liabilities at fair value, cont.

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

31 Dec 2015, EURm	Fair value	Of which Life ¹	Valuation techniques	Unobservable input	Range of fair value
Interest-bearing securities					
Mortgage and other credit institutions ²	205	—	Discounted cash flows	Credit spread	–5/5
Corporates	45	45	Discounted cash flows	Credit spread	–3/3
Total	250	45			–8/8
Shares					
Private equity funds	1,965	1,781	Net asset value ³		–218/232
Hedge funds	474	298	Net asset value ³		–31/37
Credit Funds	423	237	Net asset value/market consensus ³		–23/28
Other funds	1,880	1,868	Net asset value/fund prices ³		–223/224
Other	136	28	—		–9/9
Total	4,878	4,212			–504/530
Derivatives					
Interest rate derivatives	180	—	Option model	Correlations Volatilities	–26/19
Equity derivatives	–24	—	Option model	Correlations Volatilities	–26/19
Foreign exchange derivatives	–35	—	Option model	Dividend Correlations Volatilities	+/-0
Credit derivatives	–18	—	Credit derivative model	Correlations Recovery rates	–8/6
Other	28	—	Option model	Correlations Volatilities	+/-0
Total	131	—			–60/44

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

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

3) The fair values are based on prices and net 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. For private equity funds the dominant measurement methodology used by the suppliers/custodians, is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA (European Venture Capital Association). Less than 15% of the private equity fund investment are internally adjusted/valued based the IPEV guidelines. These carrying amounts are in a range of 0% to 100% compared to the values received from suppliers/custodians.

The table above shows, for each class of assets and liabilities categorised in Level 3, the fair value, the valuation techniques used to estimate the fair value, significant unobservable inputs used in the valuation techniques and for financial assets and liabilities the fair value sensitivity to changes in key assumptions.

The column "range of fair value" in the tables above shows the sensitivity of the fair values of Level 3 financial instruments to changes in key assumptions. Where the exposure to an unobservable parameter is offset across different instruments then only the net impact is disclosed in the table. The ranges disclosed 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.

In order to calculate the sensitivity (range) in fair value of derivatives 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 fair values of derivatives are presented as the net of assets and liabilities.

In order to calculate the sensitivity (range) in fair value of shares and interest-bearing securities the fair value was increased and decreased within a total range of 2–10 percentage units depending of the valuation uncertainty and underlying assumptions. Higher ranges are applied to instruments with more uncertain valuations relative to actively traded instruments and underlying uncertainties in individual assumptions.

G39**Assets and liabilities at fair value, cont.****Valuation techniques and inputs used in the fair value measurements in Level 3**

31 Dec 2014, EURm	Fair value	Of which Life ¹	Valuation techniques	Unobservable input	Range of fair value
Interest-bearing securities					
Mortgage and other credit institutions ²	235	9	Discounted cash flows	Credit spread	–8/8
Corporates	44	44	Discounted cash flows	Credit spread	–3/3
Total	279	53			–11/11
Shares					
Private equity funds	2,328	1,820	Net asset value ³		
Hedge funds	443	181	Net asset value ³		
Credit Funds	487	377	Net asset value/market consensus ³		
Other funds	1,970	1,950	Net asset value/Fund prices ³		
Other	230	158	–		
Total	5,458	4,486			–542/575
Derivatives					
Interest rate derivatives	191	–	Option model	Correlations Volatilities	–13/9
Equity derivatives	–220	–	Option model	Correlations Volatilities	–18/12
Foreign exchange derivatives	–31	–	Option model	Dividend Correlations Volatilities	+/-0
Credit derivatives	–129	–	Credit derivat model	Correlations Recovery rates	–10/9
Other	29	–	Option model	Correlations Volatilities	+/-0
Total	–160	–			–41/30

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

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

3) The fair values are based on prices and net 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. For private equity funds the dominant measurement methodology used by the suppliers/custodians, is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA (European Venture Capital Association). Less than 15% of the private equity fund investment are internally adjusted/valued based the IPEV guidelines. These carrying amounts are in a range of 0% to 95% compared to the values received from suppliers/custodians.

G39**Assets and liabilities at fair value, cont.****Investment properties**

31 Dec 2015, EURm	Fair value ¹	Of which Life	Valuation techniques	Unobservable input	Range of unobservable input	Weighted average of unobservable input
Denmark	1,688	1,679	Discounted cash flows	Market rent		
				Commercial	25–312 EUR/m ²	159 EUR/m ²
				Office	34–324 EUR/m ²	110 EUR/m ²
				Apartment	65–245 EUR/m ²	151 EUR/m ²
				Yield requirement		
				Commercial	6.4% – 9.5%	7.5%
				Office	4.3% – 9.5%	6.1%
				Apartment	3.5% – 6.0%	3.9%
Norway	695	689	Discounted cash flows	Market rent		
				Commercial	82–234 EUR/m ²	170 EUR/m ²
				Office	114–746 EUR/m ²	205 EUR/m ²
				Apartment	151–151 EUR/m ²	151 EUR/m ²
				Other	66–86 EUR/m ²	67 EUR/m ²
				Yield requirement		
				Commercial	5.0% – 6.5%	5.5%
				Office	4.3% – 7.8%	5.5%
				Apartment	5.6% – 5.6%	5.6%
				Other	5.5% – 8.5%	7.9%
Finland	564	563	Discounted cash flows ²	Market rent		
				Commercial	104–327 EUR/m ²	177 EUR/m ²
				Office	125–306 EUR/m ²	187 EUR/m ²
				Apartment	186–237 EUR/m ²	210 EUR/m ²
				Other	89–127 EUR/m ²	97 EUR/m ²
				Yield requirement		
				Commercial	4.8% – 6.8%	5.8%
				Office	4.8% – 8.0%	6.4%
				Apartment	4.0% – 6.0%	5.0%
				Other	6.5% – 9.0%	7.8%
Sweden	154	154	Discounted cash flows ²	Market rent		
				Commercial	117–195 EUR/m ²	146 EUR/m ²
				Apartment	149–176 EUR/m ²	156 EUR/m ²
				Other	65–66 EUR/m ²	65 EUR/m ²
				Yield requirement		
				Commercial	5.8% – 6.8%	6.3%
				Apartment	3.5% – 4.4%	3.7%
				Other	7.0% – 7.8%	7.4%
Other	64	—	Discounted cash flows	—		
Total	3,165	3,085				

1) Split based on the valuation methodologies used in different countries.

2) The fair value is calculated by external valuers.

G39**Assets and liabilities at fair value, cont.****Investment properties**

31 Dec 2014, EURm	Fair value ¹	Of which Life	Valuation techniques	Unobservable input	Range of unobservable input	Weighted average of unobservable input
Denmark	1,656	1,645	Discounted cash flows	Market rent		
				Commercial	26–235 EUR/m ²	133 EUR/m ²
				Office	28–377 EUR/m ²	108 EUR/m ²
				Apartment	65–220 EUR/m ²	140 EUR/m ²
				Yield requirement		
				Commercial	6.1%–9.0%	7.5%
				Office	4.6%–9.5%	6.0%
				Apartment	3.5%–6.0%	5.0%
Norway	774	767	Discounted cash flows	Market rent		
				Commercial	28–1,166 EUR/m ²	271 EUR/m ²
				Office	69–459 EUR/m ²	227 EUR/m ²
				Apartment	166–238 EUR/m ²	195 EUR/m ²
				Other	25–642 EUR/m ²	91 EUR/m ²
				Yield requirement		
				Commercial	5.3%–8.5%	5.9%
				Office	5.0%–8.8%	6.3%
				Apartment	5.5%–5.5%	5.5%
				Other	7.3%–8.5%	7.8%
Finland	642	640	Discounted cash flows ²	Market rent		
				Commercial	104–327 EUR/m ²	177 EUR/m ²
				Office	125–306 EUR/m ²	187 EUR/m ²
				Apartment	186–237 EUR/m ²	210 EUR/m ²
				Other	89–127 EUR/m ²	97 EUR/m ²
				Yield requirement		
				Commercial	5.0%–7.0%	6.0%
				Office	5.0%–8.0%	6.5%
				Apartment	4.5%–6.0%	5.3%
				Other	6.5%–9.0%	7.8%
Sweden	75	75	Discounted cash flows ²	Market rent		
				Commercial	122–191 EUR/m ²	147 EUR/m ²
				Apartment	146–172 EUR/m ²	153 EUR/m ²
				Other	64–64 EUR/m ²	64 EUR/m ²
				Yield requirement		
				Commercial	6.3%–7.0%	6.7%
				Apartment	4.0%–4.5%	4.1%
				Other	7.0%–7.0%	7.0%
Other	80	–	Discounted cash flows	–	–	–
Total	3,227	3,127				

1) Split based on the valuation methodologies used in different countries.

2) The fair value is calculated by external valuers.

The significant unobservable inputs used in the fair value measurement of the investment properties are market rent and yield requirement. Significant increases (decreases) in market rate or yield requirement in isolation would result in a significant lower (higher) fair value.

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Assets and liabilities at fair value, cont.

Movements in deferred Day 1 profit

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

statement at the beginning and end of the period and a reconciliation of how this aggregated difference has changed during the year (movements in deferred Day 1 profit).

Deferred day 1 profit – derivatives EURm	2015	2014
Amount at beginning of year	36	38
Deferred profit/loss on new transactions	9	9
Recognised in the income statement during the year	–11	–11
Amount at end of year	34	36

Financial assets and liabilities not held at fair value on the balance sheet

	31 Dec 2015		31 Dec 2014		Level in fair value hierarchy
EURm	Carrying amount	Fair value	Carrying amount	Fair value	
Assets not held at fair value on the balance sheet					
Cash and balances with central banks	35,500	35,500	31,067	31,067	3
Loans	267,571	268,915	261,451	259,547	3
Interest-bearing securities	2,769	2,984	2,630	2,941	1,2,3
Other assets	2,698	2,698	4,590	4,590	3
Prepaid expenses and accrued income	968	968	1,123	1,123	3
Total	309,506	311,065	300,861	299,268	
Liabilities not held at fair value on the balance sheet					
Deposits and debt instruments	360,563	360,448	348,644	350,087	3
Other liabilities	3,652	3,652	6,377	6,377	3
Accrued expenses and prepaid income	341	341	345	345	3
Total	364,556	364,441	355,366	356,809	

Cash and balances with central banks

The fair value of "Cash and balances with central banks" is, due to its short term nature, assumed to equal the carrying amount and is thus categorised into Level 3 in the fair value hierarchy.

Loans

The fair value of "Loans to central banks", "Loans to credit institutions" and "Loans to the public" have been estimated by discounting the expected future cash flows with an assumed customer interest rate that would have been used on the market if the loans had been issued at the time of the measurement. The assumed customer interest rate is calculated as the benchmark interest rate plus the average margin on new lending in Retail Banking and Wholesale Banking respectively.

The fair value measurement is categorised into Level 3 in the fair value hierarchy.

Interest-bearing securities

The fair value is EUR 2,984m (EUR 2,941m), of which EUR 2m (EUR 27m) is categorised in Level 1 and EUR 2,922m (EUR 2,914m) in Level 2 and EUR 60m (EUR 0m) in Level 3. The measurement principles follow those for similar instruments that are held at fair value on the balance sheet.

Other assets and prepaid expenses and accrued income

The balance sheet items "Other assets" and "Prepaid expenses and accrued income" consist of short receivables, mainly accrued interest receivables. The fair value is therefore considered to equal the carrying amount and is categorised into Level 3 in the fair value hierarchy.

Deposits and debt instruments

The fair value of "Deposits by credit institutions", "Deposits and borrowings from the public", "Debt securities in issue" and "Subordinated liabilities" has been calculated as the carrying amount adjusted for fair value changes in interest rate risk and in own credit risk. The fair value is categorised into Level 3 in the fair value hierarchy. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rate in the portfolios. The fair value changes in the credit risk is calculated as the difference between the credit spread in the nominal interest rate compared with the current spread that is observed in the market. This calculation is performed on an aggregated level for all long term issuances recognised in the balance sheet items "Debt securities in issue" and "Subordinated liabilities". As the contractual maturity is short for "Deposits by credit institutions" and "Deposits and borrowing from the public" the changes in Nordea's own credit risk related to these items is assumed not to be significant. This is also the case for short term issuances recognised in the balance sheet items "Debt securities in issue" and "Subordinated liabilities".

Other liabilities and accrued expenses and prepaid income

The balance sheet items "Other liabilities" and "Accrued expenses and prepaid income" consist of short-term liabilities, mainly liabilities on securities settlement. The fair value is therefore considered to be equal to the carrying amount and is categorised into Level 3 in the fair value hierarchy.

G40**Financial instruments set off on balance or subject to netting agreements**

31 Dec 2015, 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			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	207,514	-127,812	79,702	-60,192	-	-9,828	9,682
Reverse repurchase agreements	60,734	-9,888	50,846	-16,491	-34,162	-	193
Securities borrowing agreements	4,765	-	4,765	-	-4,765	-	0
Total	273,013	-137,700	135,313	-76,683	-38,927	-9,828	9,875

				Amounts not set off but subject to master netting agreements and similar agreements			
	Gross recognised financial liabilities ¹	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet ²	Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
31 Dec 2015, EURm							
Liabilities							
Derivatives	205,970	−127,812	78,158	−60,192	−	−10,991	6,975
Repurchase agreements	46,372	−9,888	36,484	−16,491	−19,956	−	37
Securities lending agreements	1,402	−	1,402	−	−1,402	−	0
Total	253,744	−137,700	116,044	−76,683	−21,358	−10,991	7,012

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 Dec 2014, 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			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	245,959	−141,572	104,387	−79,016	—	−11,994	13,377
Reverse repurchase agreements	49,352	—	49,352	−19,299	−29,605	—	448
Securities borrowing agreements	5,272	—	5,272	—	−5,272	—	0
Total	300,583	−141,572	159,011	−98,315	−34,877	−11,994	13,825

31 Dec 2014, 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			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	237,562	-141,572	95,990	-79,016	—	-10,360	6,614
Repurchase agreements	44,488	—	44,488	-19,299	-23,559	—	1,630
Securities lending agreements	2,778	—	2,778	—	-2,778	—	0
Total	284,828	-141,572	143,256	-98,315	-26,337	-10,360	8,244

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 in the case of default by its counter parties, in any calculations involving counterparty credit risk.

For a description of counterparty risk see section Risk, Liquidity and Capital management, in the Board of Directors' report.

G41

Discontinued operations

EURm	2015	2014
Net interest income	—	28
Net fee and commission income	—	0
Other operating income	—	4
Total operating income	-	32
Total operating expenses	—	-19
Net loan losses	—	-5
Operating profit	—	8
Income tax expense	—	-4
Net profit for the period from discontinued operations	—	4
Net result for the period recognised on the measurement at fair value	—	-19
Transaction and transition cost (including cost to sell)	—	-10
Net profit for the period from discontinued operations after measurement at fair value less cost to sell	—	-25

Discontinued operations relate to Nordea's earlier announced decision to divest its Polish banking, financing and life insurance operations, including Nordea Bank Polska S.A., Nordea Finance Polska S.A. and Nordea Polska Towarzystwo Ubezpieczeń na Życie S.A., to PKO Bank Polski. All regulatory approvals were received and the transaction closed during the second quarter 2014, when also the operations were derecognised. During the second quarter 2015 the scope of discontinued operations changed and the IT-operations

earlier classified as discontinued operations were reclassified to continuing operations. The disposal group is excluded from Note G2 "Segment reporting" as this is not part of the reporting to the Chief Operating Decision Maker (CODM). The majority of the business was previously reported in the Retail Banking Poland segment. The impact from discontinued operation on the other comprehensive income can be found in the statement of comprehensive income.

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Transferred assets and obtained collaterals

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 agreement 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 result in that securities are returned to Nordea, all risks and rewards of the instruments transferred are retained by Nordea, although they are not available for Nordea during the period during which they are transferred. The counterparts in the transactions hold the securities as collateral, but have 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 2015	31 Dec 2014
Repurchase agreements		
Interest-bearing securities	8,333	12,121
Securities lending agreements		
Shares	8	30
Total	8,341	12,151

Liabilities associated with the assets

EURm	31 Dec 2015	31 Dec 2014
Repurchase agreements		
Deposits by credit institutions	6,288	7,291
Deposits and borrowings from the public	1,921	4,659
Securities lending agreements		
Deposits by credit institutions	8	31
Total	8,217	11,981
Net	124	170

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 2015	31 Dec 2014
Reverse repurchase agreements		
Received collaterals which can be repledged or sold	38,819	47,165
– of which repledged or sold	19,447	36,676
Securities borrowing agreements		
Received collaterals which can be repledged or sold	4,869	5,469
– of which repledged or sold	152	2,969
Total	43,688	52,634

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Investments, customer bearing the risk

The 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 2015	31 Dec 2014
Assets		
Interest-bearing securities	12,205	9,971
Shares	20,921	18,294
Other assets	1,411	860
Total assets	34,537	29,125
Liabilities		
Deposits and borrowings from the public	4,293	4,287
Insurance contracts	12,236	11,025
Investment contracts	16,784	13,813
Other liabilities	1,224	–
Total liabilities	34,537	29,125

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Maturity analysis for assets and liabilities

Expected maturity

EURm	Note	31 Dec 2015			31 Dec 2014		
		Expected to be recovered or settled:			Expected to be recovered or settled:		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with central banks		35,500	—	35,500	31,067	—	31,067
Loans to central banks	G13	13,224	—	13,224	6,958	—	6,958
Loans to credit institutions	G13	9,705	1,254	10,959	10,608	1,609	12,217
Loans to the public	G13	111,672	229,248	340,920	119,462	228,623	348,085
Interest-bearing securities	G14	23,641	64,535	88,176	20,095	67,015	87,110
Financial instruments pledged as collateral	G15	1,539	6,802	8,341	3,603	8,548	12,151
Shares	G16	4,945	35,800	40,745	10,823	28,926	39,749
Derivatives	G17	12,527	68,214	80,741	14,966	90,153	105,119
Fair value changes of the hedged items in portfolio hedge of interest rate risk		10	141	151	13	243	256
Investments in associated undertakings	G18	2	513	515	2	485	487
Intangible assets	G19	93	3,115	3,208	78	2,830	2,908
Properties and equipment		20	537	557	13	496	509
Investment properties	G21	3	3,162	3,165	12	3,215	3,227
Deferred tax assets	G11	41	35	76	57	73	130
Current tax assets		87	—	87	132	—	132
Retirement benefit assets	G31	74	303	377	0	42	42
Other assets	G22	18,582	18	18,600	17,553	28	17,581
Prepaid expenses and accrued income	G23	1,164	362	1,526	1,198	416	1,614
Total assets		232,829	414,039	646,868	236,640	432,702	669,342
Deposits by credit institutions	G24	41,800	2,409	44,209	53,226	3,096	56,322
Deposits and borrowings from the public	G25	186,716	6,626	193,342	190,044	7,210	197,254
Liabilities to policyholders	G26	4,086	51,405	55,491	4,073	47,770	51,843
Debt securities in issue	G27	72,977	128,960	201,937	77,152	117,122	194,274
Derivatives	G17	13,724	65,781	79,505	13,557	83,783	97,340
Fair value changes of the hedged items in portfolio hedge of interest rate risk		521	2,073	2,594	351	3,067	3,418
Current tax liabilities		225	0	225	341	27	368
Other liabilities	G28	26,657	99	25,756	26,828	145	26,973
Accrued expenses and prepaid income	G29	1,769	36	1,805	1,909	34	1,943
Deferred tax liabilities	G11	83	945	1,028	145	838	983
Provisions	G30	305	110	415	215	90	305
Retirement benefit liabilities	G31	3	326	329	11	529	540
Subordinated liabilities	G32	642	8,558	9,200	—	7,942	7,942
Total liabilities		348,508	267,328	615,836	367,852	271,653	639,505

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Maturity analysis for assets and liabilities, cont.

Contractual undiscounted cash flows

31 Dec 2015, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	52,162	96,460	50,330	153,919	244,812	597,683
Non interest-bearing financial assets	—	—	—	—	67,601	67,601
Non-financial assets	—	—	—	—	9,748	9,748
Total assets	52,162	96,460	50,330	153,919	322,161	675,032
Interest-bearing financial liabilities	148,270	120,280	56,979	105,474	49,556	480,559
Non interest-bearing financial liabilities	—	—	—	—	46,097	46,097
Non-financial liabilities and equity	—	—	—	—	72,578	72,578
Total liabilities and equity	148,270	120,280	56,979	105,474	168,231	599,234
Derivatives, cash inflow	—	526,203	115,018	57,379	14,915	713,515
Derivatives, cash outflow	—	526,114	115,240	61,418	14,387	717,159
Net exposure	—	89	-222	-4,039	528	-3,644
Exposure	-96,108	-23,731	-6,871	44,406	154,458	72,154
Cumulative exposure	-96,108	-119,839	-126,710	-82,304	72,154	—

31 Dec 2014, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	21,618	117,658	52,743	154,129	245,499	591,647
Non interest-bearing financial assets	—	—	—	—	57,627	57,627
Non-financial assets	—	—	—	—	9,737	9,737
Total assets	21,618	117,658	52,743	154,129	312,863	659,011
Interest-bearing financial liabilities	128,160	139,785	63,412	98,666	49,086	479,109
Non interest-bearing financial liabilities	—	—	—	—	43,844	43,844
Non-financial liabilities and equity	—	—	—	—	72,356	72,356
Total liabilities and equity	128,160	139,785	63,412	98,666	165,286	595,309
Derivatives, cash inflow	—	416,856	127,842	228,299	75,117	848,114
Derivatives, cash outflow	—	435,736	126,093	217,485	75,285	854,599
Net exposure	—	-18,880	1,749	10,814	-168	-6,485
Exposure	-106,542	-41,007	-8,920	66,277	147,409	57,217
Cumulative exposure	-106,542	-147,549	-156,469	-90,192	57,217	—

The table is based on contractual maturities for the balance sheet items. 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 instruments on the balance sheet items, Nordea has credit commitments amounting to EUR 71,340m (EUR 74,291m), which could be drawn on at any time. Nordea

has also issued guarantees of EUR 20,656m (EUR 19,838m) which may lead to future cash outflows if certain events occur.

For further information about remaining maturity, see also the section "Risk, Liquidity and Capital management".

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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.

EURm	Associated undertakings		Other related parties ¹	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Assets				
Loans	546	594	—	—
Interest-bearing securities	73	59	—	—
Derivatives	76	224	—	—
Investments in associated undertakings	515	487	—	—
Total assets	1,210	1,364	—	—
Liabilities				
Deposits	69	215	74	36
Derivatives	118	154	—	—
Total liabilities	187	369	74	36
Off balance²	5,307	6,212	—	—

EURm	Associated undertakings		Other related parties ¹	
	2015	2014	2015	2014
Net interest income	5	9	—	—
Net fee and commission income	4	5	—	1
Net result from items at fair value	246	–90	—	—
Profit before loan losses	255	–76	—	1

1) Shareholders with significant influence and close family members to key management personnel 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 risk-taking, the transactions are not included in the table. Nordea has thus not disclosed any transactions with shareholders with significant influence.

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 16m. 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.

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Credit risk disclosures

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) 2015, 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 Regulation (CRR). 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 2015	31 Dec 2014
On-balance sheet items	414,675	404,720
Off-balance sheet items	50,746	47,191
Securities financing	5,699	4,667
Derivatives	26,757	30,992
Exposure At Default (EAD)	497,877	487,570

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 in CRR. 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 CRR, 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 on page 155 shows the link between the CRR 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:

- Non CRR related items. Items not part of consolidated situation of CRR such as Life insurance operations (due to solvency regulation).
- 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).
- Other, mainly allowances and intangible 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 CRR:

- Non CRR related items. Items not part of consolidated situation of CRR such as 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

The fair values of derivatives are recognised on the balance sheet, while nominal amounts on derivatives are reported off-balance in accordance with accounting standards. However, in the CRR, 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 CRR calculations these exposure types are determined net of the collateral.

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Credit risk disclosures

On-balance sheet items

31 Dec 2015, EURm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Items excluded from CRR scope of consolidation	Other	Balance sheet
Cash and balances with central banks	35,500	—	—	—	—	35,500
Loans to credit institutions and central banks	14,409	—	8,618	1,158	—2	24,183
Loans to the public	304,896	—	39,527	—4,386	883	340,920
Interest-bearing securities and pledged instruments	56,629	18,807	—	21,081	—	95,517
Derivatives ¹	—	—	82,781	—2,040	—	80,741
Intangible assets	—	—	—	342	2,866	3,208
Other assets and prepaid expenses	4,283	26,225	—	34,870	421	65,799
Total assets	415,717	45,032	130,926	51,025	4,168	646,868
Exposure at default²	414,675					

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 2014, EURm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Items excluded from CRR scope of consolidation	Other	Balance sheet
Cash and balances with central banks	31,067	—	—	—	—	31,067
Loans to credit institutions and central banks	14,030	—	4,822	326	—3	19,175
Loans to the public	300,926	—	49,515	—	—2,356	348,085
Interest-bearing securities and pledged instruments	53,432	24,181	—	21,648	—	99,261
Derivatives ¹	—	—	104,999	120	—	105,119
Intangible assets	—	—	—	324	2,584	2,908
Other assets and prepaid expenses	6,301	25,144	91	32,896	—705	63,727
Total assets	405,756	49,325	159,427	55,314	—480	669,342
Exposure at default²	404,720					

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 2015, EURm	Credit risk accordance with CRR	Items excluded from CRR scope of consolidation	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	22,541	28	—	22,569
Commitments	73,673	990	—	74,663
Total	96,214	1,018	—	97,232

31 Dec 2015, EURm	Credit risk accordance with CRR	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	50,637	1,422	52,059	48%	24,760
Checking accounts	16,800	4,205	21,005	51%	10,786
Loan commitments	6,194	7,827	14,021	41%	5,692
Guarantees	21,012	—	21,012	44%	8,939
Other	1,571	27	1,598	36%	569
Total	96,214	13,481	109,695		50,746

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Credit risk disclosures

31 Dec 2014, EURm	Credit risk in accordance with CRR	Items excluded from CRR scope of consolidation	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	21,985	32	—	22,017
Commitments	75,032	875	28	75,935
Total	97,017	907	28	97,952

31 Dec 2014, EURm	Credit risk in accordance with CRR	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	50,777	437	51,214	48%	24,626
Checking accounts	18,161	3,960	22,121	50%	11,065
Loan commitments	6,091	7,246	13,337	36%	4,858
Guarantees	20,760	1	20,761	31%	6,335
Other	1,228	32	1,260	24%	307
Total	97,017	11,676	108,693		47,191

Exposure classes split by exposure type

As of year-end 2015, 80% 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 2015, total exposure slightly increased due to growth of the sovereign, retail and corporate portfolios.

31 Dec 2015, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	76,620	1,074	713	4,418	82,825
Institutions	35,462	1,086	3,335	8,548	48,431
Corporate	126,266	34,021	1,111	13,416	174,814
Retail ¹	167,086	14,367	1	89	181,543
Other	9,241	198	539	286	10,264
Total exposure	414,675	50,746	5,699	26,757	497,877

31 Dec 2014, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	67,781	1,502	932	5,338	75,553
Institutions	37,940	968	2,751	9,994	51,653
Corporate	126,683	31,251	751	15,078	173,763
Retail ¹	163,051	13,263	—	141	176,455
Other	9,265	207	233	441	10,146
Total exposure	404,720	47,191	4,667	30,992	487,570

1) Includes exposures secured by real estate.

Exposure split by geography and exposure classes

Nordea is geographically well diversified and as of end 2015, no market accounts for more than 25% of the total exposure. The exposures in Denmark and Sweden represent 25% and 24% of the total exposure in Nordea respectively, while Finland accounts for 16% and Norway 13%.

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Credit risk disclosures

31 Dec 2015, EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Russia	US	Other	Total
Government, local authorities and central banks	39,469	11,708	12,014	2,978	12,769	327	234	33,961	8,834	82,825
Institutions	29,311	15,229	546	4,634	8,902	6	156	2,022	16,936	48,431
Corporate	139,110	43,823	27,073	29,222	38,992	5,368	4,271	2,381	23,684	174,814
Retail	175,519	51,961	39,886	28,313	55,359	3,315	263	5	2,441	181,543
Other ¹	5,925	1,142	1,405	942	2,436	185	113	200	3,841	10,264
Total exposure	389,334	123,863	80,924	66,089	118,458	9,201	5,037	38,569	55,736	497,877

31 Dec 2014, EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Russia	US	Other	Total
Government, local authorities and central banks	36,204	11,294	13,261	3,222	8,427	1,254	498	28,514	9,083	75,553
Institutions	33,668	16,557	2,853	4,693	9,565	179	404	1,406	15,996	51,653
Corporate	140,586	44,457	26,265	30,940	38,924	5,501	4,505	1,970	21,201	173,763
Retail	170,596	53,023	38,982	27,986	50,605	3,237	343	4	2,275	176,455
Other ¹	6,283	1,059	1,402	979	2,843	252	111	145	3,355	10,146
Total exposure	387,337	126,390	82,763	67,820	110,364	10,423	5,861	32,039	51,910	487,570

1) Including exposures secured by real estate.

Exposure split by industry group

In the table below, the total exposure is split by industry. The industry breakdown mainly follows the Global Industries Classification Standard (GICS) and is based on NACE codes (statistical classification codes of economic activities in the European community).

The corporate portfolio is well diversified between industry groups. The real estate management and investment industry group is the largest, which together with other financial institutions account for 35% of total IRB corporate exposure. The

biggest increase in terms of corporate exposure relative industry group weightings between 2014 and 2015 can be seen in industrial commercial services. The biggest decrease occurred in consumer staples.

Counterparties classified as Other, public and organisations compose the main part of the retail exposure class. The largest relative decrease compared to 2014 total figures occurred in the industry group IT software, hardware and services. The largest relative increase occurred in industrial capital goods.

EURm	31 Dec 2015	31 Dec 2014
Construction and engineering	5,673	5,179
Consumer durables (cars, appliances etc)	4,543	4,713
Consumer staples (food, agriculture etc)	13,685	14,447
Energy (oil, gas etc)	4,337	4,745
Health care and pharmaceuticals	2,010	2,141
Industrial capital goods	4,931	4,250
Industrial commercial services	16,154	14,413
IT software, hardware and services	1,856	2,226
Media and leisure	2,730	2,861
Metals and mining materials	1,081	1,098
Other financial institutions	67,167	68,383
Other materials (chemical, building materials etc)	8,213	8,180
Other, public and organisations	275,013	264,218
Paper and forest material	2,467	2,718
Real estate management and investment	46,619	47,149
Retail trade	13,045	13,378
Shipping and offshore	13,065	12,160
Telecommunication equipment	283	261
Telecommunication operators	1,642	1,742
Transportation	4,626	4,566
Utilities distribution and production	8,737	8,742
Total exposure	497,877	487,570

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Credit risk disclosures

Exposure secured by collaterals, guarantees and credit derivatives

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. Corporate guarantees that have a credit assessment by an ECAI, or cases where institutions cal-

culate REA and expected loss amount under the IRB approach and are internally rated by the institutions, are eligible. Central governments and municipalities guarantee approximately 52% of the total guaranteed exposure. Exposure guarantee by these guarantors has an average risk weight of 0%. 2% of the total guaranteed exposure is guaranteed by IRB institutions. The remainder is guaranteed by IRB corporate guarantors. Credit derivatives are only used as credit risk protection to a very limited extent since the credit portfolio is considered to be well diversified. At the end of the year, approximately 43% (41%) of the total exposure was secured by eligible collateral. The relative share of collateralised exposure remains stable.

	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
31 Dec 2015, EURm				
Government, local authorities and central banks	82,345	82,825	551	–
Institutions	50,375	48,431	144	608
Corporate	222,486	174,814	11,551	67,611
Retail	191,986	181,543	2,054	143,507
Other	10,967	10,264	53	52
Total exposure	558,159	497,877	14,353	211,778

	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
31 Dec 2014, EURm				
Government, local authorities and central banks	73,966	75,553	501	–
Institutions	54,139	51,653	524	543
Corporate	224,415	173,763	12,050	63,637
Retail	187,169	176,455	1,706	136,550
Other	10,640	10,146	16	42
Total exposure	550,329	487,570	14,797	200,772

Collateral distribution

The table below presents the distribution of collateral used in the capital adequacy calculation process. The table shows real estate to constitute a major share of eligible collateral in relative terms. The other physical collateral category saw an increase during the year while residential and commercial

real estate, receivables and financial collateral decreased in relative. Real estate is commonly used as collateral for credit risk mitigation purposes. There is no concentration of real estate collateral to any particular region within the Nordic and Baltic countries. Other physical collateral consists mainly of ships.

	31 Dec 2015	31 Dec 2014
Financial Collateral	1.3%	1.4%
Receivables	0.8%	0.9%
Residential Real Estate	71.8%	71.9%
Commercial Real Estate	17.4%	17.5%
Other Physical Collateral	8.7%	8.3%
Total	100.0%	100.0%

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Credit risk disclosures

Loan-to-value distribution

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 2015, the retail mortgage exposure remained stable including the LTV bucket representing LTV below 50%.

Retail mortgage exposure	31 Dec 2015		31 Dec 2014	
	EURbn	%	EURbn	%
<50%	105.3	78	98.2	77
50–70%	21.4	16	20.8	16
70–80%	5.1	4	5.4	4
80–90%	1.7	1	2.1	2
>90%	0.8	1	1.1	1
Total	134.3	100	127.6	100

Collateralised Debt Obligations (CDO) – Exposure¹

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 derivative transactions create counterparty credit risk in a 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.

Nominal, EURm	31 Dec 2015		31 Dec 2014	
	Bought protection	Sold protection	Bought protection	Sold protection
CDOs, gross	788	2,418	1,204	2,155
Hedged exposures	754	754	1,005	1,005
CDOs, net²	34³	1,664⁴	199³	1,150⁴
– of which Equity	3	509	20	355
– of which Mezzanine	10	626	98	512
– of which Senior	21	529	81	283

1) First-to-Default swaps are not classified as CDOs and are therefore not included in the table. Net bought protection amounts to EUR 15m (EUR 47m) and net sold protection to EUR 64m (EUR 46m). 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 0m (EUR 54m) and sub investment grade EUR 34m (EUR 145m).

4) Of which investment grade EUR 604m (EUR 457m) and sub investment grade EUR 962m (EUR 600m) and not rated EUR 98m (EUR 93m).

Forbearance

EURm	31 Dec 2015	31 Dec 2014
Forborne loans	5,568	6,165
– of which defaulted	2,466	2,697
Allowances for individually assessed impaired and forborne loans	1,050	1,070
– of which defaulted	1,050	1,070
Key ratios	31 Dec 2015	31 Dec 2014
Forbearance ratio ¹	1.5%	1.7%
Forbearance coverage ratio ²	19%	17%
– of which defaulted	43%	40%

1) Forborne loans / Loans before allowances.

2) Individual allowances / Forborne loans.

G46**Credit risk disclosures****Assets taken over for protection of claims¹**

EURm	31 Dec 2015	31 Dec 2014
Current assets, carrying amount:		
Land and buildings	66	90
Shares and other participations	39	26
Other assets	2	2
Total	107	118

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, wherever 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, excluding impaired loans

The table below shows loans past due 6 days or more that are not considered impaired, split by corporate and household customers. Past due is defined as a loan payment that has not been made as of its due date. Past due loans to corporate customers, not considered impaired, were at end of 2015 EUR 962m, up from EUR 628m one year ago, and past due loans for household customers increased to EUR 1,620m (EUR 1,258m).

EURm	31 Dec 2015		31 Dec 2014	
	Corporate customers	Household customers	Corporate customers	Household customers
6–30 days	653	1,058	375	838
31–60 days	153	250	125	222
61–90 days	37	89	70	99
>90 days	118	223	58	99
Total	961	1,620	628	1,258
Past due not impaired loans divided by loans to the public after allowances, %	0.54	1.02	0.33	0.82

Loans to corporate customers, by size of loan

The distribution of loans to corporate by size of loans, seen in the table below, shows a high degree of diversification where approximately 66% (73%) of the corporate volume represents loans up to EUR 50m per customer.

Size in EURm	31 Dec 2015		31 Dec 2014	
	Loans EURbn	%	Loans EURbn	%
0–10	74.8	42	89.5	48
10–50	42.0	24	47.7	25
50–100	20.1	11	19.2	10
100–250	23.4	13	20.7	11
250–500	8.3	5	7.1	4
500–	8.8	5	4.1	2
Total	177.4	100	188.3	100

Interest-bearing securities

For more information about credit risk related to interest-bearing securities, see Note G14 where the carrying amount of interest-bearing securities is split on different types of counterparties.

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Interests in structured entities

Structured entities are entities designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. It normally has restricted activities with a narrow and well defined objective. If Nordea controls such an entity, it is consolidated.

Consolidated structured entities

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 1,330m (EUR 1,430m) and at year-end EUR 1,018m (EUR 1,103) where utilised. Total assets in the conduit were EUR 1,072m (EUR 1,177m) as per year-end. The SPE is consolidated as it is closely linked to the activities within Nordea. Also, Nordea is exposed to credit risk through the liquidity facility. There are no significant restrictions on repayment of loans from Viking apart from that the payments are dependent on the pace in which Viking realises its assets.

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 1m (EUR 1m) at year-end. Nordea holds CLNs issued by the SPE as part of offering a secondary market for the notes. The investment amounted to EUR 1m (EUR 1m) at year-end.

AR Finance invests in notes backed by trade receivables. Nordea has provided liquidity facilities of maximum EUR 125m (EUR 90m) and at year-end 2015 EUR 117m (EUR 75m) were utilised. The entity holds assets of EUR 95m (EUR 80m) as per year-end.

Unconsolidated structured entities

For structured entities in which Nordea has an interest, but do not control, disclosures are provided. To be considered to have an interest in such an entity, Nordea must be exposed to variability in returns on the investment in the structured entity. Investment funds are the only interests in unconsolidated structured entities Nordea currently holds. Variability in returns is assessed based on both fees received and revaluation of holdings in the funds.

There are several different products where Nordea invests in investment funds:

- on behalf of policyholders in Nordea Life & Pensions
- on behalf of depositors where the return is based the investment
- to hedge exposures in structured products issued to customers
- illiquid investments in private equity and credit funds

As Nordea is exposed to variability in returns on a gross basis, information about these funds is disclosed although the net exposure is considerably less. Any change in value on investment funds acquired on behalf of policyholders and depositors where the policyholder/depositor stands the investment risk are reflected in the value of the related liability and the maximum net exposure to losses is zero. The change in value on investment funds held on behalf of other policyholders are to a large extent passed on to the policyholders, but as Nordea has issued guarantees in some of these products, Nordea is exposed to the changes in value.

Investment funds acquired to hedge exposures in structured products reduce the exposures and, to the extent hedges are effective, Nordea is not exposed to changes in value. The maximum loss on these funds is estimated to EUR 6m (EUR 6m), net of hedges.

Investments in illiquid private equity and credit funds are an integrated part of managing balance sheet risks in Nordea. The maximum loss on these funds is estimated to EUR 347m (EUR 300m), equal to the investment in the funds.

Nordea's interests in unconsolidated structured entities and any related liability are disclosed in the table below.

EURm	31 Dec 2015	31 Dec 2014
Assets, carrying amount:		
Shares	32,189	27,740
Total assets	32,189	27,740
Liabilities, carrying amount:		
Deposits and borrowings from the public	1,077	1,386
Liabilities to policy holders	30,333	25,287
Derivatives	109	105
Total liabilities	31,519	26,778
Off balance, nominal amount:		
Loan commitments	28	29

Nordea holds approximately 2,500 different funds which are classified as unconsolidated structured entities, of which approximately 400 are managed by Nordea. These have different investment mandates and risk appetites, ranging from low risk government bond funds to high risk leveraged equity funds. Total assets in funds managed by Nordea amount to EUR 132bn (EUR 114bn). All funds are financed by deposits from the holders of fund units. The total assets in investment funds not managed by Nordea are not considered meaningful for the purpose of understanding the related risks and is thus not disclosed.

Nordea has not sponsored any unconsolidated structured entity in which Nordea do not currently have an interest.

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Country by country reporting

In accordance with the requirements under FFFS 2008:25, the table below presents for each country where Nordea is established, i.e. where Nordea has a physical presence, information about the businesses, the geographical area, averages number of employees, total operating income, operating profit and

income tax expense. Nordea is considered to have physical presence in a country if Nordea has a subsidiary, associated undertaking or branch in that country. Nordea has not received any significant government subsidies.

Country	Business ¹	Geographical area	2015				2014			
			Average number of employees	Total operating income ² , EURm	Operating profit, EURm	Income tax expense, EURm	Average number of employees	Total operating income ² , EURm	Operating profit, EURm	Income tax expense, EURm
Denmark	RB, WB, AM, LP	Denmark	8,288	2,602	914	-202	8,255	2,974	1,130	-161
Finland	RB, WB, AM, LP	Finland	6,946	2,605	1,535	-358	6,971	2,197	1,136	-222
Sweden	RB, WB, AM, LP	Sweden	6,957	2,893	773	-130	6,963	2,963	706	-205
Norway	RB, WB, AM, LP	Norway	3,137	1,584	835	-180	3,238	1,732	900	-238
Russia	WB	Russia	1,085	182	94	-22	1,418	203	92	-20
Poland	Other	Poland	1,197	62	0	-2	931	15	-40	7
Estonia	RB, WB, LP	Estonia	480	90	60	-12	486	61	27	-3
Latvia	RB, WB	Latvia	436	76	28	-6	431	64	-49	-3
Luxembourg	AM, LP	Luxembourg	393	313	211	-64	373	252	143	-42
Lithuania	RB, WB, LP	Lithuania	360	38	14	-2	351	52	21	-4
United States	RB, WB, AM, LP	New York	110	147	95	-31	118	134	94	-45
United Kingdom	RB, WB, AM, LP	London	82	128	88	-17	75	103	71	0
Singapore	WB	Singapore	86	51	28	-5	85	51	50	-8
Germany	WB, AM	Frankfurt	58	33	24	-9	57	37	23	-5
Switzerland	AM	Zürich	32	14	4	-1	30	13	2	0
China	WB	Shanghai	29	7	1	-1	28	6	1	-1
Brazil	WB	Sao Paolo	5	2	0	0	4	1	0	0
Eliminations ³			—	-686	—	—	—	-617	—	—
Total			29,681	10,141	4,704	-1,042	29,814	10,241	4,307	-950

1) RB=Retail banking, WB=Wholesale banking, AM=Asset management, LP= Life and pension.

2) Total operating income presented in this table is split on countries based on where Nordea has a physical presence, i.e. where Nordea has a subsidiary, associated undertaking or branch, while total operating profit presented in Note G2 is split on countries based on the location of the customers' operations.

3) Eliminations of transactions consist mainly of intra-group IT-services.

G48**Country by country reporting, cont.**

In accordance with the requirements under FFFS 2008:25 Nordea also discloses the names of the subsidiaries, associated undertakings and branches for each country where Nordea is established. These disclosures are presented in the table below, in the table "Specification of group undertakings 31 December 2015" in Note G37 and in the last table in Note G18.

Denmark

Nordea Liv & Pension, Livforsikringsselskab A/S
Nordea Investment Management AB, Denmark Branch
Nordea, Filial af Nordea Bank AB (publ), Sverige

Finland

Nordea Life Assurance Finland Ltd
Nordea Investment Management AB, Finland Branch
Nordea Fund Management, filial af Nordea funds Oy, Finland
Nordea Bank AB (publ) Finnish Branch

Sweden

Nordea Life Holding AB
Nordea Livförsäkring Sverige AB (publ)
Nordea Funds Ab, Svensk Filial

Norway

Nordea Liv Holding Norge AS
Livforsikringsselskapet Nordea Liv Norge AS
Nordea Investment Management AB, Norway Branch
Nordea Funds, Norwegian Branch
Nordea Bank AB (publ), Norsk avdeling av utenlandsk foretak

Estonia

Nordea Bank AB Estonia Branch

Latvia

Nordea Bank AB Latvia Branch

Lithuania

Nordea Bank AB Lithuania Branch

Germany

Nordea Bank AB Frankfurt Branch

China

Nordea Bank AB Shanghai Branch

Poland

Nordea Bank AB Spółka Akcyjna Oddział w Polsce

Singapore

Nordea Bank Finland Plc, Singapore Branch

Switzerland

Nordea Bank S.A., Zürich Branch

United Kingdom

Nordea Bank AB London Branch

United States

Nordea Bank Finland Plc, New York and Cayman Islands Branch

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Income statement, Parent company

EURm	Note	2015	2014
Operating income			
Interest income		1,607	1,942
Interest expense		-1,031	-1,293
Net interest income	P3	576	649
Fee and commission income		1,094	1,093
Fee and commission expense		-273	-273
Net fee and commission income	P4	821	820
Net result from items at fair value	P5	136	186
Dividends	P6	2,176	2,333
Other operating income	P7	833	975
Total operating income		4,542	4,963
Operating expenses			
General administrative expenses:			
Staff costs	P8	-1,196	-1,070
Other expenses	P9	-851	-904
Depreciation, amortisation and impairment charges of tangible and intangible assets	P10, P22, P23	-140	-261
Total operating expenses		-2,187	-2,235
Profit before loan losses		2,355	2,728
Net loan losses	P11	-143	-98
Impairment of securities held as financial non-current assets	P20	-9	-15
Operating profit		2,203	2,615
Appropriations	P12	2	-1
Income tax expense	P13	-285	-189
Net profit for the year		1,920	2,425

Statement of comprehensive income

EURm	2015	2014
Net profit for the year	1,920	2,425
Items that may be reclassified subsequently to the income statement		
Currency translation differences during the year	-4	2
Available for sale investments ¹ :		
Valuation gains/losses during the year	-55	6
Tax on valuation gains/losses during the year	12	-1
Transferred to the income statement during the year	-4	0
Tax on transfers to the income statement during the year	1	0
Cash flow hedges:		
Valuation gains/losses during the year	181	140
Tax on valuation gains/losses during the year	-40	-31
Transferred to the income statement during the year	-154	-139
Tax on transfers to the income statement during the year	34	31
Items that may not be reclassified subsequently to the income statement		
Defined benefit plans:		
Remeasurement of benefit plans during the year	12	-11
Tax on remeasurement of benefit plans during the year	-3	2
Other comprehensive income, net of tax	-20	-1
Total comprehensive income	1,900	2,424

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

Balance sheet, Parent company

EURm	Note	31 Dec 2015	31 Dec 2014
Assets			
Cash and balances with central banks		75	931
Treasury bills	P14	6,905	5,035
Loans to credit institutions	P15	90,009	86,704
Loans to the public	P15	45,820	39,809
Interest-bearing securities	P16	12,163	11,321
Financial instruments pledged as collateral	P17	–	43
Shares	P18	2,363	6,061
Derivatives	P19	5,011	5,981
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1	1
Investments in group undertakings	P20	19,394	16,986
Investments in associated undertakings	P21	7	7
Intangible assets	P22	1,091	758
Properties and equipment	P23	138	119
Deferred tax assets	P13	26	14
Current tax assets		3	50
Other assets	P24	4,387	3,727
Prepaid expenses and accrued income	P25	780	884
Total assets		188,173	178,431
Liabilities			
Deposits by credit institutions	P26	19,069	27,452
Deposits and borrowings from the public	P27	61,043	49,367
Debt securities in issue	P28	68,908	63,280
Derivatives	P19	4,180	4,653
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,158	1,368
Current tax liabilities		34	4
Other liabilities	P29	3,531	2,895
Accrued expenses and prepaid income	P30	759	642
Deferred tax liabilities	P13	0	0
Provisions	P31	301	206
Retirement benefit liabilities	P32	159	171
Subordinated liabilities	P33	8,951	7,728
Total liabilities		168,093	157,766
Untaxed reserves	P34	2	4
Equity			
Share capital		4,050	4,050
Share premium reserve		1,080	1,080
Other reserves		–21	–5
Retained earnings		14,969	15,536
Total equity		20,078	20,661
Total liabilities and equity		188,173	178,431
Assets pledged as security for own liabilities	P35	1,208	3,946
Other assets pledged	P36	7,686	9,238
Contingent liabilities	P37	72,402	71,103
Commitments	P38	27,927	23,824

Statement of changes in equity, Parent company

EURm	Restricted equity	Unrestricted equity ¹					
	Share capital	Share premium reserve	Cash flow hedges	Other reserves:			Total equity
				Available for sale investments	Defined benefit plans	Retained earnings	
Balance at 1 Jan 2015	4,050	1,080	-37	41	-9	15,536	20,661
Net profit for the year	–	–	–	–	–	1,920	1,920
<i>Items that may be reclassified subsequently to the income statement</i>							
Currency translation differences during the year	–	–	–	–	–	-4	-4
<i>Available for sale investments:</i>							
Valuation gains/losses during the year	–	–	–	-55	–	–	-55
Tax on valuation gains/losses during the year	–	–	–	12	–	–	12
Transferred to the income statement during the year	–	–	–	-4	–	–	-4
Tax on transfers to the income statement during the year	–	–	–	1	–	–	1
<i>Cash flow hedges:</i>							
Valuation gains/losses during the year	–	–	181	–	–	–	181
Tax on valuation gains/losses during the year	–	–	-40	–	–	–	-40
Transferred to the income statement during the year	–	–	-154	–	–	–	-154
Tax on transfers to the income statement during the year	–	–	34	–	–	–	34
<i>Items that may not be reclassified subsequently to the income statement</i>							
<i>Defined benefit plans:</i>							
Remeasurement of benefit plans during the year	–	–	–	–	12	–	12
Tax on remeasurement of benefit plans during the year	–	–	–	–	-3	–	-3
Other comprehensive income, net of tax	–	–	21	-46	9	-4	-20
Total comprehensive income	–	–	21	-46	9	1,916	1,900
Share-based payments	–	–	–	–	–	2	2
Dividend for 2014	–	–	–	–	–	-2,501	-2,501
Divestment of own shares ²	–	–	–	–	–	16	16
Balance at 31 Dec 2015	4,050	1,080	-16	-5	0	14,969	20,078

1) Apart from retained earnings, unrestricted equity consists of a free fund to the amount of EUR 2,762m.

2) Refers to the change in the holding of own shares related to Long Term Incentive Programme and trading portfolio. The number of own shares were 11.7 million.

EURm	Restricted equity	Unrestricted equity ¹					
	Share capital	Share premium reserve	Other reserves:			Retained earnings	Total equity
			Cash flow hedges	Available for sale investments	Defined benefit plans		
Balance at 1 Jan 2014	4,050	1,080	-38	36	—	14,793	19,921
Net profit for the year	—	—	—	—	—	2,425	2,425
<i>Items that may be reclassified subsequently to the income statement</i>							
Currency translation differences during the year	—	—	—	—	—	2	2
<i>Available for sale investments:</i>							
Valuation gains/losses during the year	—	—	—	6	—	—	6
Tax on valuation gains/losses during the year	—	—	—	-1	—	—	-1
Transferred to the income statement during the year	—	—	—	0	—	—	0
Tax on transfers to the income statement during the year	—	—	—	0	—	—	0
<i>Cash flow hedges:</i>							
Valuation gains/losses during the year	—	—	140	—	—	—	140
Tax on valuation gains/losses during the year	—	—	-31	—	—	—	-31
Transferred to the income statement during the year	—	—	-139	—	—	—	-139
Tax on transfers to the income statement during the year	—	—	31	—	—	—	31
<i>Items that may not be reclassified subsequently to the income statement</i>							
<i>Defined benefit plans:</i>							
Remeasurement of benefit plans during the year	—	—	—	—	-11	—	-11
Tax on remeasurement of benefit plans during the year	—	—	—	—	2	—	2
Other comprehensive income, net of tax	—	—	1	5	-9	2	-1
Total comprehensive income	—	—	1	5	-9	2,427	2,424
Share-based payments	—	—	—	—	—	15	15
Dividend for 2013	—	—	—	—	—	-1,733	-1,733
Divestment of own shares ²	—	—	—	—	—	34	34
Balance at 31 Dec 2014	4,050	1,080	-37	41	-9	15,536	20,661

1) Apart from retained earnings, unrestricted equity consists of a free fund to the amount of EUR 2,762m.

2) Refers to the change in the holding of own shares related to Long Term Incentive Programme and trading portfolio. The number of own shares were 17.6 million.

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 31 Dec 2014	1.0	4,049,951,919	4,049,951,919
Balance at 31 Dec 2015	1.0	4,049,951,919	4,049,951,919

Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting (AGM). At the AGM on 17 March 2016, a dividend in respect of 2015 of EUR 0.64 per share (2014 actual dividend EUR 0.62 per share) amount-

ing to a total of EUR 2,584,494,736 (2014 actual: EUR 2,501,100,294) is to be proposed. The financial statements for the year ended 31 December 2015 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2016.

Cash flow statement, Parent company

EURm	2015	2014
Operating activities		
Operating profit	2,203	2,615
Adjustment for items not included in cash flow	-1,026	-655
Income taxes paid	-226	-232
Cash flow from operating activities before changes in operating assets and liabilities	951	1,728
Changes in operating assets		
Change in treasury bills	-1,918	-58
Change in loans to credit institutions	-7,543	-239
Change in loans to the public	-6,153	-5,809
Change in interest-bearing securities	-927	-217
Change in financial assets pledged as collateral	43	694
Change in shares	3,699	-704
Change in derivatives, net	558	-63
Change in other assets	1,643	561
Changes in operating liabilities		
Change in deposits by credit institutions	-5,952	9,941
Change in deposits and borrowings from the public	11,460	1,817
Change in debt securities in issue	5,600	-10
Change in other liabilities	-1,570	-1,279
Cash flow from operating activities	-109	6,362
Investing activities		
Shareholder's contributions to group undertakings	-2,754	—
Sale of business operations	200	626
Acquisition of properties and equipment	-55	-30
Sale of property and equipment	1	1
Acquisition of intangible assets	-446	-258
Sale of intangible assets	-1	—
Net divestments in debt securities, held to maturity	110	209
Cash flow from investing activities	-2,945	548
Financing activities		
Issued subordinated liabilities	2,166	1,224
Amortised subordinated liabilities	-1,317	—
Repurchase/divestment of own shares incl change in trading portfolio	16	34
Dividend paid	-2,501	-1,734
Cash flow from financing activities	-1,636	-476
Cash flow for the year	-4,690	6,434
Cash and cash equivalents at the beginning of year	8,033	1,599
Cash and cash equivalents at the end of year	3,343	8,033
Change	-4,690	6,434

Comments on the cash flow statement

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 items not included in cash flow includes:

EURm	2015	2014
Depreciation	130	118
Impairment charges	19	158
Loan losses	152	122
Unrealised gains/losses	-14	-281
Capital gains/losses (net)	-171	-280
Change in accruals and provisions	287	236
Anticipated dividends	-1,293	-1,109
Group contributions	-614	-645
Translation differences	681	386
Change in fair value of the hedged items, assets/liabilities (net)	-210	641
Other	7	-1
Total	-1,026	-655

Changes in operating assets and liabilities consists 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	2015	2014
Interest payments received	1,574	2,039
Interest expenses paid	1,024	1,315

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 2015	31 Dec 2014
Cash and balances with central banks	75	931
Loans to credit institutions, payable on demand	3,268	7,102
Total	3,343	8,033

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consists 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	2015	2014	2013	2012	2011
Net interest income	576	649	641	724	680
Net fee and commission income	821	820	1,009	623	560
Net result from items at fair value	136	186	131	189	234
Dividends	2,176	2,333	1,827	3,554	1,534
Other income	833	975	674	501	122
Total operating income	4,542	4,963	4,282	5,591	3,130
General administrative expenses:					
Staff costs	-1,196	-1,070	-982	-938	-823
Other expenses	-851	-904	-1,018	-842	-561
Depreciation, amortisation and impairment charges of tangible and intangible assets	-140	-261	-109	-105	-112
Total operating expenses	-2,187	-2,235	-2,109	-1,885	-1,496
Profit before loan losses	2,355	2,728	2,173	3,706	1,634
Net loan losses	-143	-98	-124	-19	-20
Impairment of securities held as financial non-current assets	-9	-15	-4	-15	-9
Operating profit	2,203	2,615	2,045	3,672	1,605
Appropriations	2	-1	102	-103	1
Income tax expense	-285	-189	-192	-95	-114
Net profit for the year	1,920	2,425	1,955	3,474	1,492

Balance sheet

EURm	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011
Treasury bills and interest-bearing securities	19,068	16,356	16,080	16,686	18,314
Loans to credit institutions	90,009	86,704	80,918	68,006	59,379
Loans to the public	45,820	39,809	34,155	36,214	36,421
Investments in group undertakings	19,394	16,986	17,723	17,659	16,713
Other assets	13,882	18,576	15,047	13,565	10,554
Total assets	188,173	178,431	163,923	152,130	141,381
Deposits by credit institutions	19,069	27,452	17,500	19,342	22,441
Deposits and borrowings from the public	61,043	49,367	47,531	50,263	44,389
Debt securities in issue	68,908	63,280	62,961	48,285	45,367
Subordinated liabilities	8,951	7,728	5,971	7,131	6,154
Other liabilities/untaxed reserves	10,124	9,943	10,039	7,734	6,109
Equity	20,078	20,661	19,921	19,375	16,921
Total liabilities and equity	188,173	178,431	163,923	152,130	141,381

Ratios and key figures, Parent company

	2015	2014	2013	2012	2011
Return on equity, %	10.1	12.6	10.5	20.5	9.4
Return on assets, %	1.0	1.4	1.2	2.3	1.1
Cost/income ratio, %	48.2	45.0	49.3	33.9	47.8
Loan loss ratio, basis points	31	25	36	5	5
Common Equity Tier 1 capital ratio excluding transition rules ^{1,2} , %	18.8	21.8	20.8	17.6	24.9
Tier 1 capital ratio, excluding transition rules ¹ , %	22.2	25.3	23.1	19.6	28.1
Total capital ratio, excluding transition rules ¹ , %	27.1	30.6	28.0	24.4	33.3
Tier 1 capital ^{1,2,3} , EURm	19,314	19,932	19,300	19,244	17,134
Risk-exposure amount, including transition rules ¹ , EURbn	87	79	83	98	61

1) End of the year.

2) Including result of the year.

3) The 2013 ratios are reported under the Basel II regulation framework and the 2014 and 2015 ratios are reported using the Basel III (CRR / CRD IV) framework.

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 the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments) and the accounting recommendation RFR 2 Accounting for legal entities (RFR 2) issued by the Swedish Financial Reporting Board. This means that the parent company applies International Financial Reporting Standards (IFRS) as endorsed by the EU Commission to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation.

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

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2014 Annual Report.

The Swedish Financial Reporting Board has amended the accounting recommendation for legal entities RFR 2 by issuing "RFR 2 Accounting for Legal Entities – January 2015". Those amendments were implemented by the parent company 1 January 2015, but have not had any significant impact on the parent company's financial statement.

Other changes implemented by the parent company 1 January 2015 can be found in section "Changed accounting policies" in Note G1 "Accounting policies". The conclusions within this section are also, where applicable, relevant for the parent company.

Changes in IFRSs not yet applied

The IASB has issued "Amendments to IAS 27, Equity method in Separate Financial Statements" which allows the equity method when accounting for investments in subsidiaries, joint ventures and associated companies. The amendment is effective as from annual periods beginning on or after 1 January 2016. The amendment is endorsed by the EU commission. However, the Swedish accounting laws do not allow the equity method for investments in subsidiaries. Nordea's expectation is that the amendments in IAS 27 will not have any significant impact on the parent company's financial statements, capital adequacy or large exposures in the period of initial application.

Other forthcoming changes in IFRS not yet implemented by the parent company can be found in the section 3 "Changes in IFRSs not yet applied" in Note G1 "Accounting policies". The conclusions within this section are also, where applicable, relevant for the parent company.

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. 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.

The parent company applies fair value hedge accounting for the foreign exchange risk in investments in subsidiaries. The shares in subsidiaries are remeasured with regards to the hedged risk with a corresponding entry in "Net result from items at fair value". The change in fair value of the hedging instruments is also recognised in the income statement in "Net result from items at fair value".

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".

Amortisation of goodwill

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, normally over a period of five years unless, under exceptional circumstances, a longer amortisation period is justified.

Functional currency

The accounting currency (Sw: redovisningsvaluta) of the parent company 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". Any remaining equity in foreign branches is converted at the closing rates with translation differences recognised in other comprehensive income.

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 consists 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.

In Sweden, defined 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.

The pension obligations in the foreign branches are calculated in accordance with local accounting requirements.

P1

Accounting policies, cont.

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

Segment reporting

Geographical information

	Sweden		Finland		Norway		Denmark		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
EURm												
Net interest income	576	649	—	—	—	—	—	—	—	—	576	649
Net fee and commission income	821	820	—	—	—	—	—	—	—	—	821	820
Net result from items at fair value	136	186	—	—	—	—	—	—	—	—	136	186
Dividends ¹	734	949	876	604	—	—	401	750	165	30	2,176	2,333
Other operating income	156	327	205	214	91	94	381	340	—	—	833	975
Total operating income	2,423	2,931	1,081	818	91	94	782	1,090	165	30	4,542	4,963

1) Regards dividends from group undertakings.

P3

Net interest income

EURm	2015	2014
Interest income		
Loans to credit institutions	455	651
Loans to the public	880	928
Interest-bearing securities	201	295
Other interest income	71	68
Interest income	1,607	1,942
Interest expense		
Deposits by credit institutions	–46	–127
Deposits and borrowings from the public	–83	–193
Debt securities in issue	–917	–958
Subordinated liabilities	–359	–313
Other interest expenses ¹	374	298
Interest expense	–1,031	–1,293
Net interest income	576	649

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 expenses, for further information see Note G1 "Accounting policies".

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 1,407m (EUR 1,655m). Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR –1,424m (EUR –1,617m). Interest on impaired loans amounted to an insignificant portion of interest income.

P4 Net fee and commission income

EURm	2015	2014
Asset management commissions	154	129
Life insurance	1	1
Brokerage, securities issues and corporate finance	150	168
Custody and issuers services	34	24
Deposits	19	23
Total savings related commissions	358	345
Payments	108	105
Cards	230	238
Total payment commissions	338	343
Lending	162	157
Guarantees and documentary payment	197	215
Total lending related commissions	359	372
Other commission income	39	33
Fee and commission income	1,094	1,093
Savings and investments	-35	-30
Payments	-24	-22
Cards	-130	-136
State guarantee fees	-65	-55
Other commission expenses	-19	-30
Fee and commission expense	-273	-273
Net fee and commission income	821	820

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 181m (EUR 180m).

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 amounts to EUR 305m (EUR 298m). The corresponding amount for fee expenses is EUR -35m (EUR -30m).

P5 Net result from items at fair value

EURm	2015	2014
Equity related instruments	7	47
Interest related instruments and foreign exchange gains/losses	131	125
Other financial instruments (including credit and commodities)	-2	14
Total¹	136	186

1) Of which EUR 26m (EUR 41m) is dividends from shares.

P5 Net result from items at fair value, cont.**Net result from categories of financial instruments**

EURm	2015	2014
Available for sale assets, realised	4	0
Financial instruments designated at fair value through profit or loss	19	21
Financial instruments held for trading	29	53
Financial instruments under fair value hedge accounting	1	6
– of which net losses on hedging instruments	-157	-487
– of which net gains on hedged items	158	493
Financial assets measured at amortised cost	14	27
Foreign exchange gains/losses excluding currency hedges	69	83
Other	0	-4
Total	136	186

P6 Dividends

EURm	2015	2014
Dividends from group undertakings		
Nordea Bank Finland Plc	780	550
Nordea Bank Denmark A/S	395	739
LLC Promyshlennaya Kompaniya VESTKON	89	–
JSC Nordea Bank	6	–
Nordea Life Holding AB	–	220
Nordea Funds Ltd	96	54
Nordea Bank S.A.	70	30
Nordea Investment Management AB	120	75
Nordea Ejendomsinvestering A/S	5	11
Barkman Elektronik AB in liquidation	–	8
Dividends from associated undertakings		
Upplysningscentralen (UC) AB	–	1
Group Contributions		
Nordea Hypotek AB	492	494
Nordea Nordic Baltic 1 AB	–	8
Nordea Investment Management AB	11	14
Nordea Finans AB	112	129
Total	2,176	2,333

P7 Other operating income

EURm	2015	2014
Divestment of shares	170	278
Remuneration from group undertakings	661	691
Other	2	6
Total	833	975

P8

Staff costs

EURm	2015	2014
Salaries and remuneration (specification below) ¹	-836	-716
Pension costs (specification below)	-146	-134
Social security contributions	-233	-213
Other staff costs	19	-7
Total	-1,196	-1,070

Salaries and remuneration

To executives²

– Fixed compensation and benefits	-6	-6
– Performance-related compensation	-4	-6
– Allocation to profit-sharing	0	0
Total	-10	-12
To other employees	-826	-704
Total	-836	-716

1) Allocation to profit-sharing foundation 2015 EUR 29m (EUR 25m) consists of a new allocation of EUR 28m (EUR 24m) and an allocation related to prior year of EUR 1m (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 18 (15) positions.

EURm	2015	2014
Pension costs¹		
Defined benefit plans	-77	-73
Defined contribution plans	-69	-61
Total	-146	-134

1) Pension costs for executives, see Note G7 "Staff costs".

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) not later than one week before the Annual General Meeting on 17 March 2016.

Compensation to key management personnel

Salaries and remuneration to the Board of Directors, CEO and Group Executive Management, see Note G7 "Staff costs".

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 "Staff costs".

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 "Staff costs".

For information on number of outstanding conditional rights in the LTIPs, see Note G7 "Staff costs". 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 programmes¹

EURm	LTIP 2012	LTIP 2011
Total expense during 2015	-1	–
Total expense during 2014	-5	-1

1) All amounts excluding social security contribution.

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 transferred after three years or transferred 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. Due to that the allocation of variable compensation is not finally decided during the current year, the deferred amount during the year in the table below relates to variable compensation earned the previous year.

In addition Nordea in 2013 introduced the Executive Incentive Programme ("EIP") which aims to strengthen Nordea's capability to retain and recruit the best talents. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's result, profitability and long term value growth. EIP reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long term result is to be considered when determining the targets. The EIP shall not exceed the fixed salary. EIP shall be paid in the form of cash and be subject to TSR-indexation, deferral, forfeiture clauses and retention as per relevant remuneration regulations. The main part of EIP 2015 is paid no earlier than autumn 2019. Participation in the programme is offered to up to 400 managers and key employees, except GEM who are instead offered a GEM EIP (further information about the GEM EIP can be found in the Remuneration section in the Board of Directors' Report), within the Nordea Group. EIP is offered instead of Nordea's LTIP and VSP for the invited employees. The allocation of the EIP 2015 is decided during spring 2016, and a reservation of EUR 18m excl. social costs is made 2015. 80% of the allocated amount will be subject to TSR-indexation.

The below table only includes deferred amounts indexed with Nordea TSR. EIP has been included as from 2014, when deferred. Further information regarding all deferred amounts can be found in the separate report on remuneration published on Nordea's homepage (www.nordea.com).

EURm	Share linked deferrals	
	2015	2014
Opening balance	7	3
Reclassification ¹	2	–
Deferred/earned during the year	16	5
TSR indexation during the year	1	1
Payments during the year ²	-5	-1
Translation differences	1	-1
Closing balance	22	7

1) Relates to a reclassification from deferred amounts that are indexed with a fixed rate.

2) There have been no adjustments due to forfeitures.

P8 Staff costs, cont.**Average number of employees**

	Total		Men		Women	
	2015	2014	2015	2014	2015	2014
Full-time equivalents						
Sweden	6,450	6,485	3,034	2,983	3,416	3,502
Other countries	4,151	3,613	2,200	1,854	1,951	1,759
Total average	10,601	10,098	5,234	4,837	5,367	5,261

Gender distribution, executives

Per cent	31 Dec 2015	31 Dec 2014
Nordea Bank AB (publ)		
Board of Directors – Men	56	50
Board of Directors – Women	44	50
Other executives – Men	78	86
Other executives – Women	22	14

P9 Other expenses

EURm	2015	2014
Information technology	–467	–538
Marketing and representation	–31	–34
Postage, transportation, telephone and office expenses	–48	–55
Rents, premises and real estate	–136	–133
Other ¹	–169	–144
Total	–851	–904

1) Including fees and remuneration to auditors distributed as follows.

Auditors' fee

EURm	2015	2014
PricewaterhouseCoopers		
Auditing assignments	–2	–
Audit-related services	0	–
Tax advisory services	0	–
Other assignments	–1	–
Total	–3	–
KPMG		
Auditing assignments	–1	–2
Audit-related services	–1	0
Tax advisory services	–	0
Other assignments	0	–1
Total	–2	–3

P10 Depreciation, amortisation and impairment charges of tangible and intangible assets

EURm	2015	2014
Depreciation/amortisation		
Properties and equipment (Note P23)		
Equipment	–26	–27
Intangible assets (Note P22)		
Goodwill	–56	–49
Computer software	–31	–31
Other intangible assets	–17	–11
Total	–130	–118

Impairment charges

Intangible assets (Note P22)		
Computer software	–7	–142
Other intangible assets	–3	–1
Total	–10	–143
Total	–140	–261

P11 Net loan losses

EURm	2015	2014
Loan losses divided by class		
Recoveries on previous realised loan losses	0	–
Provisions	0	–
Reversals of previous provisions	1	0
Loans to credit institutions¹	1	0
Realised loan losses	–72	–68
Allowances to cover realised loan losses	34	24
Recoveries on previous realised loan losses	8	23
Provisions	–175	–77
Reversals of previous provisions	84	64
Loans to the public¹	–121	–34
Realised loan losses	–9	–37
Recoveries on previous realised loan losses	6	–
Provisions	–42	–77
Reversals of previous provisions	22	50
Off-balance sheet items²	–23	–64
Net loan losses	–143	–98

1) See Note P15 "Loans and impairment".

2) Included in Note P31 "Provisions" as "Transfer risk" and "Guarantees".

P12

Appropriations

EURm	2015	2014
Change in depreciation in excess of plan, equipment	2	-1
Total	2	-1

P13

Taxes

Income tax expense

EURm	2015	2014
Current tax	-303	-176
Deferred tax	18	-13
Total	-285	-189

The tax on the operating profit differs from the theoretical amount that would arise using the tax rate in Sweden as follows:

EURm	2015	2014
Profit before tax	2,205	2,614
Tax calculated at a tax rate of 22.0%	-485	-575
Tax-exempt income	381	431
Non-deductible expenses	-81	-16
Adjustments relating to prior years	-100	-29
Tax charge	-285	-189
Average effective tax rate	13%	7%

Deferred tax

EURm	Deferred tax assets		Deferred tax liabilities	
	2015	2014	2015	2014
Deferred tax related to:				
Derivatives	4	10	—	—
Properties and equipment	—	—	11	9
Retirement benefit obligations	7	3	—	—
Liabilities/provisions	26	10	0	0
Netting between deferred tax assets and liabilities	-11	-9	-11	-9
Total	26	14	0	0

P14

Treasury bills

EURm	31 Dec 2015	31 Dec 2014
State and sovereigns	6,086	4,328
Municipalities and other public bodies ¹	819	750
Total	6,905	5,078
– of which Financial instruments pledged as collateral (Note P17)	—	43
Total	6,905	5,035

¹ Of which EUR 32m (EUR 0m) held at amortised cost with a nominal amount of EUR 32m (EUR 0m).

P15**Loans and impairment**

EURm	Credit institutions		The public		Total	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Loans, not impaired	90,011	86,706	45,591	39,501	135,602	126,207
Impaired loans	—	—	629	636	629	636
– Performing	—	—	309	312	309	312
– Non-performing	—	—	320	324	320	324
Loans before allowances	90,011	86,706	46,220	40,137	136,231	126,843
Allowances for individually assessed impaired loans	—	—	–314	–254	–314	–254
– Performing	—	—	–120	–127	–120	–127
– Non-performing	—	—	–194	–127	–194	–127
Allowances for collectively assessed impaired loans	–2	–2	–86	–74	–88	–76
Allowances	–2	–2	–400	–328	–402	–330
Loans, carrying amount	90,009	86,704	45,820	39,809	135,829	126,513

Movements of allowance accounts for impaired loans

EURm	Credit institutions			The public			Total		
	Indi- vidually assessed	Collectively assessed	Total	Indi- vidually assessed	Collectively assessed	Total	Indi- vidually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2015	–	–2	–2	–254	–74	–328	–254	–76	–330
Provisions	—	0	0	–143	–32	–175	–143	–32	–175
Reversals of previous provisions	—	1	1	60	24	84	60	25	85
Changes through the income statement	–	1	1	–83	–8	–91	–83	–7	–90
Allowances in sold and acquired loan portfolios	—	—	—	–6	–4	–10	–6	–4	–10
Allowances used to cover realised loan losses	—	—	—	34	—	34	34	—	34
Translation differences	—	–1	–1	–5	0	–5	–5	–1	–6
Closing balance at 31 Dec 2015	–	–2	–2	–314	–86	–400	–314	–88	–402
Opening balance at 1 Jan 2014	0	–2	–2	–118	–54	–172	–118	–56	–174
Provisions	—	0	0	–75	–2	–77	–75	–2	–77
Reversals of previous provisions	—	0	0	58	6	64	58	6	64
Changes through the income statement	–	0	0	–17	4	–13	–17	4	–13
Allowances in sold and acquired loan portfolios	—	—	—	–150	–26	–176	–150	–26	–176
Allowances used to cover realised loan losses	—	—	—	24	—	24	24	—	24
Translation differences	—	0	0	7	2	9	7	2	9
Closing balance at 31 Dec 2014	–	–2	–2	–254	–74	–328	–254	–76	–330

P15**Loans and impairment, cont.****Allowances and provisions¹**

EURm	Credit institutions		The public		Total	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Allowances for items on the balance sheet	-2	-2	-400	-328	-402	-330
Provisions for off balance sheet items	-181	-162	-2	-1	-183	-163
Total allowances and provisions	-183	-164	-402	-329	-585	-493

1) Included in Note P31 "Provisions" as "Transfer risk" and "Guarantees".

Key ratios

	31 Dec 2015	31 Dec 2014
Impairment rate, gross, basis points	46	50
Impairment rate, net, basis points	23	30
Total allowance rate, basis points	29	26
Allowances in relation to impaired loans, %	50	40
Total allowances in relation to impaired loans, %	64	52
Non-performing loans, not impaired, EURm	41	68

P16**Interest-bearing securities**

EURm	31 Dec 2015	31 Dec 2014
Issued by public bodies	45	43
Issued by other borrowers ¹	12,118	11,278
Total	12,163	11,321
Listed securities	12,163	11,166
Unlisted securities	—	155
Total	12,163	11,321

1) Of which EUR 30m (EUR 111m) held at amortised cost with a nominal amount of EUR 30m (EUR 112m).

P18**Shares**

EURm	31 Dec 2015	31 Dec 2014
Shares	2,363	6,060
Shares taken over for protection of claims	0	1
Total	2,363	6,061
Listed shares	2,331	6,029
Unlisted shares	32	32
Total	2,363	6,061

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 2015	31 Dec 2014
Treasury bills	—	43
Total	—	43

For more information on transferred assets, see Note P44 "Transferred assets and obtained collaterals".

P19**Derivatives and hedge accounting**

31 Dec 2015, EURm	Fair value		Total nom. amount
	Positive	Negative	
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	1,913	1,983	200,183
FRAs	9	10	57,952
Futures and forwards	0	0	2,696
Options	84	84	62,092
Other	3	2	11,307
Total	2,009	2,079	334,230
Equity derivatives			
Equity swaps	116	137	253
Futures and forwards	—	1	19
Options	57	9	334
Total	173	147	606
Foreign exchange derivatives			
Currency and interest rate swaps	630	531	16,869
Currency forwards	47	345	27,949
Total	677	876	44,818
Credit derivatives	5	1	299
Other derivatives	—	6	1,668
Total derivatives held for trading	2,864	3,109	381,621
Derivatives used for hedge accounting			
Interest rate derivatives	1,427	232	45,711
Foreign exchange derivatives	720	839	10,243
Total derivatives used for hedge accounting	2,147	1,071	55,954
— of which fair value hedges ¹	1,612	238	50,768
— of which cash flow hedges ¹	535	833	10,243
Total derivatives	5,011	4,180	437,575

1) Some cross currency interest rate swaps and interest rate swaps are used both as fair value hedges and cash flow hedges and the nominal amounts are then reported on both lines.

P19

Derivatives and hedge accounting, cont.

31 Dec 2014, EURm	Fair value		Total nom. amount
	Positive	Negative	
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	2,315	2,423	138,982
FRAs	57	66	63,168
Futures and forwards	0	0	1,866
Options	—	5	11,097
Other	5	0	4,258
Total	2,377	2,494	219,371
Equity derivatives			
Equity swaps	57	215	272
Futures and forwards	0	5	97
Options	277	230	2,648
Total	334	450	3,017
Foreign exchange derivatives			
Currency and interest rate swaps	534	477	17,745
Currency forwards	424	22	17,581
Total	958	499	35,326
Credit derivatives	8	—	256
Other derivatives	5	—	1,772
Total derivatives held for trading	3,682	3,443	259,742
Derivatives used for hedge accounting			
Interest rate derivatives	1,764	404	42,020
Equity derivatives	0	5	55
Foreign exchange derivatives	535	801	9,872
Total derivatives used for hedge accounting	2,299	1,210	51,947
— of which fair value hedges ¹	1,747	360	46,635
— of which cash flow hedges ¹	552	850	32,130
Total derivatives	5,981	4,653	311,689

1) Some cross currency interest rate swaps and interest rate swaps are used both as fair value hedges and cash flow hedges and the nominal amounts are then reported on both lines.

P20**Investments in group undertakings**

EURm	31 Dec 2015	31 Dec 2014
Acquisition value at beginning of year	17,611	18,347
Acquisitions/capital contributions during the year	2,754	56
Revaluations under hedge accounting	–298	–425
IFRS 2 expenses ¹	1	9
Sales during the year	–40	–376
Acquisition value at end of year	20,028	17,611
Accumulated impairment charges at beginning of year	–625	–624
Accumulated impairment charges on group undertakings sold during the year	–	14
Impairment charges during the year	–9	–15
Accumulated impairment charges at end of year	–634	–625
Total	19,394	16,986
– of which listed shares	–	–

1) Allocation of IFRS 2 expenses for LTIP 2012 related to the group undertakings.

P20**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 2015	Number of shares	Carrying amount 2015, EURm	Carrying amount 2014, EURm	Voting power of holding %	Domicile	Registration number
Nordea Bank Finland Plc	1,030,800,000	7,962	5,962	100.0	Helsinki	1680235–8
Nordea Finance Finland Ltd				100.0	Helsinki	0112305–3
Nordea Bank Danmark A/S	50,000,000	4,020	4,024	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				100.0	Copenhagen	31934745
Nordea Bank Norge ASA	551,358,576	2,811	2,428	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
LLC Promyshlennaya Kompaniya Vestkon	4,601,942,680 ¹	659	659	100.0	Moscow	1027700034185
JSC Nordea Bank				100.0	Moscow	1027739436955
Nordea Life Holding AB	1,000	719	719	100.0	Stockholm	556742–3305
Nordea Liv & Pension, Livförsikringsselskab A/S				100.0	Ballerup	24260577
Livförsikringsselskapet 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

P20

Investments in group undertakings, cont.

31 Dec 2015	Number of shares	Carrying amount 2015, EURm	Carrying amount 2014, EURm	Voting power of holding %	Domicile	Registration number
Nordea Funds Ltd	3,350	385	174	100.0	Helsinki	1737785-9
Nordea Bank S.A.	999,999	455	455	100.0	Luxembourg	B-14157
Nordea Hypotek AB (publ) ²	100,000	1,900	1,874	100.0	Stockholm	556091-5448
Nordea Nordic Baltic 1 AB ³	15,000	—	242	100.0	Stockholm	556020-4694
Nordea Finans Sverige AB (publ) ²	1,000,000	118	104	100.0	Stockholm	556021-1475
Nordea Investment Management AB	12,600	231	231	100.0	Stockholm	556060-2301
Nordea Ejendomsinvestering A/S	1,000	29	29	100.0	Glostrup	26640172
Nordea IT Polska S.p. z.o.o.	100	30	30	100.0	Warsaw	0000429783
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 do Brasil Representações Ltda	1,162,149	0	0	100.0	Sao Paulo, Brazil	51.696.268/0001-40
Nordic Baltic Holding (NBH) AB	1,000	26	0	100.0	Stockholm	556592-7950
Nordea Fastigheter AB ³	3,380,000	—	1	100.0	Stockholm	556021-4917
Promano Est OÜ	1	10	10	100.0	Tallinn, Estonia	11681888
Uus-Sadama 11 OÜ	1	0	0	100.0	Tallinn, Estonia	11954914
SIA Promano Lat	21,096	12	14	100.0	Riga, Latvia	40103235197
SIA Realm	7,034	6	7	100.0	Riga, Latvia	50103278681
SIA Lidosta RE	765	1	1	100.0	Riga, Latvia	40103424424
SIA Trioleta	2,786	4	4	99.9	Riga, Latvia	40103565264
Promano Lit UAB	34,528	11	11	100.0	Vilnius, Lithuania	302423219
UAB Recurso	15,000	5	5	100.0	Vilnius, Lithuania	302784511
UAB Inrec	6,900	—	2	100.0	Vilnius, Lithuania	302996806
Total		19,394	16,986			

1) Nominal value expressed in RUB, representing Nordea's participation in Vestkon. Combined ownership, Nordea Bank AB directly 7.2% and indirectly 92.8% through LLC Promyshlennaya Kompaniya Vestkon.

2) Credit institutions as defined in the Swedish Annual Account Act for Credit Institutions and Securities Companies (1995:1559).

3) Transferred to Nordea Baltic Holding AB in September 2015.

P21

Investments in associated undertakings

EURm	31 Dec 2015	31 Dec 2014
Acquisition value at beginning of year	7	7
Acquisition value at end of year	7	7
– of which listed shares	—	—

P22**Intangible assets**

EURm	31 Dec 2015	31 Dec 2014
Goodwill allocated to cash generating units		
Retail Banking	284	305
Goodwill, total	284	305
Computer software	766	416
Other intangible assets	41	37
Other intangible assets, total	807	453
Intangible assets, total	1,091	758
Movements in goodwill		
Acquisition value at beginning of year	1,059	1,059
Acquisition during the year	35	—
Acquisition value at end of year	1,094	1,059
Accumulated amortisation at beginning of year	–754	–705
Amortisation according to plan for the year	–56	–49
Accumulated amortisation at end of year	–810	–754
Total	284	305
Movements in computer software		
Acquisition value at beginning of year	682	465
Acquisitions during the year	388	217
Disposals during the year	–209	—
Acquisition value at end of year	861	682
Accumulated amortisation at beginning of year	–120	–89
Amortisation according to plan for the year	–31	–31
Accumulated amortisation on disposals	63	—
Accumulated amortisation at end of year	–88	–120
Accumulated impairment charges at beginning of year	–146	–9
Accumulated impairment charges on disposals during the year	146	—
Impairment charges during the year	–7	–142
Reclassifications	—	5
Accumulated impairment charges at end of year	–7	–146
Total	766	416
Movements in other intangible assets		
Acquisition value at beginning of year	89	48
Acquisitions during the year	23	41
Disposals during the year	–6	—
Acquisition value at end of year	106	89
Accumulated amortisation at beginning of year	–51	–40
Amortisation according to plan for the year	–17	–11
Accumulated amortisation on disposals during the year	6	—
Accumulated amortisation at end of year	–62	–51
Accumulated impairment at beginning of year	–1	—
Accumulated impairment charges on disposals during the year	1	–1
Impairment charges during the year	–3	–1
Accumulated impairment charges at end of year	–3	–1
Total	41	37

Impairment test

A cash generating unit, defined as the operating segment, is the basis for the goodwill impairment test. See Note G19 “Intangible assets” and Note G1 “Accounting policies” section 4 for more information.

P23**Properties and equipment**

EURm	31 Dec 2015	31 Dec 2014
Properties and equipment	138	119
– of which buildings for own use	0	0
Total	138	119
Movements in equipment		
Acquisition value at beginning of year	266	268
Acquisitions during the year	55	30
Sales/disposals during the year	–14	–32
Acquisition value at end of year	307	266
Accumulated depreciation at beginning of year	–147	–150
Accumulated depreciation on sales/disposals during the year	4	30
Depreciations according to plan for the year	–26	–27
Accumulated depreciation at end of year	–169	–147
Total	138	119

Operating leases

Nordea has entered into operating lease agreements for premises and office equipment. See also Note G1 “Accounting policies”, section 15.

Leasing expenses during the year, EURm	31 Dec 2015	31 Dec 2014
Leasing expenses during the year	–141	–117
– of which minimum lease payments	–137	–117
– of which contingent rents	–4	–
Leasing income during the year regarding sublease payments	13	14

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

EURm	31 Dec 2015
2016	88
2017	69
2018	59
2019	44
2020	36
Later years	244
Total	540

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 237m. EUR 224m of the subleases are towards group undertakings.

P24**Other assets**

EURm	31 Dec 2015	31 Dec 2014
Claims on securities settlement proceeds	403	276
Cash/margin receivables	1,010	–
Anticipated dividends from group undertakings	1,296	1,109
Group contributions	615	644
Other	1,063	1,698
Total	4,387	3,727

P25 Prepaid expenses and accrued income

EURm	31 Dec 2015	31 Dec 2014
Accrued interest income	109	115
Other accrued income	101	81
Prepaid expenses	570	688
Total	780	884

P28 Debt securities in issue

EURm	31 Dec 2015	31 Dec 2014
Certificates of deposit	7,460	55
Commercial papers	23,244	29,246
Bond loans	38,138	33,908
Other	66	71
Total	68,908	63,280

P26 Deposits by credit institutions

EURm	31 Dec 2015	31 Dec 2014
Central banks	2,550	2,418
Banks	15,672	24,258
Other credit institutions	847	776
Total	19,069	27,452

P29 Other liabilities

EURm	31 Dec 2015	31 Dec 2014
Liabilities on securities settlement proceeds	69	215
Sold, not held, securities	136	285
Cash/margin payables	1,982	—
Accounts payable	15	22
Other	1,329	2,373
Total	3,531	2,895

P27 Deposits and borrowings from the public

EURm	31 Dec 2015	31 Dec 2014
Deposits	60,423	48,176
Borrowings	620	1,191
Total	61,043	49,367

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.

P30 Accrued expenses and prepaid income

EURm	31 Dec 2015	31 Dec 2014
Accrued interest	6	13
Other accrued expenses	526	443
Prepaid income	227	186
Total	759	642

P31 Provisions

EURm	31 Dec 2015	31 Dec 2014
Restructuring	116	42
Transfer risk	—	1
Guarantees	183	162
Other	2	1
Total	301	206

	Restructuring	Transfer risk	Guarantees	Other	Total
At beginning of year	42	1	162	1	206
New provisions made	94	0	42	1	137
Provisions utilised	–20	0	0	0	–20
Reversals	–1	–1	–21	0	–23
Translation differences	1	0	0	0	1
At end of year	116	0	183	2	301

Provision for restructuring costs amounts to EUR 116m and covers termination benefits (EUR 96m) and other provisions mainly related to redundant premises (EUR 20m). Loan loss provisions for guarantees amounts to EUR 183m, of which EUR 180m covers the guarantee in favour of Nordea Bank Finland Plc.

P32

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 to former employees of Postgirot Bank and pension obligations in foreign branches. EUR 129m (EUR 124 m) of the provisions are covered by "Tryggandelagen".

A small percentage of the pension obligations are covered by insurance policies.

The following figures are mainly based on calculations in accordance with Swedish rules ("Tryggandelagen").

The pension obligations in the foreign branches are calculated in accordance with local accounting requirements.

Specification of amounts recognised on the balance sheet

EURm	31 Dec 2015	31 Dec 2014
Present value of commitments relating to in whole or in part funded pension plans	-1,323	-1,155
Fair value at the end of the period relating to specifically separated assets	1,421	1,384
Surplus in the pension foundation	98	229
Present value of commitments relating to unfunded pension plans	-159	-171
Unrecognised surplus in the pension foundation	-98	-229
Reported liability net on the balance sheet	-159	-171

Movements in the liability recognised on balance sheet as pension

EURm	31 Dec 2015	31 Dec 2014
Balance at 1 Jan recognised as pension commitments	171	166
Pensions paid related to former employees of Postgirot Bank	-7	-7
Actuarial pension calculations through Profit and Loss	14	12
Actuarial pension calculations through Balance Sheet	-18	10
Effect of exchange rate changes	-1	-10
Balance at 31 Dec	159	171

Specification of cost and income in respect of pensions

EURm	2015	2014
Pensions paid related to former employees of Postgirot Bank	-7	-7
Pensions paid covered by the pension foundation	-63	-61
Actuarial pension calculations	-7	-5
Defined benefit plans	-77	-73
Defined contribution plans	-69	-61
Pension costs¹	-146	-134
Return on specifically separated assets, %	2.5	12.4

1) See Note P8 "Staff costs".

Actual value of holdings in pension foundations

EURm	31 Dec 2015	31 Dec 2014
Shares	370	353
Interest-bearing securities	1,004	1,004
Other assets	47	27
Total	1,421	1,384

P32

Retirement benefit obligations, cont.

Main assumptions for defined benefit obligations

	2015	2014
Discount rate	1.6%	2.2%
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 70m.

P33

Subordinated liabilities

EURm	31 Dec 2015	31 Dec 2014
Dated subordinated debenture loans	5,949	4,435
Hybrid capital loans	3,002	3,293
Total	8,951	7,728

Debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

The carrying amount at year end representing revaluations in the fair value of the hedged part of subordinated liabilities is included in "Fair value changes of the hedged items in portfolio hedge of interest rate risk" under "Liabilities" and amounts to EUR 386 m (EUR 417 m).

At 31 December 2015 six loans – with terms specified below – exceeded 10% of the total outstanding volume dated subordinated loans.

EURm	Nominal value	Carrying amount	Interest rate (coupon)
Dated loan ¹	1,250	1,142	Fixed
Dated loan ²	750	749	Fixed
Dated loan ³	1,000	998	Fixed
Dated loan ⁴	750	747	Fixed
Dated loan ⁵	1,000	911	Fixed
Dated loan ⁶	750	743	Fixed

1) Maturity date 13 May 2021.

2) Call date 15 February 2017, maturity date 15 February 2022.

3) Maturity date 2 March 2020.

4) Maturity date 29 March 2021.

5) Maturity date 21 September 2022.

6) Call date 10 November 2020, maturity date 10 November 2025.

P34

Untaxed reserves

EURm	31 Dec 2015	31 Dec 2014
Accumulated excess depreciation, equipment	2	4

P35 Assets pledged as security for own liabilities

EURm	31 Dec 2015	31 Dec 2014
Assets pledged for own liabilities		
Securities etc ¹	1,208	3,946
Total	1,208	3,946

The above pledges pertain to the following liabilities

Deposits by credit institutions	337	2,508
Deposits and borrowings from the public	1,014	268
Total	1,351	2,776

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 "Transferred assets and 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.

P36 Other assets pledged

Other assets pledged are mainly related to securities which included interest-bearing securities pledged as securities for payment settlements within the central banks and clearing institutions EUR 7,686m (EUR 9,238m). The terms and conditions require day to day securities and relate to liquidity intraday/overnight. Collateral pledged on behalf of other items other than the company's own liabilities, e.g. on behalf of a third party or on behalf of the company's own contingent liabilities are also accounted for under this item.

P37 Contingent liabilities

EURm	31 Dec 2015	31 Dec 2014
Guarantees		
– Loan guarantees	69,576	70,024
– Other guarantees	2,667	918
Other contingent liabilities	159	161
Total	72,402	71,103

In the normal business Nordea 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 in favour of its Russian subsidiary JSC Nordea Bank where Nordea Bank AB (publ) guarantees specified exposures in JSC Nordea Bank. At 31 December 2015 the guarantees cover exposures amounting to EUR 2bn. The guarantees are priced at arm's length. All internal transactions under the guarantees are eliminated in the consolidated accounts.

Nordea Bank AB (publ) has issued a guarantee of maximum EUR 60 bn 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 7bn of corporate loans, guarantees, documentary credits and loan commitments. In addition, EUR 5bn of derivatives are covered by the guarantee as of 31 December 2015. The maximum amount of derivatives guaranteed is EUR 10bn. The guarantee increased the REA by EUR 10bn. The guarantee will generate commission income, while the losses recognized on the guaranteed exposures will be transferred to Nordea Bank AB (publ). The guarantee is priced at arm's length, including expected credit losses and the cost of capital required by the guarantee. All internal transactions in the guarantee are eliminated in the consolidated accounts.

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.

P38 Commitments

EURm	31 Dec 2015	31 Dec 2014
Credit commitments	10,988	9,710
Unutilised portion of approved overdraft facilities	16,658	14,114
Other commitments	281	–
Total	27,927	23,824

For information about derivatives see Note P19 "Derivatives and hedge accounting".

P39

Capital adequacy

Table A2 Transitional own funds

For information of the capital adequacy regulations see Note G37 “Capital adequacy”.

	(A) amount at disclosure date, EURm	(C) amounts subject to pre-regulation (eu) no 575/2013 treatment or prescribed residual amount of regulation (eu) no 575/2013
Common Equity Tier 1 capital: instruments and reserves		
1 Capital instruments and the related share premium accounts	5,130	—
of which: Share capital	4,050	—
2 Retained earnings	13,050	—
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	–21	—
5a Independently reviewed interim profits net of any foreseeable charge or dividend	–664	0
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	17,495	—
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7 Additional value adjustments (negative amount)	–19	—
8 Intangible assets (net of related tax liability) (negative amount)	–1,091	—
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0	—
11 Fair value reserves related to gains or losses on cash flow hedges	16	—
12 Negative amounts resulting from the calculation of expected loss amounts	0	0
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–28	—
15 Defined-benefit pension fund assets (negative amount)	0	0
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0	—
25 of which: deferred tax assets arising from temporary differences	0	—
25b Foreseeable tax charges relating to CET1 items (negative amount)	0	—
26a Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	0	—
Of which: ...filter for unrealised loss 1	0	19
Of which: ...filter for unrealised gain 1	0	137
28 Total regulatory adjustments to Common equity Tier 1 (CET1)	–1,121	—
29 Common Equity Tier 1 (CET1) capital	16,373	—
Additional Tier 1 (AT1) capital: instruments		
30 Capital instruments and the related share premium accounts	2,241	—
33 Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	729	0
36 Additional Tier 1 (AT1) capital before regulatory adjustments	2,970	—
Additional Tier 1 (AT1) capital: regulatory adjustments		
37 Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	–30	—
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	–30	—
44 Additional Tier 1 (AT1) capital	2,941	—
45 Tier 1 capital (T1 = CET1 + AT1)	19,314	—
Tier 2 (T2) capital: instruments and provisions		
46 Capital instruments and the related share premium accounts	5,686	—
47 Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	0	—
50 Credit risk adjustments	109	—
51 Tier 2 (T2) capital before regulatory adjustments	5,795	—

P39

Capital adequacy, cont.

Tier 2 (T2) capital: regulatory adjustments

52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-58	—
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-1,501	—
57	Total regulatory adjustments to Tier 2 (T2) capital	-1,560	—
58	Tier 2 (T2) capital	4,235	—
59	Total capital (TC = T1 + T2)	23,549	—
60	Total risk weighted assets	87,032	—

Capital ratios and buffers

61	Common Equity Tier 1 (as a percentage of risk exposure amount)	18.8%	—
62	Tier 1 (as a percentage of risk exposure amount)	22.2%	—
63	Total capital (as a percentage of risk exposure amount)	27.1%	—
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	2.9%	—
65	of which: capital conservation buffer requirement	2.5%	—
66	of which: countercyclical buffer requirement	0.4%	—
67	of which: systemic risk buffer requirement	0.0%	—
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.0%	—
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	14.3%	—

Amounts below the thresholds for deduction (before risk weighting)

72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1	—
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	746	—
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	27	—

Applicable caps on the inclusion of provisions in Tier 2

78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	35,613	—
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	214	—

Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)

80	Current cap on CET1 instruments subject to phase out arrangements	0	—
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	—
82	Current cap on AT1 instruments subject to phase out arrangements	1,379	—
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	—
84	Current cap on T2 instruments subject to phase out arrangements	350	—
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	—

P39

Capital adequacy, cont.

Minimum capital requirement and REA

EURm	31 Dec 2015		31 Dec 2014	
	Minimum capital requirement	REA	Minimum capital requirement	REA
Credit risk	6,346	79,328	5,759	71,986
- of which counterparty credit risk	133	1,660	100	1,249
IRB	2,849	35,613	2,674	33,429
- corporate	2,367	29,584	2,130	26,622
- advanced	1,717	21,467	1,461	18,257
- foundation	649	8,117	669	8,365
- institutions	256	3,195	302	3,777
- retail	125	1,562	148	1,854
- secured by immovable property collateral	7	84	7	86
- other retail	118	1,479	141	1,768
- other	102	1,272	94	1,176
Standardised	3,497	43,715	3,085	38,557
- central governments or central banks	5	66	14	174
- regional governments or local authorities	2	19	1	8
- public sector entities	—	—	—	—
- multilateral development banks	—	—	—	—
- international organisations	—	—	—	—
- institutions	1,279	15,986	1,319	16,481
- corporate	42	529	57	718
- retail	26	323	28	345
- secured by mortgages on immovable properties	212	2,646	202	2,530
- in default	3	43	5	60
- associated with particularly high risk	—	—	—	—
- covered bonds	0	0	0	0
- institutions and corporates with a short-term	—	—	—	—
- collective investments undertakings (CIU)	—	—	—	—
- equity	1,925	24,065	1,451	18,139
- other items	3	36	8	102
Credit Value Adjustment Risk	12	156	14	172
Market risk	210	2,623	218	2,724
- trading book, Internal Approach	23	288	42	524
- trading book, Standardised Approach ¹	—	—	2	26
- banking book, Standardised Approach	187	2,335	174	2,174
Operational risk	378	4,730	322	4,028
Standardised	378	4,730	322	4,028
Additional risk exposure amount due to Article 3 CRR	16	195	—	—
Sub total	6,963	87,032	6,313	78,910
Adjustment for Basel I floor				
Additional capital requirement according to Basel I floor	—	—	—	—
Total	6,963	87,032	6,313	78,910

1) Market risk – of which trading book, Standardised Approach, have been restated for 2014.

Leverage ratio

	31 Dec 2015	31 Dec 2014
Tier 1 capital, transitional definition, EURm ¹	19,314	20,047
Leverage ratio exposure, EURm	227,029	225,148
Leverage ratio, percentage	8.5	8.9

1) Including profit of the period.

More Capital Adequacy information can be found in the section “Risk, Liquidity and Capital Management”.

P39

Capital adequacy, cont.

Capital requirements for market risk, 31 December 2015

EURm	Trading book, IA		Trading book, SA		Banking book, SA		Total	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk & other ¹	16	1	—	—	—	—	16	1
Equity risk	122	10	—	—	—	—	122	10
Foreign exchange risk	23	2	—	—	2,335	187	2,357	189
Commodity risk	—	—	—	—	—	—	—	—
Settlement risk	—	—	—	—	—	—	—	—
Diversification effect	–9	–1	—	—	—	—	–9	–1
Stressed Value-at-Risk	136	11	—	—	—	—	136	11
Incremental Risk Measure	0	0	—	—	—	—	0	0
Comprehensive Risk Measure	—	—	—	—	—	—	—	—
Total	288	23	—	—	2,335	187	2,623	210

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.

Table A3–A5 include disclosure of capital instruments' main features in accordance with §6.4 in FFFS 2014:18 and using the template in Annex II in article 3 in Commission implementing regulation (EU) No 1423/2013. Template items are excluded if not applicable.

Table A3 – Capital main features template – CET 1

Common equity Tier 1 capital

1	Issuer	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	SE0000427361
3	Governing law(s) of the instrument	Swedish
<i>Regulatory treatment</i>		
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share capital as published in Regulation (EU) No 575/2013 article 28
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 4,050m
9	Nominal amount of instrument	EUR 4,049,951,919
10	Accounting classification	Shareholders' equity
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
<i>Coupons / dividends</i>		
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1
36	Non-compliant transitioned features	No

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Capital adequacy, cont.

Table A4 – Capital instruments' main features – AT

Additional Tier 1 instrument

1	Issuer	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0200688256	W5795#AA7	W5795#AB5	US65557CAM55/ US65557DAM39	US65557CAN39/ US65557DAL55	XS1202091325	XS1202091671	XS1202090947
3	Governing law(s) of the instrument	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law
<i>Regulatory treatment</i>									
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Tier 2	Ineligible	Ineligible	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1
6	Eligible at solo / (sub-)consolidated / solo & (sub-)consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.4	Additional Tier 1 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.4	Additional Tier 1 (grandfathered) as published in Regulation (EU) No 575/2013 article 484.4	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 52
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 500m	EUR 153m	EUR 76m	EUR 912m	EUR 455m	EUR 243m	EUR 129m	EUR 502m
9	Nominal amount of instrument	EUR 500m	JPY 20,000m / EUR 153m	JPY 10,000m / EUR 76m	USD 1,000m / EUR 919m	USD 500m / EUR 459m	SEK 2,250m / EUR 245m	NOK 1,250m / EUR 130m	USD 550m / EUR 505m
9a	Issue price	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	17-Sep-2004	04-Mar-2005	12-Oct-2005	23-Sep-2014	23-Sep-2014	12-Mar-2015	12-Mar-2015	12-Mar-2015
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	17-Sep-2009 In addition tax/ regulatory call 100 per cent of nominal amount	4-Mar-2035 In addition tax/ regulatory call 100 per cent of nominal amount	12-Oct-2035 In addition tax/ regulatory call 100 per cent of nominal amount	23-Sep-2019 In addition tax/ regulatory call 100 per cent of nominal amount	23-Sep-2024 In addition tax/ regulatory call 100 per cent of nominal amount	12-Mar-2020 In addition tax/ regulatory call 100 per cent of nominal amount	12-Mar-2020 In addition tax/ regulatory call 100 per cent of nominal amount	13-Sep-2021 In addition tax/ regulatory call 100 per cent of nominal amount
16	Subsequent call dates, if applicable	17-Mar and 17-Sep each year after first call date	4-Mar and 4-Sep each year after first call date	12-Apr and 12-Oct each year after first call date	23-Mar and 23-Sep each year after first call date	23-Mar and 23-Sep each year after first call date	12-Mar, 12-Jun, 12-Sep and 12-Dec each year after first call date	12-Mar, 12-Jun, 12-Sep and 12-Dec each year after first call date	13-Sep each year after first call date

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Capital adequacy, cont.

Additional Tier 1 instrument

Coupons / dividends

17	Fixed or floating dividend / coupon	Floating	Fixed to floating	Fixed to floating	Fixed	Fixed	Floating	Floating	Fixed
18	Coupon rate and any related index	Floating 10-year CMS +0.05 per cent per annum subject to 8 per cent cap	Fixed USD 3.75 per cent per annum, until first call date, thereafter floating 6-month JPY deposit +1.22 per cent per annum	Fixed USD 3.84 per cent per annum, until first call date, thereafter floating 6-month JPY deposit +1.40 per cent per annum	Fixed 5.50 per cent per annum, until first call date, thereafter fixed 5-year mid swap +3.563 per cent per annum	Fixed 6.125 per cent per annum, until first call date, thereafter fixed 5-year mid swap +3.388 per cent per annum	Floating 3-month STIBOR +3.10 per cent per annum	Floating 3-month NIBOR +3.10 per cent per annum	Fixed 5.25 per cent per annum, until first call date, thereafter fixed 5-year mid swap +3.244 per cent per annum
19	Existence of a dividend stopper	Yes	Yes	Yes	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary Dividend stopper	Partially discretionary Dividend stopper	Partially discretionary Dividend stopper	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Partially discretionary	Partially discretionary	Partially discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	Yes	Yes	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down features	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	To avoid liquidation	To avoid liquidation	To avoid liquidation	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent	Group CET1 ratio 8 per cent Issuer CET1 ratio 5.125 per cent
32	If write-down, full or partial	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	Shareholders resolution regarding reconversion and reinstatement made out of available distributable funds	Shareholders resolution regarding reconversion and reinstatement made out of available distribution funds	Shareholders resolution regarding reconversion and reinstatement made out of available distribution funds	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group	Fully discretionary, if a positive net profit of both Issuer and Group
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
36	Non-compliant transitioned features	Yes	Yes	Yes	No	No	No	No	No
37	If yes, specify non-compliant features	No specified trigger level, dividend stopper	No specified trigger level, step-up, dividend stopper	No specified trigger level, step-up, dividend stopper	N/A	N/A	N/A	N/A	N/A

P39

Capital adequacy, cont.

Table A5 – Capital instruments' main features – T2

Tier 2 instrument

1	Issuer	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0497179035	XS0544654162	US65557FAA49/ US65557HAA05	XS0743689993	US65557FAD87/ US65557HAD44
3	Governing law(s) of the instrument	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by the laws of the State of New York, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by the laws of the State of New York, except for the subordination provisions which are governed by Swedish law
<i>Regulatory treatment</i>						
4	Transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/ (sub-)consolidated/ solo & (sub-)consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 845m (84.5 per cent of Nominal amount, <5 yrs to maturity)	EUR 747m	EUR 1,142m	EUR 749m	EUR 911m
9	Nominal amount of instrument	EUR 1,000m	EUR 750m	USD 1,250m / EUR 1,148m	EUR 750m	USD 1,000m / EUR 919m
9a	Issue price	99.810 per cent	99.699 per cent	99.508 per cent	99.803 per cent	99.364 per cent
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	26-Mar-2010	29-Sep-2010	13-May-2011	15-Feb-2012	21-Sep-2012
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	26-Mar-2020	29-Mar-2021	13-May-2021	15-Feb-2022	21-Sep-2022
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Tax/regulatory call 100 per cent of nominal amount	Tax call 100 per cent of nominal amount	Tax call 100 per cent of nominal amount	15-Feb-2017 In addition tax call 100 per cent of nominal amount	Tax/regulatory call 100 per cent of nominal amount
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A

P39

Capital adequacy, cont.

Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)	Nordea Bank AB (publ)
XS1292434146	XS1292433767	N/A	XS1317439559
Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law	Governed by English law, except for the subordination provisions which are governed by Swedish law
Tier 2	Tier 2	Tier 2	Tier 2
Tier 2	Tier 2	Tier 2	Tier 2
Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
EUR 185m	EUR 250m	EUR 114m	EUR 743m
SEK 1,700m / EUR 185m	SEK 2,300m / EUR 250m	JPY 15,000m / EUR 114m	EUR 750m
100 per cent	100 per cent	100 per cent	99.434 per cent
100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
17-Sep-2015	17-Sep-2015	06-Oct-2015	10-Nov-2015
Dated	Dated	Dated	Dated
17-Sep-2025	17-Sep-2025	06-Oct-2025	10-Nov-2025
Yes	Yes	Yes	Yes
17-Sep-2020 In addition tax/regulatory call 100 per cent of nominal amount	17-Sep-2020 In addition tax/regulatory call 100 per cent of nominal amount	Tax/regulatory call 100 per cent of nominal amount	10-Nov-2020 In addition tax/regulatory call 100 per cent of nominal amount
17-Mar, 17-Jun, 17-Sep and 17-Dec each year after first call date	17-Sep each year after first call date	N/A	10-Nov each year after first call date

P39

Capital adequacy, cont.

Table A5 – Capital instruments' main features – T2, cont.

Tier 2 instrument

Coupons / dividends

17	Fixed or floating dividend / coupon	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	4.50%	4.00%	4.875%	Fixed 4.625 per cent per annum (equivalent to Euro Swap Rate +3.15 per cent per annum) to call date, thereafter reset fixed rate to Euro Swap Rate +3.15 per cent per annum	4.250%
19	Existence of a dividend stopper	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down features	No	No	No	No	No
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior debt	Senior debt	Senior debt	Senior debt	Senior debt
36	Non-compliant transitioned features	No	No	No	No	No

P39

Capital adequacy, cont.

Floating	Fixed	Fixed	Fixed
Floating 3-month STIBOR +1.5 per cent per annum	Fixed 1.935 per cent per annum, until first call date, thereafter fixed 5-year mid swap +1.5 per cent per annum	1.160%	Fixed 1.875 per cent per annum, until first call date, thereafter fixed 5-year mid swap +1.7 per cent per annum
No	No	No	No
Mandatory	Mandatory	Mandatory	Mandatory
Mandatory	Mandatory	Mandatory	Mandatory
No	No	No	No
Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Non-convertible	Non-convertible	Non-convertible	Non-convertible
No	No	No	No
Senior debt	Senior debt	Senior debt	Senior debt
No	No	No	No

P40

Classification of financial instruments

				Financial assets at fair value through profit or loss				
	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-finan- cial assets, group/ associated under- takings	Total
31 Dec 2015, EURm								
Assets								
Cash and balances with central banks	75	—	—	—	—	—	—	75
Treasury bills	32	—	3,999	—	—	2,874	—	6,905
Loans to credit institutions	90,005	—	4	0	—	—	—	90,009
Loans to the public	41,104	—	4,716	—	—	—	—	45,820
Interest-bearing securities	28	2	3,963	86	—	8,084	—	12,163
Financial instruments pledged as collateral	—	—	—	—	—	—	—	—
Shares	—	—	2,330	33	—	—	—	2,363
Derivatives	—	—	2,863	—	2,148	—	—	5,011
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1	—	—	—	—	—	—	1
Investments in group undertakings	—	—	—	—	—	—	19,394	19,394
Investments in associated undertakings	—	—	—	—	—	—	7	7
Intangible assets	—	—	—	—	—	—	1,091	1,091
Property and equipment	—	—	—	—	—	—	138	138
Deferred tax assets	—	—	—	—	—	—	26	26
Current tax assets	—	—	—	—	—	—	3	3
Other assets	629	—	—	1,010	—	—	2,748	4,387
Prepaid expenses and accrued income	679	—	—	—	—	—	101	780
Total	132,553	2	17,875	1,129	2,148	10,958	23,508	188,173

	Financial liabilities at fair value through profit or loss		Derivatives used for hedging	Other financial liabilities	Non-fin- ancial liabi- ties	Total
31 Dec 2015, EURm	Held for trading	Designated at fair value through profit or loss				
Liabilities						
Deposits by credit institutions	337	983	—	17,749	—	19,069
Deposits and borrowings from the public	1,014	683	—	59,346	—	61,043
Debt securities in issue	—	—	—	68,908	—	68,908
Derivatives	3,109	—	1,071	—	—	4,180
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	1,158	—	1,158
Current tax liabilities	—	—	—	—	34	34
Other liabilities	136	1,982	—	330	1,083	3,531
Accrued expenses and prepaid income	—	—	—	232	527	759
Deferred tax liabilities	—	—	—	—	—	—
Provisions	—	—	—	—	301	301
Retirement benefit liabilities	—	—	—	—	159	159
Subordinated liabilities	—	—	—	8,951	—	8,951
Total	4,596	3,648	1,071	156,674	2,104	168,093

P40

Classification of financial instruments, cont.

				Financial assets at fair value through profit or loss				
	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-finan- cial assets, group/ associated under- takings	Total
31 Dec 2014, EURm								
Assets								
Cash and balances with central banks	931	—	—	—	—	—	—	931
Treasury bills	—	—	2,427	—	—	2,608	—	5,035
Loans to credit institutions	86,259	—	445	0	—	—	—	86,704
Loans to the public	34,804	—	5,005	—	—	—	—	39,809
Interest-bearing securities	10	112	3,687	—	—	7,512	—	11,321
Financial instruments pledged as collateral	—	—	43	—	—	—	—	43
Shares	—	—	6,028	33	—	—	—	6,061
Derivatives	—	—	3,682	—	2,299	—	—	5,981
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1	—	—	—	—	—	—	1
Investments in group undertakings	—	—	—	—	—	—	16,986	16,986
Investments in associated undertakings	—	—	—	—	—	—	7	7
Intangible assets	—	—	—	—	—	—	758	758
Property and equipment	—	—	—	—	—	—	119	119
Deferred tax assets	—	—	—	—	—	—	14	14
Current tax assets	—	—	—	—	—	—	50	50
Other assets	786	—	—	10	—	—	2,931	3,727
Prepaid expenses and accrued income	803	—	—	—	—	—	81	884
Total	123,594	112	21,317	43	2,299	10,120	20,946	178,431

	Financial liabilities at fair value through profit or loss					
	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-finan- cial liabili- ties	Total
31 Dec 2014, EURm						
Liabilities						
Deposits by credit institutions	2,508	2,026	—	22,918	—	27,452
Deposits and borrowings from the public	268	466	—	48,633	—	49,367
Debt securities in issue	—	—	—	63,280	—	63,280
Derivatives	3,443	—	1,210	—	—	4,653
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	1,368	—	1,368
Current tax liabilities	—	—	—	—	4	4
Other liabilities	285	—	—	443	2,167	2,895
Accrued expenses and prepaid income	—	—	—	198	444	642
Deferred tax liabilities	—	—	—	—	0	0
Provisions	—	—	—	—	206	206
Retirement benefit liabilities	—	—	—	—	171	171
Subordinated liabilities	—	—	—	7,728	—	7,728
Total	6,504	2,492	1,210	144,568	2,992	157,766

P40**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 funding of Markets operations is 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 changes 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 term nature (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

	Carrying amount	Amount to be paid at maturity
2015, EURm		
Financial liabilities designated at fair value through profit or loss	3,648	3,648

	Carrying amount	Amount to be paid at maturity
2014, EURm		
Financial liabilities designated at fair value through profit or loss	2,492	2,492

P41**Assets and liabilities at fair value****Fair value of financial assets and liabilities**

EURm	31 Dec 2015		31 Dec 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	75	75	931	931
Treasury bills	6,905	6,905	5,035	5,035
Loans	135,830	136,258	126,514	126,518
Interest-bearing securities	12,163	12,163	11,321	11,322
Financial instruments pledged as collateral	—	—	43	43
Shares	2,363	2,363	6,061	6,061
Derivatives	5,011	5,011	5,981	5,981
Other assets	1,639	1,639	796	796
Prepaid expenses and accrued income	679	679	803	803
Total financial assets	164,665	165,093	157,485	157,490
Financial liabilities				
Deposits and debt instruments	159,129	159,080	149,195	149,792
Derivatives	4,180	4,180	4,653	4,653
Other liabilities	2,448	2,448	728	728
Accrued expenses and prepaid income	232	232	198	198
Total financial liabilities	165,989	165,940	154,774	155,371

For information about valuation of items measured at fair value on the balance sheet, see Note G1 "Accounting policies" and the section "Determination of fair value items measured at fair value on the balance sheet" in Note G39 "Assets and liabilities at fair value". For information about valuation of items not measured at fair value on the balance sheet, see the section "Financial assets and liabilities not held at fair value on the balance sheet", in Note G39.

P41

Assets and liabilities at fair value, cont.

Assets and liabilities held at fair value on the balance sheet

Categorisation into the fair value hierarchy

31 Dec 2015, 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 at fair value on the balance sheet¹				
Treasury bills	2,613	4,260	—	6,873
Loans to credit institutions	—	4	—	4
Loans to the public	—	4,716	—	4,716
Interest-bearing securities ²	6,944	5,034	155	12,133
Shares	2,334	—	29	2,363
Derivatives	4	4,983	24	5,011
Other assets	—	1,010	—	1,010
Total	11,895	20,007	208	32,110
Liabilities at fair value on the balance sheet¹				
Deposits by credit institutions	—	1,320	—	1,320
Deposits and borrowings from the public	—	1,697	—	1,697
Derivatives	7	4,150	23	4,180
Other liabilities	—	2,118	—	2,118
Total	7	9,285	23	9,315

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

2) Of which EUR 0m relates to the balance sheet item Financial instruments pledged as collateral.

31 Dec 2014, 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 at fair value on the balance sheet¹				
Treasury bills	2,814	2,221	—	5,035
Loans to credit institutions	—	445	—	445
Loans to the public	—	5,005	—	5,005
Interest-bearing securities ²	7,229	3,858	155	11,242
Shares	6,032	—	29	6,061
Derivatives	50	5,911	20	5,981
Other assets	—	10	—	10
Total	16,125	17,450	204	33,779
Liabilities at fair value on the balance sheet¹				
Deposits by credit institutions	—	4,534	—	4,534
Deposits and borrowings from the public	—	734	—	734
Derivatives	51	4,590	12	4,653
Other liabilities	185	100	—	285
Total	236	9,958	12	10,206

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

2) Of which EUR 43m relates to the balance sheet item Financial instruments pledged as collateral.

For determination of fair values for items measured at fair value on the balance sheet, see Note G39 “Assets and liabilities at fair value”.

Transfers between Level 1 and 2

No transfers between Level 1 and 2 have occurred during the year. During 2014 the parent company transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 570m from Level 2 to Level 1 of the fair value hierarchy. The reason for the 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. Transfers between levels are considered to have occurred at the end of the year.

P41

Assets and liabilities at fair value, cont.

Movements in Level 3

31 Dec 2015, EURm	1 Jan 2015	Purchases	Transfers into level 3	Transfers out of level 3	31 Dec 2015
Interest-bearing securities	155	—	—	—	155
Shares	29	—	—	—	29
Derivatives (net)	8	–1	–1	–5	1

During the year Nordea Bank AB transferred derivatives (net) of EUR –5m from Level 3 to Level 2 and EUR –1m from Level 2 to Level 3. The reason for the transfer from Level 3 to Level 2 was that observable market data became available. The reason for the transfer from Level 2 to Level 3 was that observable market data was no longer available. Transfers

between levels are considered to have occurred at the end of the year. Fair value gains and losses in the income statement during the year are included in “Net result from items at fair value” (see Note G5). Assets and liabilities related to derivatives are presented net.

31 Dec 2014, EURm	1 Jan 2014	Reclassification	Fair value gains/losses recognised in the income statement during the year			31 Dec 2014
			Realised	Unrealised	Sales	
Interest-bearing securities	159	—	—	—	–4	155
Shares	25	—	4	—	—	29
Derivatives (net)	18	–3	—	–7	—	8

Unrealised gains and losses relates to those assets and liabilities held at the end of the year. No transfers have been made into or out of Level 3. Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in Level 3

Financial instruments

For information about the valuation processes, see Note G39 “Assets and liabilities at fair value”.

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

31 Dec 2015, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value
Interest-bearing securities				
Credit institutions ¹	155	Discounted cash flows	Credit spread	+/-0
Total	155			+/-0
Shares				
Unlisted shares	29	Net asset value	—	+/-0
Total	29			+/-0
Derivatives				
Interest rate derivatives	1	Option model	Corrections, Volatilities	+/-0
Total	1			+/-0

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

P41

Assets and liabilities at fair value, cont.

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

31 Dec 2014, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value
Interest-bearing securities				
Credit institutions ¹	155	Discounted cash flows	Credit spread	+/-0
Total	155			+/-0
Shares				
Unlisted shares	29	Net asset value	—	+/-2
Total	29			+/-2
Derivatives				
Interest rate derivatives	8	Option model	Corrections, Volatilities	+/-0
Total	8			+/-0

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

For more information about measurement of the fair values in the table above, see section “Financial assets and liabilities not held at fair value on the balance sheet” in Note G39 “Financial assets and liabilities not held at fair value”.

Financial assets and liabilities not held at fair value on the balance sheet

	31 Dec 2015		31 Dec 2014		Level in fair value hierarchy
31 Dec 2015, EURm	Carrying amount	Fair value	Carrying amount	Fair value	
Assets not held at fair value on the balance sheet					
Cash and balances with central banks	75	75	931	931	3
Treasury bills ^{1,2}	32	32	0	0	3
Loans	131,110	131,538	121,063	121,068	3
Interest-bearing securities ²	30	30	122	123	1, 2, 3
Other assets	629	629	786	786	3
Prepaid expenses and accrued income	679	679	803	803	3
Total	132,555	132,983	123,705	123,711	
Liabilities not held at fair value on the balance sheet					
Deposits and debt instruments	156,112	156,063	143,927	144,524	3
Other liabilities	330	330	443	443	3
Accrued expenses and prepaid income	232	232	198	198	3
Total	156,674	156,625	144,568	145,165	

1) The measurement principles follow those for similar instruments that are held at fair value on the balance sheet.

2) The fair value of Treasury bills and Interest-bearing securities is EUR 62m (EUR 123m), of which EUR 2m (EUR 54m) is categorised in level 1 and EUR 0m (EUR 69m) in level 2 and EUR 60m (EUR 0m) in level 3 of the fair value hierarchy.

For more information about measurement of the fair values in the table above, see section “Financial assets and liabilities not held at fair value on the balance sheet” in Note G39 “Financial assets and liabilities not held at fair value”.

P42**Financial instruments set off on balance or subject to netting agreements**

31 Dec 2015, 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			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	4,696	-320	4,376	-2,111	—	-1,854	411
Securities borrowing agreements	4,718	—	4,718	—	-4,718	—	0
Total	9,414	-320	9,094	-2,111	-4,718	-1,854	411

31 Dec 2015, 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			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	4,289	-320	3,969	-2,111	—	-130	1,728
Securities lending agreements	1,351	—	1,351	—	-1,351	—	0
Total	5,640	-320	5,320	-2,111	-1,351	-130	1,728

1) All amounts are measured at fair value.

2) Securities borrowing agreements are on the balance sheet classified as "Loans to credit institutions" or "Loans to the public". Securities lending agreements are on the balance sheet classified as "Deposits by credit institution" or as "Deposits and borrowings from the public".

31 Dec 2014, 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			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	5,558	-70	5,488	-1,286	—	-2,157	2,045
Reverse repurchase agreements	218	—	218	—	—	—	218
Securities borrowing agreements	5,232	—	5,232	—	-5,232	—	0
Total	11,008	-70	10,938	-1,286	-5,232	-2,157	2,263

31 Dec 2014, 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			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	4,189	-70	4,119	-1,286	—	-363	2,470
Repurchase agreements	43	—	43	—	—	—	43
Securities lending agreements	2,732	—	2,732	—	-2,732	—	0
Total	6,964	-70	6,894	-1,286	-2,732	-363	2,513

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 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".

For more information about the master netting arrangements and similar agreements see section "Enforcable master netting arrangements and similar agreements" in Note G40 "Financial instruments set off on balance or subject to netting agreements".

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Assets and liabilities in foreign currencies

31 Dec 2015, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Total assets	58.6	55.3	6.4	2.2	37.0	28.7	188.2
Total liabilities	37.9	55.9	6.4	2.2	37.0	28.7	168.1

31 Dec 2014, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Total assets	57.2	57.5	2.4	4.5	35.8	21.0	178.4
Total liabilities	36.2	57.9	2.4	4.5	35.8	21.0	157.8

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Transferred assets and obtained collaterals

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 2015	31 Dec 2014
Repurchase agreements		
Treasury bills	—	43
Total	—	43

Liabilities associated with the assets

EURm	31 Dec 2015	31 Dec 2014
Repurchase agreements		
Deposits by credit institutions	—	43
Total	—	43

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 2015	31 Dec 2014
Reverse repurchase agreements		
Received collaterals which can be repledged or sold	—	214
– of which repledged or sold	—	—
Securities borrowing agreements		
Received collaterals which can be repledged or sold	4,718	5,232
– of which repledged or sold	4,718	5,232
Total	4,718	5,446

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Maturity analysis for assets and liabilities

Expected maturity

	Note	31 Dec 2015, EURm			31 Dec 2014, EURm		
		Expected to be recovered or settled:			Expected to be recovered or settled:		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with central banks		75	—	75	931	—	931
Treasury bills	P14	3,295	3,610	6,905	—	5,035	5,035
Loans to credit institutions	P15	60,125	29,884	90,009	62,067	24,637	86,704
Loans to the public	P15	37,993	7,827	45,820	34,829	4,980	39,809
Interest-bearing securities	P16	2,165	9,998	12,163	3,849	7,472	11,321
Financial instruments pledged as collateral	P17	—	—	—	43	—	43
Shares	P18	2,330	33	2,363	6,028	33	6,061
Derivatives	P19	994	4,017	5,011	1,520	4,461	5,981
Fair value changes of the hedged items in portfolio hedge of interest rate risk		0	1	1	—	1	1
Investments in group undertakings	P20	30	19,364	19,394	30	16,956	16,986
Investments in associated undertakings	P21	—	7	7	—	7	7
Intangible assets	P22	—	1,091	1,091	—	758	758
Property and equipment	P23	—	138	138	0	119	119
Deferred tax assets	P13	20	6	26	11	3	14
Current tax assets		3	—	3	50	—	50
Other assets	P24	4,387	—	4,387	3,727	—	3,727
Prepaid expenses and accrued income	P25	412	368	780	496	388	884
Total assets		111,829	76,344	188,173	113,581	64,850	178,431
Deposits by credit institutions	P26	12,693	6,376	19,069	15,595	11,857	27,452
Deposits and borrowings from the public	P27	60,367	676	61,043	48,948	419	49,367
Debt securities in issue	P28	32,726	36,182	68,908	33,755	29,525	63,280
Derivatives	P19	1,151	3,029	4,180	1,023	3,630	4,653
Fair value changes of the hedged items in portfolio hedge of interest rate risk		296	862	1,158	178	1,190	1,368
Current tax liabilities		34	—	34	4	—	4
Other liabilities	P29	3,531	—	3,531	2,895	—	2,895
Accrued expenses and prepaid income	P30	759	—	759	642	—	642
Deferred tax liabilities	P13	0	0	0	0	—	0
Provisions	P31	299	2	301	43	163	206
Retirement benefit liabilities	P32	8	151	159	—	171	171
Subordinated liabilities	P33	642	8,309	8,951	—	7,728	7,728
Total liabilities		112,506	55,587	168,093	103,083	54,683	157,766

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Maturity analysis for assets and liabilities, cont.

Contractual undiscounted cash flows

31 Dec 2015, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Treasury bills	—	96	1,823	4,786	407	7,112
Loans to credit institutions	3,456	50,765	14,488	18,984	3,378	91,071
Loans to the public	1,138	13,205	6,059	19,836	9,202	49,440
Interest-bearing securities	—	2,338	1,666	9,084	834	13,922
Other	—	33,443	—	—	—	33,443
Total financial assets	4,594	99,847	24,036	52,690	13,821	194,988
Deposits by credit institutions	3,243	8,866	2,258	4,385	405	19,157
Deposits and borrowings from the public	52,019	7,137	1,633	270	1	61,060
– of which Deposits	52,019	6,123	1,633	270	1	60,046
– of which Borrowings	—	1,014	—	—	—	1,014
Debt securities in issue	—	25,506	11,752	32,648	12,419	82,325
– of which Debt securities in issue	—	25,332	11,580	27,180	7,278	71,370
– of which Other	—	174	172	5,468	5,141	10,955
Other	—	30,486	—	—	—	30,486
Total financial liabilities	55,262	71,995	15,643	37,303	12,825	193,028
Derivatives, cash inflow	—	68,574	8,698	14,606	5,603	97,481
Derivatives, cash outflow	—	68,234	8,096	12,160	4,690	93,180
Net exposure	—	340	602	2,446	913	4,301
Exposure	–50,668	28,192	8,995	17,833	1,909	6,261
Cumulative exposure	–50,668	–22,476	–13,481	4,352	6,261	6,261

31 Dec 2014, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Treasury bills	—	78	681	4,020	639	5,418
Loans to credit institutions	8,033	38,555	18,687	16,661	8,881	90,817
Loans to the public	727	13,870	6,802	15,941	6,437	43,777
Interest-bearing securities	—	1,095	1,926	8,333	797	12,151
Other	—	13,606	—	—	—	13,606
Total financial assets	8,760	67,204	28,096	44,955	16,754	165,769
Deposits by credit institutions	3,344	15,023	1,698	7,484	293	27,842
Deposits and borrowings from the public	38,699	7,658	2,410	432	—	49,199
– of which Deposits	38,699	7,658	2,410	432	—	49,199
Debt securities in issue	—	19,491	19,093	23,767	16,989	79,340
– of which Debt securities in issue	—	18,574	17,884	22,723	10,129	69,310
– of which Other	—	917	1,209	1,044	6,860	10,030
Other	—	6,939	—	—	—	6,939
Total financial liabilities	42,043	49,111	23,201	31,683	17,282	163,320
Derivatives, cash inflow	—	28,770	5,394	17,159	5,759	57,082
Derivatives, cash outflow	—	27,963	5,282	16,281	5,152	54,678
Net exposure	—	807	112	878	607	2,404
Exposure	–33,283	18,900	5,007	14,150	79	4,853
Cumulative exposure	–33,283	–14,383	–9,376	4,774	4,853	—

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 27,927m (EUR

23,824m), which could be drawn on at any time. Nordea has also issued guarantees of EUR 72,402m (EUR 71,103m) which may lead to future cash outflows if certain events occur.

For further information about remaining maturity, see also the section “Risk, Liquidity and Capital management”.

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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 “Accounting policies”, section 26 and Note G45 “Related-party transactions”.

EURm	Group undertakings		Associated undertakings		Other related parties	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Assets						
Loans and receivables	85,865	82,711	333	369	—	—
Interest-bearing securities	87	64	—	—	—	—
Derivatives	1,780	2,495	—	5	—	—
Investments in associated undertakings	—	—	—	7	—	—
Investments in group undertakings	19,394	16,986	—	—	—	—
Other assets	914	857	—	—	—	—
Prepaid expenses and accrued income	579	638	—	—	—	—
Total assets	108,619	103,751	333	381	—	—

EURm	Group undertakings		Associated undertakings		Other related parties	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Liabilities						
Deposits	13,052	15,240	3	2	43	20
Debt securities in issue	111	260	—	—	—	—
Derivatives	2,798	3,246	5	—	—	—
Other liabilities	2	4	—	—	—	—
Accrued expenses and deferred income	286	240	—	—	—	—
Subordinated liabilities	12	20	—	—	—	—
Total liabilities	16,261	19,010	8	2	43	20
Off balance¹	70,814	72,836	1,668	1,809	—	—

1) Including guarantees to Nordea Bank Finland Plc and Nordea Bank Polska S.A., see Note P37 “Contingent liabilities” as well as nominal values on derivatives in associated undertakings.

EURm	Group undertakings		Associated undertakings		Other related parties	
	2015	2014	2015	2014	2015	2014
Net interest income and expenses	–26	108	1	3	0	0
Net fee and commission income	399	406	0	0	—	—
Net result from items at fair value	–229	–309	–3	12	—	—
Other operating income	748	687	—	—	—	—
Total operating expenses	–565	–137	0	0	—	—
Profit before loan losses	327	755	–2	15	0	0

Compensation and loans to key management personnel

Compensation and loans to key management personnel are specified in Note G7 “Staff costs”.

Other related-party transactions

Nordea Bank AB (publ) takes part in a guarantee consortium to support Norwegian Eksportfinans ASA. For further information, see Note G45 “Related-party transactions”.

Signing of the Annual Report

The Board of Directors and the President and Group CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the International Reporting Standards (IFRS/IAS) referred to in the European parliament and councils' regulation (EC) 1606/2002, from 19 July 2002, on application of International Accounting Standards. They give a true and fair view of the Group's and the Company's financial position and result. The Board of Directors' Report for the Group and the Company gives a true and fair overview of the development of the operations, financial position and result of the Group and the Company and describes the material risks and uncertainties that the Company and the Group companies are facing.

4 February 2016

Björn Wahlroos
Chairman

Marie Ehrling
Vice Chairman

Kari Ahola
Board member¹

Tom Knutzen
Board member

Robin Lawther
Board member

Toni H. Madsen
Board member¹

Lars G Nordström
Board member

Hans Christian Riise
Board member¹

Sarah Russell
Board member

Silvija Seres
Board member

Kari Stadigh
Board member

Birger Steen
Board member

Casper von Koskull
President and Group CEO

Our audit report was submitted on 12 February 2016

Öhrlings PricewaterhouseCoopers AB

Peter Clemedtson
*Authorised Public Accountant
Auditor-in-charge*

Catarina Ericsson
Authorised Public Accountant

1) Employee representative.

Auditor's report

To the annual meeting of the shareholders of Nordea Bank AB (publ)
Corporate identity number 516406-0120

Report on the annual accounts and the consolidated accounts

We have audited the annual accounts and the consolidated accounts of Nordea Bank AB (publ) for the year 2015. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 26–210.

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 2015 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 2015 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 Directors' 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 2015.

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, 12 February 2016

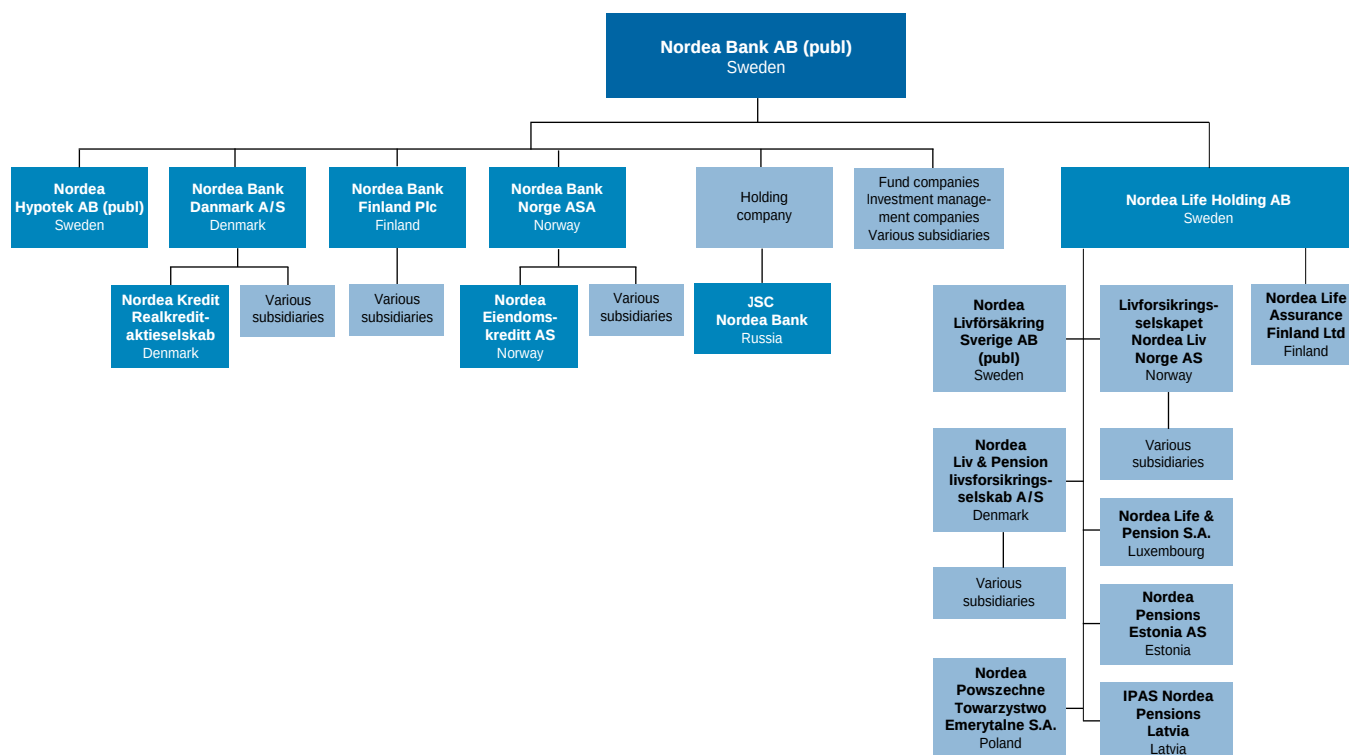
Öhrlings PricewaterhouseCoopers AB

Peter Clemedtson
Authorised Public Accountant
Auditor-in-charge

Catarina Ericsson
Authorised Public Accountant

Legal structure

Main legal structure*, as of 31 December 2015



* Further information is presented in Note P20. Nordea's banking business in the Baltic countries is operated as branches of Nordea Bank AB (publ).

ANNEX 3
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE ISSUER FOR
THE NINE MONTHS ENDED 30 SEPTEMBER 2017

Income statement

	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
EURm					
Operating income					
Interest income	1,915	1,917	5,741	5,842	7,747
Interest expense	-730	-739	-2,184	-2,324	-3,020
Net interest income	1,185	1,178	3,557	3,518	4,727
Fee and commission income	1,019	1,023	3,169	3,016	4,098
Fee and commission expense	-205	-228	-639	-645	-860
Net fee and commission income	814	795	2,530	2,371	3,238
Net result from items at fair value	357	480	1,093	1,217	1,715
Profit from associated undertakings and joint ventures accounted for under the equity method	3	-2	7	108	112
Other operating income	14	15	54	103	135
Total operating income	2,373	2,466	7,241	7,317	9,927
Operating expenses					
General administrative expenses:					
Staff costs	-757	-743	-2,351	-2,239	-2,926
Other expenses	-377	-389	-1,197	-1,171	-1,646
Depreciation, amortisation and impairment charges of tangible and intangible assets	-70	-51	-193	-157	-228
Total operating expenses	-1,204	-1,183	-3,741	-3,567	-4,800
Profit before loan losses	1,169	1,283	3,500	3,750	5,127
Net loan losses	-79	-135	-298	-373	-502
Operating profit	1,090	1,148	3,202	3,377	4,625
Income tax expense	-258	-260	-783	-711	-859
Net profit for the period	832	888	2,419	2,666	3,766
Attributable to:					
Shareholders of Nordea Bank AB (publ)	828	888	2,407	2,666	3,766
Non-controlling interests	4	-	12	-	-
Total	832	888	2,419	2,666	3,766
Basic earnings per share, EUR	0.21	0.22	0.60	0.66	0.93
Diluted earnings per share, EUR	0.21	0.22	0.60	0.66	0.93

Statement of comprehensive income

	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
EURm					
Net profit for the period	832	888	2,419	2,666	3,766
Items that may be reclassified subsequently to the income statement					
Currency translation differences during the period	29	194	-257	414	438
Tax on currency translation differences during the period	-3	-	-1	-	-
<i>Hedging of net investments in foreign operations:</i>					
Valuation gains/losses during the period	-26	-148	80	-234	-219
Tax on valuation gains/losses during the period	5	32	-18	51	48
<i>Available for sale investments:</i> ¹					
Valuation gains/losses during the period, net of recycling	9	51	55	122	117
Tax on valuation gains/losses during the period	-2	-12	-13	-28	-27
<i>Cash flow hedges:</i>					
Valuation gains/losses during the period, net of recycling	-3	-58	-108	-47	-44
Tax on valuation gains/losses during the period	0	13	24	11	10
Items that may not be reclassified subsequently to the income statement					
<i>Defined benefit plans:</i>					
Remeasurement of defined benefit plans	57	-39	57	-461	-205
Tax on remeasurement of defined benefit plans	-13	9	-12	104	47
Other comprehensive income, net of tax	53	42	-193	-68	165
Total comprehensive income	885	930	2,226	2,598	3,931
Attributable to:					
Shareholders of Nordea Bank AB (publ)	881	930	2,214	2,598	3,931
Non-controlling interests	4	-	12	-	-
Total	885	930	2,226	2,598	3,931

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

Balance sheet

	30 Sep 2017	31 Dec 2016	30 Sep 2016
EURm			
Assets			
Cash and balances with central banks	48,284	32,099	49,266
Loans to central banks	5,841	11,235	10,862
Loans to credit institutions	14,362	9,026	12,752
Loans to the public	313,706	317,689	325,596
Interest-bearing securities	87,580	87,701	82,974
Financial instruments pledged as collateral	7,279	5,108	10,389
Shares	29,540	21,524	22,200
Assets in pooled schemes and unit-linked investment contracts	25,472	23,102	23,149
Derivatives	48,637	69,959	80,529
Fair value changes of the hedged items in portfolio hedge of interest rate risk	143	178	137
Investments in associated undertakings and joint ventures	572	588	775
Intangible assets	4,071	3,792	3,594
Property and equipment	634	566	572
Investment properties	3,280	3,119	2,984
Deferred tax assets	81	60	232
Current tax assets	519	288	328
Retirement benefit assets	379	306	123
Other assets	16,305	18,973	20,553
Prepaid expenses and accrued income	1,620	1,449	1,590
Assets held for sale	6,972	8,897	8,585
Total assets	615,277	615,659	657,190
Liabilities			
Deposits by credit institutions	54,243	38,136	58,387
Deposits and borrowings from the public	182,247	174,028	187,411
Deposits in pooled schemes and unit-linked investment contracts	25,828	23,580	23,633
Liabilities to policyholders	42,471	41,210	40,086
Debt securities in issue	182,625	191,750	191,380
Derivatives	45,485	68,636	77,400
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,754	2,466	3,678
Current tax liabilities	565	487	833
Other liabilities	30,236	24,413	25,481
Accrued expenses and prepaid income	1,942	1,758	1,846
Deferred tax liabilities	823	830	620
Provisions	239	306	345
Retirement benefit obligations	246	302	492
Subordinated liabilities	9,181	10,459	10,096
Liabilities held for sale	5,094	4,888	4,432
Total liabilities	582,979	583,249	626,120
Equity			
Non-controlling interests	162	1	1
Share capital	4,050	4,050	4,050
Share premium reserve	1,080	1,080	1,080
Other reserves	-1,216	-1,023	-1,256
Retained earnings	28,222	28,302	27,195
Total equity	32,298	32,410	31,070
Total liabilities and equity	615,277	615,659	657,190
Assets pledged as security for own liabilities	201,479	189,441	193,078
Other assets pledged	5,400	8,330	5,179
Contingent liabilities	19,363	23,089	22,514
Credit commitments ¹	77,117	77,881	77,157
Other commitments	2,355	1,553	1,601

¹ Including unutilised portion of approved overdraft facilities of EUR 31,697m (31 Dec 2016: EUR 30,703m, 30 Sep 2016: EUR 31,219m).

Statement of changes in equity

	Attributable to shareholders of Nordea Bank AB (publ)							Total	Non-controlling interests	Total equity
	Share capital ¹	Share premium reserve	Other reserves:							
			Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans				
EURm							Retained earnings			
Balance at 1 Jan 2017	4,050	1,080	-1,350	37	80	210	28,302	32,409	1	32,410
Net profit for the period	-	-	-	-	-	-	2,407	2,407	12	2,419
Other comprehensive income, net of tax	-	-	-196	-84	42	45	-	-193	-	-193
Total comprehensive income	-	-	-196	-84	42	45	2,407	2,214	12	2,226
Dividend for 2016	-	-	-	-	-	-	-2,625	-2,625	-	-2,625
Divestment of own shares ³	-	-	-	-	-	-	16	16	-	16
Other changes ⁴	-	-	-	-	-	-	122	122	149	271
Balance at 30 Sep 2017	4,050	1,080	-1,546	-47	122	255	28,222	32,136	162	32,298

Attributable to shareholders of Nordea Bank AB (publ)										
	Share capital ¹	Share premium reserve	Other reserves:				Retained earnings	Total	Non-controlling interests	Total equity
			Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans				
EURm										
Balance at 1 Jan 2016	4,050	1,080	-1,617	71	-10	368	27,089	31,031	1	31,032
Net profit for the period	-	-	-	-	-	-	3,766	3,766	-	3,766
Other comprehensive income, net of tax	-	-	267	-34	90	-158	-	165	-	165
Total comprehensive income	-	-	267	-34	90	-158	3,766	3,931	-	3,931
Dividend for 2015	-	-	-	-	-	-	-2,584	-2,584	-	-2,584
Divestment of own shares ³	-	-	-	-	-	-	31	31	-	31
Balance at 31 Dec 2016	4,050	1,080	-1,350	37	80	210	28,302	32,409	1	32,410

	Attributable to shareholders of Nordea Bank AB (publ)									
	Share capital ¹	Share premium reserve	Other reserves:				Retained earnings	Total	Non-controlling interests	Total equity
			Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans				
EURm										
Balance at 1 Jan 2016	4,050	1,080	-1,617	71	-10	368	27,089	31,031	1	31,032
Net profit for the period	-	-	-	-	-	-	2,666	2,666	-	2,666
Other comprehensive income, net of tax	-	-	231	-36	94	-357	-	-68	-	-68
Total comprehensive income	-	-	231	-36	94	-357	2,666	2,598	-	2,598
Dividend for 2015	-	-	-	-	-	-	-2,584	-2,584	-	-2,584
Divestment of own shares ³	-	-	-	-	-	-	24	24	-	24
Balance at 30 Sep 2016	4,050	1,080	-1,386	35	84	11	27,195	31,069	1	31,070

¹ Total shares registered were 4,050 million (31 Dec 2016: 4,050 million, 30 Sep 2016: 4,050 million).

² The total holding of own shares related to Long Term Incentive Programme (LTIP) is 10.2 million (31 Dec 2016: 10.9 million, 30 Sep 2016: 10.9 million).

³ Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 30 Sep 2017 was 11.1 million (31 Dec 2016: 13.3 million, 30 Sep 2016: 13.3 million).

⁴ Refers to the sale of 25% of Nordea Liv & Pension, Livforsikringselskab A/S in Denmark.

Cash flow statement, condensed

	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
EURm			
Operating activities			
Operating profit	3,202	3,377	4,625
Adjustments for items not included in cash flow	2,652	2,748	3,892
Income taxes paid	-1,006	-688	-952
Cash flow from operating activities before changes in operating assets and liabilities	4,848	5,437	7,565
Changes in operating assets and liabilities	14,809	16,767	-4,285
Cash flow from operating activities	19,657	22,204	3,280
Investing activities			
Properties and equipment	-102	-65	-104
Intangible assets	-447	-427	-656
Net investments in debt securities, held to maturity	-10	-261	-360
Other financial fixed assets	-20	-9	186
Cash flow from investing activities	-579	-762	-934
Financing activities			
Issued/amortised subordinated liabilities	-750	1,000	1,000
Divestment of own shares including change in trading portfolio	16	24	31
Dividend paid	-2,625	-2,584	-2,584
Cash flow from financing activities	-3,359	-1,560	-1,553
Cash flow for the period	15,719	19,882	793
Cash and cash equivalents	30 Sep 2017	30 Sep 2016	31 Dec 2016
EURm			
Cash and cash equivalents at beginning of the period	41,860	40,200	40,200
Translation difference	-2,805	-740	867
Cash and cash equivalents at end of the period	54,774	59,342	41,860
Change	15,719	19,882	793
The following items are included in cash and cash equivalents:			
Cash and balances with central banks	48,284	49,266	32,099
Loans to central banks	4,575	8,215	8,538
Loans to credit institutions	1,770	1,733	1,093
Assets held for sale	145	128	130
Total cash and cash equivalents	54,774	59,342	41,860

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

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

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

Notes to the financial statements

Note 1 Accounting policies

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

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

Changed accounting policies and presentation

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

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

Changes in IFRSs not yet applied

IFRS 9 "Financial instruments"

The IASB has completed the new standard for financial instruments, IFRS 9 "Financial instruments". IFRS 9 covers classification and measurement, impairment and general hedge accounting and replaces the current requirements covering these areas in IAS 39. IFRS 9 is effective as from annual periods beginning on or after 1 January 2018. Additional qualitative disclosures can be found in the interim report for the second quarter 2017.

No significant quantitative impact is expected from the new classification and measurement requirements.

The quantitative impact from the new impairment requirements on total allowances and provisions for on- and off-balance exposures, including debt instruments accounted for at fair value through other comprehensive income (FVOCI), is expected to be an increase within the range 5-15%. Total allowances and provisions amounted to EUR 2,471m at the end of the third quarter 2017 and the increase of total allowances and provisions will be accounted for directly in equity (after tax) at transition. The impact on the Common Equity Tier 1 capital ratio, after adjustment of the shortfall deduction and before transition rules, is expected to be insignificant. The final impact is dependent on the exposures on Nordea's balance sheet, as well as Nordea's macro-economic forecasts, at transition.

There will be no impact from the new hedge accounting requirements in IFRS 9 as Nordea will continue using the hedge accounting requirements in IAS 39 until the IASB has completing the requirements on macro (open portfolio) hedge accounting.

IFRS 15 "Revenue from Contracts with Customers"

The IASB published the new standard, IFRS 15 "Revenue from Contracts with Customers" in 2014. Clarifications to the standard were published in April 2016. The new standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition standards and interpretations within IFRS, such as IAS 18 "Revenue". The new standard is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. The standard was endorsed by the EU-commission in 2016 and the clarifications are expected to be endorsed in 2017. The standard does not apply to financial instruments, insurance contracts or lease contracts.

The current assessment is that the new standard will have an impact on Nordea's accounting policies for loan origination fees, as such fees are expected to be amortised as part of the effective interest of the underlying exposures to a larger extent than today. An opening balance adjustment, to be recognised directly in equity (after tax), is expected at transition 1 January 2018, but the current expectation is that this will not have any significant impact on Nordea's financial statements, capital adequacy or large exposures in the period of initial application.

Exchange rates

	Jan-Sep 2017	Jan-Dec 2017	Jan-Sep 2016
EUR 1 = SEK			
Income statement (average)	9.5833	9.5961	9.3713
Balance sheet (at end of period)	9.6490	9.6398	9.6210
EUR 1 = DKK			
Income statement (average)	7.4373	7.4368	7.4474
Balance sheet (at end of period)	7.4423	7.4366	7.4513
EUR 1 = NOK			
Income statement (average)	9.2361	9.1771	9.3801
Balance sheet (at end of period)	9.4125	9.5713	8.9865
EUR 1 = RUB			
Income statement (average)	64.9383	62.7421	76.2621
Balance sheet (at end of period)	68.2519	67.5449	70.5140

Note 2 Risks and uncertainties

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

The supervisory authorities have during 2016 conducted ongoing investigations with regards to Nordea's compliance in several areas, e.g. investment advice, AML, external tax rules, competition law and governance and control. The Nordea Group is also responding to inquiries from U.S. governmental authorities regarding historical compliance with certain U.S. financial sanctions during 2008-2013. The outcome of some investigations is pending and it cannot be excluded that these investigations could lead to criticism or sanctions.

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

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

Nordea Bank AB (publ)

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

Income statement

	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
EURm					
Operating income					
Interest income	1,056	335	3,159	1,053	1,403
Interest expense	-445	-224	-1,382	-712	-939
Net interest income	611	111	1,777	341	464
Fee and commission income	573	214	1,807	729	978
Fee and commission expense	-93	-37	-291	-104	-138
Net fee and commission income	480	177	1,516	625	840
Net result from items at fair value	300	95	931	185	216
Dividends	1	400	722	951	3,210
Other operating income	162	159	354	511	712
Total operating income	1,554	942	5,300	2,613	5,442
Operating expenses					
General administrative expenses:					
Staff costs	-650	-212	-2,027	-865	-1,113
Other expenses	-342	-239	-1,084	-708	-1,008
Depreciation, amortisation and impairment charges of tangible and intangible assets	-71	-47	-199	-122	-172
Total operating expenses	-1,063	-498	-3,310	-1,695	-2,293
Profit before loan losses	491	444	1,990	918	3,149
Net loan losses	-55	-15	-238	-109	-193
Impairment of securities held as financial non-current assets	-3	0	-3	0	-6
Operating profit	433	429	1,749	809	2,950
Appropriations	-	-	-	-	1
Income tax expense	-104	31	-339	70	-51
Net profit for period	329	460	1,410	879	2,900

Nordea Bank AB (publ)

Balance sheet

	30 Sep 2017	31 Dec 2016	30 Sep 2016
EURm			
Assets			
Cash and balances with central banks	47,922	101	95
Treasury bills	18,019	6,583	4,955
Loans to credit institutions	66,848	88,375	82,047
Loans to the public	161,864	43,726	44,101
Interest-bearing securities	47,373	10,359	9,247
Financial instruments pledged as collateral	14,004	-	1,001
Shares	10,849	130	2,700
Derivatives	49,106	4,668	5,506
Fair value changes of the hedged items in portfolio hedge of interest rate risk	60	0	3
Investments in group undertakings	13,162	20,101	20,121
Investments in associated undertakings and joint ventures	79	12	7
Participating interest in other companies	20	1	1
Intangible assets	2,010	1,539	1,379
Property and equipment	391	132	129
Deferred tax assets	37	22	115
Current tax assets	467	204	221
Retirement benefit assets	152	-	-
Other assets	15,854	4,560	2,721
Prepaid expenses and accrued income	1,264	749	783
Total assets	449,481	181,262	175,132
Liabilities			
Deposits by credit institutions	65,862	20,374	18,245
Deposits and borrowings from the public	189,797	58,183	57,459
Debt securities in issue	76,544	63,162	60,281
Derivatives	48,154	3,612	4,313
Fair value changes of the hedged items in portfolio hedge of interest rate risk	739	1,008	1,679
Current tax liabilities	190	0	0
Other liabilities	29,255	3,279	3,556
Accrued expenses and prepaid income	1,487	670	906
Deferred tax liabilities	139	-	-
Provisions	327	307	307
Retirement benefit obligations	259	169	175
Subordinated liabilities	9,035	10,086	9,843
Total liabilities	421,788	160,850	156,764
Untaxed reserves	2	2	2
Equity			
Share capital	4,050	4,050	4,050
Development cost reserve	1,033	569	366
Share premium reserve	1,080	1,080	1,080
Other reserves	10	-2	-29
Retained earnings	21,518	14,713	12,899
Total equity	27,691	20,410	18,366
Total liabilities and equity	449,481	181,262	175,132
Assets pledged as security for own liabilities	38,761	1,080	2,584
Other assets pledged	5,400	11,750	9,650
Contingent liabilities	54,162	71,965	71,879
Commitments ¹	83,556	26,993	27,110

¹ Including unutilised portion of approved overdraft facilities of EUR 36,605m (31 Dec 2016: EUR 15,890m, 30 Sep 2016: EUR 16,096m).

ANNEX 4

FORMS OF FINAL TERMS CONTAINED IN THE DECEMBER 2014 BASE PROSPECTUS

The following forms of final terms relate to the Terms and Conditions of the Notes contained in the Base Prospectus dated 19 December 2014, which are incorporated by reference into this Base Prospectus and will be used where Notes are issued on the basis of these Terms and Conditions. For the avoidance of doubt, any section of the following forms of final terms referring to Nordea Bank Finland plc as an issuer should be disregarded.

FORMS OF FINAL TERMS FOR NOTES

MALLAR FÖR SLUTLIGA VILLKOR FÖR LÅN

Form of Final Terms for Certain Structured Notes with a denomination of less than €100,000 to be admitted to trading on the Main Securities Market of the Irish Stock Exchange and/or offered to the public in the EEA

Mall för Slutliga Villkor för Särskilda Strukturerade Lån med valörer om mindre än €100 000 som ska bli föremål för handel på Irish Stock Exchanges Main Securities Market och/eller erbjudas till allmänheten inom EES.

[IMPORTANT NOTICE

VIKTIGT MEDDELANDE

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

Genom att ta del av de bilagda slutliga villkoren ("Slutliga Villkoren") godkänner du att bli bunden av följande villkor.

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.**

Informationen i dessa Slutliga Villkor är endast adresserad till och/eller riktad till personer som bor i de särskilda länder som anges i de Slutliga Villkoren och/eller i Grundprospektet (definierat i de Slutliga Villkoren) och är inte ämnad för användning och ska inte förlitas på av någon person utanför de länderna och/eller till vilka erbjudandet i dessa Slutliga Villkor inte är adresserat. **Innan du förlitar dig på innehållet i dessa Slutliga Villkor måste du säkerställa att du är en avsedd adressat av informationen i de Slutliga Villkoren och/eller Grundprospektet.**

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.

Varken de Slutliga Villkoren eller Grundprospektet utgör ett erbjudande att sälja eller en inbjudan att köpa värdepapper i USA eller i någon annan jurisdiktion i vilka ett sådant erbjudande, inbjudan eller försäljning skulle vara olagligt innan de har registrerats, ett undantag från registrering har erhållits eller enligt annan bestämmelse under värdepapperslagarna i en sådan jurisdiktion.

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.]

De värdepapper som beskrivs i de Slutliga Villkoren och i Grundprospektet har inte, och kommer inte, registreras i enlighet med U.S. Securities Act of 1933, såsom den har ändrats ("**Securities Act**") och får inte erbjudas eller säljas direkt eller indirekt inom USA eller till, för, eller till förmån för, amerikanska medborgare eller till personer i USA (såsom termerna definieras i Regulation S i Securities Act ("**Regulation S**"). De värdepapper som beskrivs i dessa Slutliga Villkor kommer endast erbjudas i offshore-transaktioner till icke-amerikanska medborgare i enlighet med Regulation S.

Final Terms dated [•]

Slutliga Villkor daterade [•]

**[NORDEA BANK AB (PUBL) / NORDEA BANK FINLAND PLC]
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €15,000,000,000
Structured Note Programme**

**NORDEA BANK AB (PUBL) / NORDEA BANK FINLAND PLC
Utgivande av [Sammanlagt Nominellt Belopp av Tranch] [Namn på Lån]
under ett €15 000 000 000
Program för Strukturerade Lån**

[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 (b) below, 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 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:

- (a) 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
- (b) in those Public Offer Jurisdictions mentioned in Paragraph 10 of Part B below, provided such person is one of the persons described in Paragraph 10 of Part B below [and which satisfies conditions set out therein] and that such offer is made during the Offer Period specified for such purpose therein.

[Grundprospektet som det hänvisas till nedan (som kompletteras av dessa Slutliga Villkor) har tagits fram under förutsättningen att, förutom såsom anges i punkten (b) nedan, varje erbjudande om Lån i varje Medlemsstat i det Europeiska Ekonomiska Samarbetsområdet som har implementerat Prospektdirektivet (var och en benämnda en "**Relevant Medlemsstat**") kommer att göras under med stöd av ett undantag i Prospektdirektivet, såsom det har implementerats i den Medlemsstaten, från kravet på att publicera ett prospekt för erbjudanden om Lån. Följaktligen kan personer som lämnar eller som avser att lämna erbjudanden avseende Lånen göra det enbart:

- (a) under omständigheter då ingen förpliktelse uppstår för Emittenten eller något Emissionsinstitut att publicera ett prospekt i enlighet med Artikel 3 i Prospektdirektivet eller att komplettera ett prospekt i enlighet med Artikel 16 i Prospektdirektivet, i bägge fall i samband med ett sådant erbjudande; eller:
- (b) i de Erbjudande till Allmänheten – Jurisdiktioner som anges i punkt 11 av Del B nedan, under förutsättning att sådana personer är en av de personer som beskrivs i punkt 11 av Del B nedan [och som uppfyller de villkor som anges däri] och att erbjudandet görs under den Erbjudandeperiod som specificeras däri för sådant syfte.

With respect to any subsequent resale or final placement of Notes as provided in sub-paragraph (b) above, the Issuer consents to the use of the Base Prospectus and accepts responsibility for the content of the Base Prospectus. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

Avseende varje senare återförsäljning eller slutlig placering av Lånen såsom anges i punkt (b) ovan, samtycker Emittenten användandet av Grundprospektet och accepterar ansvar för innehållet i Grundprospektet. Varken Emittenten eller något Emissionsinstitut har godkänt, eller godkänner, att några erbjudanden avseende Lånen görs under några andra omständigheter.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) **provided, however, that** all references in this document to the "**Prospectus Directive**" in relation to any Member State of the European Economic Area refer to Directive

2003/71/EC (as amended), and include any relevant implementing measure in the relevant Member State.]³³

Uttrycket "**Prospektdirektivet**" avser direktivet 2003/71/EG (med gjorda ändringar, inklusive 2010 års ändringsdirektiv 2010/73/EU) **dock att** alla hänvisningar i detta dokument till "Prospektdirektivet" i relation till varje Medlemsstat i det Europeiska Ekonomiska Samarbetsområdet hänvisar till direktiv 2003/71/EG (med gjorda ändringar), och inkluderar varje relevant implementeringsåtgärd i den relevanta Medlemsstaten).]³⁴

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that 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 Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes may only do so 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. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

[Grundprospektet som det hänvisas till nedan (som kompletteras av dessa Slutliga Villkor) har tagits fram under förutsättningen att varje erbjudande om Lån i varje Medlemsstat i det Europeiska Ekonomiska Samarbetsområdet som har implementerat Prospektdirektivet (var och en benämnda en "**Relevant Medlemsstat**") kommer att göras med stöd av ett undantag i Prospektdirektivet, såsom det har implementerats i den Medlemsstaten, från kravet på att publicera ett prospekt för erbjudanden om Lån. Följaktligen kan personer som lämnar eller som avser att lämna erbjudanden avseende Lånen göra det enbart under omständigheter då ingen förpliktelse uppstår för Emittenten eller något Emissionsinstitut att publicera ett prospekt i enlighet med Artikel 3 i Prospektdirektivet eller att komplettera ett prospekt i enlighet med Artikel 16 i Prospektdirektivet, i bägge fall i samband med ett sådant erbjudande. Varken Emittenten eller något Emissionsinstitut har godkänt, eller godkänner, att några erbjudanden avseende Lånen görs under några andra omständigheter.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) **provided, however, that** all references in this document to the "**Prospectus Directive**" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (as amended), and include any relevant implementing measure in the relevant Member State.]³⁵

Uttrycket "**Prospektdirektivet**" avser direktivet 2003/71/EG (med gjorda ändringar, inklusive 2010 års ändringsdirektiv 2010/73/EU) **under förutsättning, att** alla hänvisningar i detta dokument till "Prospektdirektivet" i relation till varje Medlemsstat i det Europeiska Ekonomiska Samarbetsområdet hänvisar till direktiv 2003/71/EG (med gjorda ändringar), och inkluderar varje relevant implementeringsåtgärd i den relevanta Medlemsstaten).]³⁶

³³ Include this legend where a non-exempt offer of Notes is anticipated.

³⁴ Inkludera detta avsnitt om ett icke-undantaget erbjudande av Lånen förväntas.

³⁵ Include this legend where a non-exempt offer of Notes is NOT anticipated.

³⁶ Inkludera detta avsnitt om ett icke-undantaget erbjudande av Lånen INTE förväntas.

PART A – CONTRACTUAL TERMS

DEL A – KONTRAKTUELLA VILLKOR

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the original base prospectus dated 19 December 2014 and which are incorporated by reference into the Base Prospectus dated 19 December 2016 [and the supplemental Base Prospectus dated [•]] [which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive³⁷]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive³⁸] and must be read in conjunction with the Base Prospectus. A summary of the Notes (which comprises the summary in the Base Prospectus as completed 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]] and these Final Terms are available for viewing during normal business hours at, and copies may be obtained from, the principal office of the Issuer [Smålandsgatan 17, SE-105 71 Stockholm, Sweden/Satamaradankatu 5, FI-00020 Nordea, Helsinki, Finland.] and from www.nordea.com

Ord som används häri ska anses ha samma innebörd som i Villkoren ("**Villkoren**") som anges i det ursprungliga Grundprospektet daterat 19 december 2014 och som inkorporeras genom hänvisning till Grundprospektet daterat [•] december 2016 [och i supplement till Grundprospektet daterat [•]] [vilka/[et] [tillsammans] utgör ett grundprospekt ("**Grundprospektet**") i Prospektdirektivets mening³⁹]. Det här dokumentet utgör de Slutliga Villkoren för Lånen som beskrivs häri [i enlighet med artikel 5.4 i Prospektdirektivet⁴⁰] och måste läsas tillsammans med Grundprospektet. En sammanfattning av Lånen (innefattande sammanfattningen i Grundprospektet upprättad för att reflektera bestämmelserna i dessa Slutliga Villkor) är bilagt till dessa Slutliga Villkor. Fullständig information om Emittenten och erbjudandet om Lån kan endast fås genom dessa Slutliga Villkor och Grundprospektet (tillsammans med eventuella tillägg) i kombination. Grundprospektet [och tillägg till Grundprospektet] och kopior av dessa Slutliga Villkor finns tillgängliga för granskning under normal arbetstid och kopior kan erhållas från Emittentens huvudkontor på Smålandsgatan 17, 105 71 Stockholm, Sverige/Aleksis Kiven katu 9, 00020 Nordea, Helsingfors, Finland] och på www.nordea.com.

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

[Inkludera samtliga av följande som är tillämpliga eller ange "Inte Tillämpligt" (N/A). Notera att numreringen ska bibehållas såsom den har angetts nedan, även om "Inte Tillämpligt" har angetts för enskilda punkter (i vilket fall underpunkterna till sådana punkter som inte är tillgängliga kan raderas). Kursiv text är vägledning för att färdigställa de Slutliga Villkoren.]

I. GENERAL TERMS

ALLMÄNNA VILLKOR

1.	(i)	Issuer:	[Nordea Bank AB (publ) / Nordea Bank Finland Plc]
	(i)	Emittent:	[Nordea Bank AB (publ) / Nordea Bank Finland Plc]

³⁷ Delete wording in square brackets for an unlisted, exempt offer.

³⁸ Delete wording in square brackets for an unlisted, exempt offer.

³⁹ Radera text inom hakparenteser för ett erbjudande som inte listas och är undantaget.

⁴⁰ Radera text inom hakparenteser för ett erbjudande som inte listas och är undantaget.

2. (i) Series Number: [•]
- (i) Serienummer: [•]
- (ii) Tranche Number: [•]
- (ii) Tranchenummer: [•]
- [(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 *[insert description of series]* on *[[insert date]*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 58 below [which is expected to occur on or about *[insert date]*].]
- [(iii) Datum då Lånen blir fungibla: [Inte Tillämpligt/Lånen ska konsolideras, bli en enda serie och vara utbytbara för handel med *[ange beskrivning av serier]* på *[[ange datum]/Lånedatum/utbyte av Temporära Globala Lån* för intressen i Permanenta Globala Lån, såsom beskrivs i punkt 58 nedan [vilket är beräknat att inträffa på eller runt omkring *[ange datum]*].]
3. Specified Currency or Currencies: [•]
- Angiven Valuta: [•]
4. Aggregate Principal Amount: [•]
- Sammanlagt Kapitalbelopp: [•]
- (i) Series: [•]
- (i) Serie: [•]
- (ii) Tranche: [•]
- (ii) Tranche: [•]
5. Issue Price: [[•] per cent. of the Aggregate Principal Amount of each Note [plus accrued interest from *[insert date]*]/ The Issue Price will be determined by the Issuer on a daily basis during the Offer Period (as defined below), based on the prevailing market price for the Notes. The Notes will be issued with an initial Issue Price of approximately [] per cent on the Issue Date].
- Pris: [[•] procent av det Sammanlagda Kapitalbeloppet för varje Lån [plus upplupen ränta från *[datum]*]. / Priset avgörs av Emittenten på en daglig basis under Erbjudandeperioden (som definierat nedan) baserat på Lånens rådande marknadsvärde. Lånen kommer att utges till ett initialt Pris om [] procent på Lånedatomet.]

6. (i) Specified Denominations: [•]
 (i) Valörer: [•]
 (ii) Calculation Amount: [•]
 (ii) Beräkningsbelopp: [•]
7. (i) Issue Date: [•]
 (i) Lånedatum: [•]
 (ii) Interest Commencement Date: [[insert date]/Issue Date/Not Applicable]
 (ii) Startdatum för Ränta: [[datum]/Lånedatum/Inte Tillämpligt]
8. Redemption Date: [[•]/[Interest Payment Date falling in or nearest to
 [•]]
 Återbetalningsdag: [[•]/[Räntebetalningsdag som infaller i eller
 närmast [•]]
9. Base Redemption Amount: [[•]/Not Applicable]
 Basåterbetalningsbelopp: [[•]/Inte Tillämpligt]
10. Additional Amounts: [Applicable/Not Applicable]
 [The Additional Amount(s) will be added
 to/subtracted from the Base Redemption Amount]
 Tilläggsbelopp: [Tillämpligt/Inte Tillämpligt]
 [Tilläggsbeloppet/en kommer läggas
 till/subtraheras från Basåterbetalningsbeloppet]
11. Minimum Redemption: [Applicable/Not Applicable]
 Lägsta Återbetalning: [Tillämpligt/Inte Tillämpligt]
 • Minimum Redemption Amount: [[•]/Not Applicable]
 • Lägsta Återbetalningsbelopp: [[•]/Inte Tillämpligt]
12. Maximum Redemption: [Applicable/Not Applicable]
 Högsta Återbetalning: [Tillämpligt/Inte Tillämpligt]
 • Maximum Redemption Amount: [[•]/Not Applicable]
 • Högsta Återbetalningsbelopp: [[•]/Inte Tillämpligt]
13. Business Day Convention: [Following Business Day Convention/Modified
 Following Business Day Convention/Preceding
 Business Day]
 Bankdagskonvention: [Efterföljande Bankdagskonvention /Modifierad
 Efterföljande Bankdagskonvention /Föregående
 Bankdagskonvention]

14.	Currency Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day]/[Not Applicable]
	Handelsdag Valutakonvention:	[Efterföljande Bankdagskonvention /Modifierad Efterföljande Bankdagskonvention /Föregående Bankdagskonvention]/[Inte Tillämpligt]
15.	Relevant Exchange:	[[•]/[As set out in the Conditions]]
	Relevant Börs:	[[•]/[Såsom framgår av Villkoren]]
16.	Scheduled Trading Day Convention:	[[Following Scheduled Trading Date Convention/Modified Following Scheduled Trading Day Convention/Preceding Scheduled Trading Day Convention]/[Not Applicable]]
	Planerad Handelsdagskonvention:	[Efterföljande Planerad Handelsdagskonvention/Modifierad Efterföljande Planerad Handelsdagskonvention /Föregående Planerad Handelsdagskonvention]
II. PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE]		[APPLICABLE/NOT APPLICABLE]
BESTÄMMELSER FÖR RÄNTA (OM NÅGON)		[TILLÄMPLIGT/EJ TILLÄMPLIGT]
		[Items 17-30 have been intentionally omitted] ⁴¹
		[Punkterna 17-30 har medvetet utelämnats] ⁴²
17.	Interest Basis:	[[•] per cent. Fixed Rate]
	Räntebas:	[[•] procent Fast Ränta]
		[EURIBOR]/[LIBOR]/[STIBOR]/[NIBOR]/[CIBOR]/[Nordea Own Funds Rate] +/- [•] per cent. Floating Rate]
		[EURIBOR]/[LIBOR]/[STIBOR]/[NIBOR]/[CIBOR]/[Nordeas Upplåningsränta] +/- [•] procent Rörlig Ränta]
		[Inflation Linked]
		[Inflationslänkad]
		[Zero Coupon]
		[Nollkupong]
		[Rate Adjustment]
		[Räntejustering]
		[Coupon Bearing Notes]

⁴¹ Include where interest provisions are marked as "Not Applicable"

⁴² Att inkluderas då räntebestämmelser angivits som "Inte Tillämpligt"

[Kupongbärande Lån]
[Non-Tranched CLN Interest]
[Non-Tranched CLN Ränta]
[Tranched CLN Interest]
[Tranched CLN Ränta]
[Nth to Default CLN Interest]
[Nth to Default CLN Ränta]
[Nth and Nth + 1 to Default CLN Interest]
[Nth and Nth + 1 to Default CLN Ränta]
[Capped Floor Float]
[Tak Golv Float]
[Cap Floor]
[Tak Golv]
[Cap Floor Spread]
[Tak Golv Spread]
[Range Accrual]
[Range Accrual]
[Range Accrual In/Out]
[Range Accrual In/Ut]
[Knockout Range Accrual]
[Knockout Range Accrual]
[Binary Cap/Floor]
[Binärt Tak/Golv]
[Binary Zero Coupon]
[Binär Nollkupong]
[Inverse Floater]
[Inverterad Floater]
[Autocallable Rate]
[Autocallable-nivå]
[Digital Long]
[Digital Long]
[Digital Short]

[Digital Short]
 [Best of/Worst of Digital Long]
 [Best of/Worst of Digital Long]
 [Best of/Worst of Digital Short]
 [Best of/Worst of Digital Short]
 [Worst of Digital Memory Coupon 2]
 [Worst of Digital Memory Coupon 2]
 [Digital Podium Long]
 [Digital Podium Lång]
 [Digital Podium Short]
 [Digital Podium Kort]
 [Series of Digitals]
 [Serier av Digitala]
 [Cash Settled Swaption Straddle]
 [Cash Settled Swaption Straddle]
 [Power Cap/Floor]
 [Power Tak/Golv]
 [Compounding Floater]
 [Compounding Floater]
 [Lock-In 1]
 [Lock-In 1]
 [Lock-In 2]
 [Lock-In 2]
 [Snowball]
 [Snowball]
 [Accumulator]
 [Ackumulator]
 [Binary Accumulator]
 [Binär Ackumulator]
 [Contingent Cap/Floor]
 [Betingat Tak/Golv]
 [Dual Digital Cap]

		[Dubbel Digital Tak]
		[Dual Digital Floor]
		[Dubbel Digital Golv]
		[Binary Inflation Cap]
		[Binärt Inflationstak]
		[Binary Inflation Floor]
		[Binärt Inflationsgolv]
		[Binary Inflation Range]
		[Binärt Inflationsspann]
		[Inflation Range Accrual]
		[Inflationsspann Periodiserad]
		[Inflation Cap/Floor]
		[Inflation Tak/Golv]
		[Inflation Straddle]
		[Inflation Ömsesidig]
		[Inflation Cap Floor Spread]
		[Inflation Tak Golv Spread]
		[ZC Inflation Cap Floor]
		[ZC Inflation Tak Golv]
		[Inflation Linker 1]
		[Inflationslänkad 1]
		[Inflation Linker 2]
		[Inflationslänkad 2]
		[Strip of Call Spreads]
		[Strip of Call Spreads]
		(further particulars specified below)
		(ytterligare detaljer specificerade nedan)
18.	Combination of Interest Bases:	[Applicable/Not Applicable]
	Kombination av Räntebaser:	[Tillämpligt/Inte Tillämpligt]
	(i) Method of Combination:	[Single Basket Addition/Multiple Basket Addition/Alternative Calculation]
	Kombinationsmetod:	[Enskild Korgsammanslagning/Alternativ Uträkning]

(ii)	Relevant Condition(s) for determination of Interest Amount:	[Condition [•] will be applicable if Interest Barrier Level 1 is not exceeded on [any/the final] Interest Determination Date, Condition [•] will be applicable if Interest Barrier Level 1 is exceeded on [any/the final] Interest Determination Date but Interest Barrier Level 2 is not exceeded, Condition [•] will be applicable if Interest Barrier Level 2 is exceeded on [any/the final] Interest Determination Date but Interest Barrier Level [•] is not exceeded... Condition [•] will be applicable if Interest Barrier Level [•] is exceeded on [any/the final] Interest Determination Date/Condition(s) [•] and [•] are applicable.]
	Relevanta Villkor för bestämmande av Räntebelopp:	[Villkor [•] ska vara tillämpligt om Räntebarriärnivå 1 överskrids på [en/slutlig] Räntebestämningssdag men Räntebarriärnivå 2 inte överskrids, Villkor [•] ska vara tillämpligt om Räntebarriärnivå 2 överskrids på [en/slutlig] Räntebestämningssdag men Räntebarriärnivå [•] inte överskrids... Villkor [•] ska vara tillämpligt om Räntebarriärnivå [•] överskrids på [en/slutlig] Räntebestämningssdag/Villkor [•] och [•] är tillämpliga.] [Condition [•] in respect of Basket A, Condition [•] in respect of Basket B etc.] [Villkor [•] beträffande Korg A, Villkor [•] beträffande Korg B etc.]
	• [Interest Barrier Level 1:]	[•]
	• [Räntebarriärnivå 1:]	[•]
	• [Interest Barrier Level 2:]	[•]
	• [Räntebarriärnivå 2:]	[•]
	• [Interest Barrier Level 3:]	[•]
	• [Räntebarriärnivå 3:]	[•]
19.	Method of calculating Basket Return for the purposes of Interest determination:	[Basket Long Structure/Basket Short Structure [in respect of Basket A/B]/Not Applicable]
	Metod för att beräkna Korgavkastningen för Räntebestämning:	[Basket Long Struktur/Basket Short Struktur [avseende Korg A/B]/Inte Tillämpligt]
20.	Interest Deferral Uppskjuten Ränta	[Applicable/Not Applicable] [Tillämpligt/Inte Tillämpligt]
21.	Fixed Rate Note Provisions Bestämmelser för Fast Ränta	[Applicable/Not Applicable] [Tillämpligt/Inte Tillämpligt]
	(i) Interest Rate:	[•] per cent. per annum
	(i) Räntesats:	[•] procent årligen

(ii)	Interest Payment Date(s):	[•] [in each year]
(ii)	Räntebetalningsdag(ar):	[•] [varje år]
(iii)	Interest Determination Date:	[[•]/Not Applicable]
(iii)	Räntebestämningsdag:	[[•]/Inte Tillämpligt]
(iv)	Fixed Interest Amount:	[•] per Note of [•] Denomination/Not Applicable
(iv)	Bestämt Räntebelopp:	[•] per Lån av Valören [•]/Inte Tillämpligt]
(v)	Details of Irregular Interest Amount(s):	[[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]/Not Applicable]
(v)	Bestämmelser för Oregelbundna Räntebelopp:	[[•] per Beräkningsbelopp, att betalas på Räntebetalningsdagen som infaller [i/på] [•]/Inte Tillämpligt]
(vi)	Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
(vi)	Dagberäkningsmetod:	[[Faktisk/Faktisk (ICMA/ISDA)] / [Faktisk/365 (Fast)] / [Faktisk 365 (Sterling)] / [Faktisk/360] / [30/360] / [30E/360]]
22.	Floating Rate Note Provisions	[Applicable/Not Applicable]
	Bestämmelser för Rörlig Ränta	[Tillämpligt/Inte Tillämpligt]
(i)	Interest Payment Dates:	[•] [in each year]
(i)	Räntebetalningsdag(ar):	[•] [för varje år]
(ii)	Interest Determination Date:	[[•]/Not Applicable]
(ii)	Räntebestämningsdag:	[[•]/Inte Tillämpligt]
(iii)	Issuing Agent:	[Not Applicable/[•]]
(iii)	Administrerande Institut:	[Inte Tillämpligt/[•]]
(iv)	Calculation Agent:	[Not Applicable/[•]]
(iv)	Beräkningsagent:	[Inte Tillämpligt/[•]]
(v)	Interest Base Rate:	[[EURIBOR]/[LIBOR]/[STIBOR]/[NIBOR]/[CIBOR]/[Nordea Own Funds Rate]]
(v)	Basränta:	[[EURIBOR]/[LIBOR]/[STIBOR]/[NIBOR]/[CIBOR]/[Nordeas Upplåningsränta]]
(vi)	Designated Maturity:	[•]
(vi)	Avsedd Återbetalningsdag:	[•]
	• Alternative Designated Maturity	[[•]/Not Applicable/Applicable in respect of the [short/long/ [initial/final] interest period from (and including) [date] to (but excluding) [date]]

	Alternativ Återbetalningsdag	Avsedd	[[•]/Inte Tillämpligt/ Tillämpligt såvitt avser den [korta/långa]/ [första/sista] ränteperioden från (och med) [datum] till (men exklusive) [datum]]
(vii)	Linear Interpolation:		[Applicable/Not Applicable/Applicable in respect of the [short/long/ [initial/final] interest period from (and including) [date] to (but excluding) [date]]]
(vii)	Linjär Interpolering:		[[•]/Inte Tillämpligt/ Tillämpligt såvitt avser den [korta/långa]/ [första/sista] ränteperioden från (och med) [datum] till (men exklusive) [datum]]
	Alternative Maturity 1		[[•]/Not Applicable]
	Alternativ Återbetalningsdag 1		[[•]/Inte Tillämpligt]
	Alternative Maturity 2		[[•]/Not Applicable]
	Alternativ Återbetalningsdag 2		[[•]/Inte Tillämpligt]
(viii)	Screen Page:		[•]
(viii)	Skärmsida:		[•]
(ix)	Interest Margin(s):		[+/-][•] per cent. per annum
(ix)	Räntemarginal(er):		[+/-][•] procent årligen
(x)	FRN Participation Ratio:		[•] per cent.
(x)	FRN Deltagandegrad:		[•] procent
(xi)	Day Count Fraction:		[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
(xi)	Dagberäkningsmetod:		[[Faktisk/Faktisk (ICMA/ISDA)] / [Faktisk/365 (Fast)] / [Faktisk 365 (Sterling)] / [Faktisk/360] / [30/360] / [30E/360]]
(xii)	Maximum Interest Rate:		[[•]/Not Applicable]
(xii)	Högsta Räntesats:		[[•]/Inte Tillämpligt]
(xiii)	Minimum Interest Rate:		[[•]/Not Applicable]
(xiii)	Lägsta Räntesats:		[[•]/Inte Tillämpligt]
23.	Zero Coupon Note Provisions		[Applicable/Not Applicable]
	Bestämmelser för Nollkupongslån		[Tillämpligt/Inte tillämplig]
	Reference Yield:		[•] per cent. per annum
	Referensavkastning:		[•] procent årligen
24.	Inflation-Linked Interest Note Provisions		[Applicable/Not Applicable]
	Bestämmelser för Inflationslänkade		[Tillämpligt/Inte Tillämpligt]

Räntebärande Lån

(i) Interest Rate: [Fixed Rate Note Provisions (further details specified in paragraph 21)/Floating Rate Note Provisions (further details specified in paragraph 22)]

(i) Räntesats: [Bestämmelser om Lån med Fast Ränta (ytterligare detaljer specificerade i punkt 21)/Bestämmelser om Lån med Rörlig Ränta (ytterligare detaljer specificerade i punkt 22)]

(ii) Base Index/CPI:

(ii) Bas Index/CPI:

- Relevant date: [•]
- Relevant datum: [•]
- Relevant time: [•] [a.m./p.m.]
- Relevant tid: [•] [a.m./p.m.]

25. **Rate Adjustment Note Provisions** [Applicable/Not Applicable]

Bestämmelser för Kursjusterade Lån [Tillämpligt/Inte Tillämpligt]

Provisions relating to the adjustment of the Interest Rate: The Interest Basis will be [•] from [and including/but excluding] [•] to [and including/but excluding] the Interest Payment Date falling in [•], and [•] from [and including/but excluding] the Interest Payment Date falling in [•] up to ([and including/but excluding]) the Redemption Date.

Bestämmelser relaterade till justering av Räntesatsen: Räntebasen ska vara [•] från [och med/men exklusive] [•] till [och med/men exklusive] Räntebetalningsdagen som infaller [•], och [•] från [och med/men exklusive] Räntebetalningsdagen som infaller [•] till [och med/men exklusive] Återbetalningsdagen.

26. **Coupon Bearing Note Provisions** [Applicable/Not Applicable]

Bestämmelser för Kupongbärande Autocall-lån [Tillämpligt/Inte Tillämpligt]

(i) Valuation Date(s):	Reference Asset Referens-tillgång	Valuation Date(s) Värderingsdag(ar)	Valuation Date Averaging	Averaging Dates relevant to applicable Valuation Date
			Värderingsdag Medelvärdesberäkningsdag	Medelvärdesberäkningsdagar som är relevanta för tillämplig Värderingsdag
(i) Värderingsdag(ar):	[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
			[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
		[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
			[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]

(ii)	Coupon Barrier Level(s):	[•]
(ii)	Kuponbarriärnivå(er):	[•]
(iii)	Interest Payment Date(s):	[•] in each year
(iii)	Räntebetalningsdag(ar):	[•] varje år
(iv)	Flat Coupon:	[Applicable/ Not Applicable if Coupon Barrier [•] is reached [and Coupon Barrier [•] is not reached]]
(iv)	Flat Kupong:	[Tillämpligt/ Inte Tillämpligt/Tillämpligt om Kupongbarriär [•] uppnås [och Kupongbarriär [•] inte uppnås]]
(v)	Memory Coupon:	[Applicable/ Not Applicable if Coupon Barrier [•] is reached [and Coupon Barrier [•] is not reached]]
(v)	Memory Kupong:	[Tillämpligt/ Inte Tillämpligt/Tillämpligt om Kupongbarriär [•] uppnås [och Kupongbarriär [•] inte uppnås]]
(vi)	Plus Flat Coupon:	[Applicable/ Not Applicable if Coupon Barrier [•] is reached [and Coupon Barrier [•] is not reached]]
(vi)	Plus Flat Kupong:	[Tillämpligt/ Inte Tillämpligt/Tillämpligt om Kupongbarriär [•] uppnås [och Kupongbarriär [•] inte uppnås]]
(vii)	Plus Memory Coupon:	[Applicable/ Not Applicable if Coupon Barrier [•] is reached [and Coupon Barrier [•] is not reached]]
(vii)	Plus Memory Kupong:	[Tillämpligt/ Inte Tillämpligt/Tillämpligt om Kupongbarriär [•] uppnås [och Kupongbarriär [•] inte uppnås]]
(viii)	Coupon Rate(s):	[[•] if Coupon Barrier [•] is reached/Not Applicable]
(viii)	Kupongnivå(er):	[[•] om Kupongbarriär [•] uppnås/Inte Tillämpligt]
(ix)	Basket Rate:	[Applicable/Not Applicable]
(ix)	Korgnivå:	[Tillämpligt/Inte Tillämpligt]
(x)	Best of/Worst of Rate:	[Applicable/Not Applicable]
(x)	Best of/Worst of Kurs:	[Tillämpligt/Inte Tillämpligt]
(xi)	N:	[Applicable/Not Applicable]
(xi)	N:	[Tillämpligt/Inte Tillämpligt]

27.	CLN Interest Provisions	[Applicable/Not Applicable]
	Bestämmelser för CLN Ränta	[Tillämpligt/Inte Tillämpligt]
(i)	Interest Rate:	[Fixed Rate Note Provisions (further details specified in paragraph 21)/Floating Rate Note Provisions (further details specified in paragraph 22)]
(i)	Räntesats:	[Bestämmelser om Lån med Fast Ränta (ytterligare detaljer specificerade i punkt 21)/Bestämmelser om Lån med Rörlig Ränta (ytterligare detaljer specificerade i punkt 22)]
(ii)	Determination Date Exposure:	[Applicable/Not Applicable]
	• [Number of Business Days:	[[•]/The Observation Date shall be the relevant Interest Payment Date]
	• [Antal Bankdagar:]	[[•]/Observationsdagen ska vara den relevanta Räntebetalningsdagen]
(ii)	Bestämningsdag Exponering:	[Tillämpligt/Inte Tillämpligt]
(iii)	Weighted Average Exposure:	[Applicable/Not Applicable]
(iii)	Viktad Genomsnittlig Exponering:	[Tillämpligt/Inte Tillämpligt]
(iv)	Tranche Attachment Point:	[[•]/Not Applicable]
(iv)	Fästpunkt Tranche:	[[•]/Inte Tillämpligt]
(v)	Tranche Detachment Point:	[[•]/Not Applicable]
(v)	Avskiljningspunkt Tranche:	[[•]/Inte Tillämpligt]
(vi)	Fixed Recovery Value:	[[•]/Not Applicable]
(vi)	Fast Återbetalningsbelopp:	[[•]/Inte Tillämpligt]
(vii)	Market Recovery Value:	[Applicable/Not Applicable]
(vii)	Marknadsåtervinningsvärde:	[Tillämpligt/Inte Tillämpligt]
(viii)	N:	[[•]/Not Applicable]
(viii)	N:	[[•]/Inte Tillämpligt]
(ix)	Observation Date(s):	[[•]/Not Applicable/the day falling [•] Business Days prior to each Interest Payment Date]
(ix)	Observationsdag(ar):	[[•]/Inte Tillämpligt/dagen som infaller [•] Bankdagar före varje Räntebetalningsdag]
(x)	Credit Event Ranked Basket Participation (Interest):	[Applicable/Not Applicable]
(x)	Kredithändelserankad Korgandel (Ränta):	[Tillämpligt/Inte Tillämpligt]

	Credit Event Weight:	Ranked	Credit Event (in order of occurrence)	Weighting
			Kredithändelse (i kronologisk ordning)	Viktning
	Kredithändelserankad vikt:		1	[•]%
			2	[•]%
			3	[•]%
			N	[•]%
(xi)	Possible Repudiation Amount:	Moratorium	[Applicable/Not Applicable]	
(xi)	Belopp för Potentiellt Moratorium:	Avstående	[Tillämpligt/Inte Tillämpligt]	
(xii)	Restructuring Amount:		[Applicable/Not Applicable]	
(xii)	Belopp för Omläggning av Skulder:		[Tillämpligt/Inte Tillämpligt]	
(xiii)	Replacement Reference Entity:		[Applicable/Not Applicable]	
(xiii)	Belopp för Ersättande Referenstillgång:		[Tillämpligt/Inte Tillämpligt]	
(xiv)	Obligation Acceleration Amount:		[Applicable/Not Applicable]	
(xiv)	Belopp för Uppsägning av Åtagande:		[Tillämpligt/Inte Tillämpligt]	
(xv)	Failure to Pay Amount:		[Applicable/Not Applicable]	
(xv)	Belopp för Utebliven Betalning:		[Tillämpligt/Inte Tillämpligt]	
(xvi)	Credit Events:		[[Failure to Pay/ Restructuring/ Bankruptcy/ Governmental Intervention/ Repudiation/ Moratorium/ Obligation Acceleration]/ Not Applicable]	
(xvi)	Kredithändelser:		[[Utebliven Betalning/ Omläggning av Skulder/ Insolvensförarande Myndighetsingripande/ Avstående/ Moratorium/ Uppsägning av Åtagande]/ Inte Tillämpligt]	
(xvii)	Default Requirement:		[[•]/Not Applicable/As set out in the Conditions]	
(xvii)	Defaultkrav:		[[•]/Inte Tillämpligt/Såsom framgår av Villkoren]	
28.	Digital Interest Provisions		[Applicable/Not Applicable]	
	Bestämmelser om Digital Ränta		[Tillämpligt/Inte Tillämpligt]	
(i)	Interest Determination Date:		[[•]/Not Applicable]	
(i)	Räntebestämningsdag:		[[•]/Inte Tillämpligt]	
(ii)	Interest Payment Date(s):		[[•]/Not Applicable]	

(ii)	Räntebalningsdag(ar):	[[•]/Inte Tillämpligt]
(iii)	Strike Level:	[[•]/Not Applicable]
(iii)	Lösenprisnivå:	[[•]/Inte Tillämpligt]
(iv)	Coupon:	[[•]/Not Applicable]
(iv)	Kupong:	[[•]/Inte Tillämpligt]
(v)	Coupon 2:	[[•]/Not Applicable]
(v)	Kupong 2:	[[•]/Inte Tillämpligt]
(vi)	N:	[[•]/Not Applicable]
(vi)	N:	[[•]/Inte Tillämpligt]
(vii)	Barrier Level:	[[•]/Not Applicable]
(vii)	Barriärnivå:	[[•]/Inte Tillämpligt]
(viii)	Basket Strike Level:	[[•]/Not Applicable]
(viii)	Korglösennivå:	[[•]/Inte Tillämpligt]
(ix)	Observation Date(s):	[[•]/Each Scheduled Trading Day up to and including the Interest Determination Date/Not Applicable]
(ix)	Observationsdag(ar):	[[•]/Varje Planerad Handelsdag fram till och med Räntebestämningsdagen/Inte Tillämpligt]
(x)	Valuation Time:	[[•]/Not Applicable]
(x)	Värderingstidpunkt:	[[•]/Inte Tillämpligt]

**Reference Asset
(Interest)**

**Referenstillgång
(Ränta)**

Valuation Time

Värderingstidpunkt

[•]

[•]

[•]

[•]

[•]

[•]

29. **Additional Interest Provisions**

[Applicable/Not Applicable]

Ytterligare Räntebestämmelser

[Tillämpligt/Inte Tillämpligt]

(i) Interest Determination Date:

[[•]/Not Applicable]

Räntebestämningsdag:

[[•]/Inte Tillämpligt]

(ii) Interest Payment Date(s):

[[•]/Not Applicable]

Räntebetalningsdag(ar):

[[•]/Inte Tillämpligt]

(iii) Day Count Fraction:

[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]

	Dagberäkningsmetod:	[[Faktisk/Faktisk (ICMA/ISDA)] / [Faktisk/365 (Fast)] / [Faktisk 365 (Sterling)] / [Faktisk/360] / [30/360] / [30E/360]]
(iv)	Reference Rate:	[[•]/Not Applicable]
	Referensränta:	[[•]/Inte Tillämpligt]
(v)	Reference Rate 2:	[[•]/Not Applicable]
	Referensränta 2:	[[•]/Inte Tillämpligt]
(vi)	Spread:	[[•]/Not Applicable]
	Spread:	[[•]/Inte Tillämpligt]
(vii)	Cap Strike:	[[•]/Not Applicable]
	Lösenpristak:	[[•]/Inte Tillämpligt]
(viii)	Floor Strike:	[[•]/Not Applicable]
	Lösenprisgolv:	[[•]/Inte Tillämpligt]
(ix)	Cap Value:	[1/-1/0/Not Applicable]
	Takvärde:	[1/-1/0/Inte Tillämpligt]
(x)	Floor Value:	[1/-1/0/Not Applicable]
	Golvvärde Value:	[1/-1/0/Inte Tillämpligt]
(xi)	Leverage (Cap):	[[•]/Not Applicable]
	Hävstång (Tak):	[[•]/Inte Tillämpligt]
(xii)	Leverage (Floor):	[[•]/Not Applicable]
	Hävstång (Golv):	[[•]/Inte Tillämpligt]
(xiii)	Cap Strike Upper:	[[•]/Not Applicable]
	Lösenpristak Högre:	[[•]/Inte Tillämpligt]
(xiv)	Cap Strike Lower:	[[•]/Not Applicable]
	Lösenpristak Lägre:	[[•]/Inte Tillämpligt]
(xv)	Floor Strike Upper:	[[•]/Not Applicable]
	Lösenprisgolv Högre:	[[•]/Inte Tillämpligt]
(xvi)	Floor Strike Lower:	[[•]/Not Applicable]
	Lösenprisgolv Lägre:	[[•]/Inte Tillämpligt]
(xvii)	Strike Upper:	[[•]/Not Applicable]
	Lösenpris Högre:	[[•]/Inte Tillämpligt]
(xviii)	Strike Lower:	[[•]/Not Applicable]
	Lösenpris Lägre:	[[•]/Inte Tillämpligt]

(xix)	Strike 2	[[•]/Not Applicable]
	Lösenpris 2	[[•]/Inte Tillämpligt]
(xx)	K:	[[•]/Not Applicable]
	K:	[[•]/Inte Tillämpligt]
(xxi)	N:	[[•]/Not Applicable]
	N:	[[•]/Inte Tillämpligt]
(xxii)	W:	[[•]/Not Applicable]
	W:	[[•]/Inte Tillämpligt]
(xxiii)	X:	[[•]/Not Applicable]
	X:	[[•]/Inte Tillämpligt]
(xxiv)	Y:	[[•]/Not Applicable]
	Y:	[[•]/Inte Tillämpligt]
(xxv)	Z:	[[•]/Not Applicable]
	Z:	[[•]/Inte Tillämpligt]
(xxvi)	Maximum Interest Rate:	[[•]/Not Applicable]
	Högsta Räntesats:	[[•]/Inte Tillämpligt]
(xxvii)	Gearing:	[[•]/Not Applicable]
	Gearing:	[[•]/Inte Tillämpligt]
(xxviii)	Coupon:	[[•]/Not Applicable]
	Kupong:	[[•]/Inte Tillämpligt]
(xxix)	Coupon Barrier Level(s):	[[•]/Not Applicable] [The Autocall Condition will be satisfied if the Reference Rate [exceeds/equals/is below] the Coupon Barrier Level]
	Kupongbarriärnivå(er):	[[•]/Inte Tillämpligt] [Autocall-Villkoret uppfylls om Referenskursen [överstiger/är lika med/understiger] Kupongbarriärnivån]
(xxx)	Minimum Basket Return:	[[•]/Not Applicable]
	Minsta Korgavkastning:	[[•]/Inte Tillämpligt]
(xxxi)	Gearing Payer:	[[•]/Not Applicable]
	Gearing Payer:	[[•]/Inte Tillämpligt]
(xxxii)	Gearing Receiver:	[[•]/Not Applicable]
	Gearing Receiver:	[[•]/Inte Tillämpligt]
(xxxiii)	Payer Strike:	[[•]/Not Applicable]

		Reference Asset (Interest)	Valuation Time
		Referenstillgång (Ränta)	Värderingstidpunkt
		[•]	[•]
		[•]	[•]
		[•]	[•]
30.	Provisions relating to FX Components (Interest)	[Applicable/Not Applicable]	
	Bestämmelser rörande Valutakomponenter (Ränta)	[[•]/Inte Tillämpligt]	
	FX Component (Interest):	[Applicable/Not Applicable/Applicable to the following Interest Payment Dates: [•]]	
	Valutakomponent (Ränta):	[Tillämpligt/Inte Tillämpligt/Tillämpligt avseende följande Räntebetalningsdagar: [•]]	
	• FX Rate (Interest):	[[•]/Not Applicable]	
	• Valutakurs (Ränta):	[[•]/Inte Tillämpligt]	
	• Initial FX Valuation Date(s) (Interest):	[[•]/Not Applicable]	
	• Startdag Valuta (Ränta):	[[•]/Inte Tillämpligt]	
		Reference Asset Referenstillgång	Initial FX Valuation Date(s) (Interest) Startdag Valuta (Ränta)
		[•]	[•]
		[•]	[•]
		[•]	[•]
	• FX Valuation Date(s) (Interest):	[[•]/Not Applicable]	
	• Värderingsdag (Ränta):	[[•]/Inte Tillämpligt]	
		Reference Asset Referenstillgång	FX Valuation Date(s) (Interest) Värderingsdag Valuta (Ränta)
		[•]	[•]
		[•]	[•]
		[•]	[•]

	- FX Valuation Time (Interest): - Värderingstidpunkt Valuta (Ränta): - FX Factor (Interest) Long/Short: - Valutafaktor (Ränta) Lång/Kort: - Initial FX Rate (Interest): - Valutastartkurs (Ränta): - Final FX Rate (Interest): - Valutaslutkurs (Ränta):	[[•]/Not Applicable] [[•]/Inte Tillämpligt] [FX Factor (Interest) Long/FX Factor (Interest) Short/Not Applicable] - Valutafaktor (Ränta) Lång/Valutafaktor (Ränta) Kort]/Inte Tillämpligt] [[•]/As set out in the Base Prospectus] [[•]/Såsom framgår av Grundprospektet] [[•]/As set out in the Base Prospectus] [[•]/Såsom framgår av Grundprospektet]
III.	ADDITIONAL PROVISIONS RELATING TO REDEMPTION	[APPLICABLE/NOT APPLICABLE]
	YTTERLIGARE BESTÄMMELSER FÖR ÅTERBETALNING	[TILLÄMPLIGT/INTE TILLÄMPLIGT]
		[Items 31 to 39 have been intentionally omitted] ⁴³
		[Punkterna 31 till 39 har medvetet utelämnats] ⁴⁴
31.	Applicable performance structures:	["Basket Long" structure]
	Tillämpliga strukturer för värdeutveckling:	["Basket Long" struktur]
		["Basket Short" structure]
		["Basket Short" struktur]
		["Barrier outperformance" structure]
		["Barriär outperformance" struktur]
		["Barrier underperformance" structure]
		["Barriär underperformance" struktur]
		["Best of/Worst of Barrier Outperformance" structure]
		["Best of/Worst of Barriär Outperformance" struktur]
		["Best of/Worst of Barrier Underperformance" structure]
		["Best of/Worst of Barriär Underperformance" struktur]
		["Autocallable Structure Long"]
		["Autocallstruktur Long"]

⁴³ Insert where additional redemption provisions are marked as Not Applicable.

⁴⁴ Att inkluderas då ytterligare bestämmelser för återbetalning angivits som Inte Tillämpligt.

["Autocallable Structure Short"]
["Autocallstruktur Short"]
["Replacement Basket" structure]
["Ersättningskorg" struktur]
["Locally Capped Basket" structure]
["Lokalt Begränsad Korg" struktur]
["Rainbow Basket" structure]
["Rainbow" struktur]
["Booster Short" structure]
["Booster Kort" struktur]
["Booster Long" structure]
["Booster Long" struktur]
["Booster Risk Barrier Short" structure]
["Booster Risk Barriär Short" struktur]
["Booster Risk Barrier Long" structure]
["Booster Risk Barriär Long" struktur]
["Twin Win" structure]
["Twin Win" struktur]
["Bonus Booster Short" structure]
["Bonus Booster Short" struktur]
["Bonus Booster Long" structure]
["Bonus Booster Long" struktur]
["Cliquet" structure]
["Cliquet" struktur]
["Reverse Cliquet" structure]
["Omvänd Periodsumme" struktur]
["Replacement Cliquet" structure]
["Ersättning Periodsumme" struktur]
["Reverse Replacement Cliquet" structure]
["Omvänd Ersättande Periodsumme" struktur]
["Rainbow Replacement Cliquet" structure]
["Regnbåge Ersättande Periodsumme" struktur]

["Reverse Convertible" structure]

["Omvänd Konvertibel" struktur]

["Reverse Convertible Risk Barrier" structure]

["Omvänd Konvertibel Riskbarriär" struktur]

["Best of/Worst of Reverse Convertible" structure]

["Best of/Worst of Omvänd Konvertibel" struktur]

[Up and In Option]

[Up and In Option]

[Up and Out Option]

[Up and Out Option]

[Worst of Down and Out Basket Option]

[Worst of Down and Out Basket Option]

[Worst of Digital Memory Coupon 1]

[Worst of Digital Memory Kupon 1]

[Down and Out Basket Option]

[Down and Out Korg Option]

[Worst of Call Option]

[Worst of Call Option]

[Outperformance Option [Long against Short/Long Against Long]]

[Outperformance Option [Long against Short/Long Against Long]]

["Non-Tranched CLN" structure]

["Non-Tranched CLN" struktur]

["Tranched CLN" structure]

["Tranched CLN" struktur]

["Nth to Default CLN" structure]

["Nth to Default CLN" struktur]

["Nth and Nth + 1 Default CLN" structure]

["Nth and Nth + 1 Default CLN" struktur]

[Option CLN structure]

[Option CLN-struktur]

["Digital Long" structure]

		["Digital Long" struktur]
		["Digital Short" structure]
		["Digital Kort" struktur]
		["Worst of Digital Long" structure]
		["Worst of Digital Long" struktur]
		["Worst of Digital Short" structure]
		["Worst of Digital Short" struktur]
		["Series of Digitals" structure]
		["Serier av Digitala"-struktur]
		["Delta 1" structure]
		["Delta 1" struktur]
		["Inflation Linker 2"]
		["Inflationslänkad 2"]
		["Barrier Outperformance" Structure 2]
		["Barrier Outperformance" Struktur 2]
		["Barrier Underperformance" Structure 2]
		["Barrier Underperformance" Struktur 2]
		["Target Volatility" Structure]
		["Eftersträvad Volatilitet" Struktur]
		["Down and in Option" structure]
		["Down and in Option"-struktur]
		["Booster Risk Barrier 2" structure]
		["Booster Risk Barrier 2"-struktur]
		["Autocallable Rate" structure]
		["Autocallable-nivå"-struktur]
32.	Method of calculating Basket Return for the purposes of applicable Performance Structure:	[Basket Long Structure/Basket Short Structure/ Not Applicable] [Basket A: Basket Long/Short Structure] [Basket B: Basket Long/Short Structure]
	Metod för att beräkna Korgavkastningen för tillämplig Värdeutvecklingsstruktur:	[Basket Long Struktur/Basket Short Struktur/ Inte Tillämpligt] [Korg A: Basket Long/Short Struktur] [Korg B: Basket Long/Short Struktur]
33.	Combination of structures:	[Applicable/Not Applicable]
	Kombinationer av strukturer:	[Tillämpligt/Inte Tillämpligt]

(i)	Method of Combination:	[Addition/Subtraction/Alternative Calculation]
(i)	Kombinationsmetod:	[Sammanslagning/Subtraktion/Alternativ Uträkning]
(ii)	Additional Amount Basket A:	[Not Applicable/the [•] structure]
(ii)	Tilläggsbelopp Korg A:	[Inte Tillämpligt/[•] strukturen]
(iii)	Additional Amount Basket B:	[Not Applicable/the [•] structure]
(iii)	Tilläggsbelopp Korg B:	[Inte Tillämpligt/[•] strukturen]
(iv)	Relevant Condition(s) for determination of Redemption Amount:	[Condition [•] will be applicable if Barrier Level 1 is not exceeded on [any/the final] Valuation Date, Condition [•] will be applicable if Barrier Level 1 is exceeded on [any/the final] Valuation Date but Barrier Level 2 is not exceeded, Condition [•] will be applicable if Barrier Level 2 is exceeded on [any/the final] Valuation Date but Barrier Level [•] has not been exceeded Condition [•] will be applicable if Barrier Level [•] is exceeded on [any/the final] Valuation Date/Condition(s) [•] and [•] are applicable and the following Performance Percentages shall apply:
(iv)	Relevanta Villkor för bestämmande av Återbetalningsbeloppet:	[Villkor [•] ska vara tillämpligt om Barriärnivå 1 inte överskrids på [en/slutlig] Värderingsdag, Villkor [•] ska vara tillämpligt om Barriärnivå 1 överskrids på [en/slutlig] Värderingsdag men Barriärnivå 2 inte överskrids, Villkor [•], ska vara tillämpligt om Barriärnivå 2 överskrids på [en/slutlig] Värderingsdag men Barriärnivå [•] inte överskrids Villkor [•] ska vara tillämpligt om Barriärnivå [•] överskrids på [en/slutlig] Värderingsdag/Villkor [•] och [•] är tillämpliga och följade Värdeutvecklingsprocentsats ska tillämpas:

	Performance Structure	Performance Percentage
Basket Korg	Värdeutvecklingsstruktur	Värdeutveckling Procent
[Basket A/ single Basket]		
[Korg A/ enskild Korg]	[•]	[•]
[Basket B]		
[Korg B]	[•]	[•]
[Basket [•]]		
[Korg [•]]	[•]	[•]

34.	Performance structure-related items:	[Applicable/Not Applicable]
	Värdeutvecklingsstruktur-relaterade	[Tillämpligt/Inte Tillämpligt]

punkter:

Dates and Times

Datum och tid

- (i) Initial Valuation Date(s): [[•]/Not Applicable]
 Startdag: [[•]/Inte Tillämpligt]

		Averaging Dates relevant to applicable Valuation Date	
Reference Asset Referens-tillgång	Initial Valuation Date(s) Startdag	Initial Valuation Date Startdag Medelvärde sberäkning	Medelvärde esberäkning sdagar som är relevanta för tillämplig Värdering sdag
[•]	[•]	[Applicable/ Not Applicable]	[[•]/Not Applicable]
		[Tillämpligt/ Inte Tillämpligt]	[[•]/Inte Tillämpligt]
[•]	[•]	[Applicable/ Not Applicable]	[[•]/Not Applicable]
		[Tillämpligt/ Inte Tillämpligt]	[[•]/Inte Tillämpligt]

- (ii) Valuation Date(s): [[•]/Not Applicable]
 Värderingsdag(ar): [[•]/Inte Tillämpligt]

[The relevant Valuation Date(s) for comparing the Baset Return to the [Initial Basket Level/Barrier Level 1/Barrier Level 2] are:]

[Relevant(a) Värderingsdag(ar) för att jämföra Korgavkastningen med [Korgs Startvärde/Barriärnivå 1/Barriärnivå 2] är:]

		Averaging Dates relevant to applicable Valuation Date Medelvärde sberäknings dagar som är relevanta för tillämplig Värderings dag	
		Valuation Date Averaging Värderingsda g Medelvärdes beräkning	
Reference Asset	Valuation Date(s)		
Referenstillgång	Värderings dag(ar)		
		[Applicable/Not Applicable]	[[•]/Not Applicable]
		[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
[•]	[•]		
		[Applicable/Not Applicable]	[[•]/Not Applicable]
		[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
[•]	[•]		
(iii)	Twin-Win Valuation Date(s):	[•] if the Initial Basket Level is reached or exceeded on the relevant Valuation Date(s), [•] if Barrier Level 1 is reached or exceeded on the relevant Valuation Date(s), [•] if Barrier Level 2 is reached or exceeded on the relevant Valuation Date(s), [•] if Barrier Level N is reached or exceeded on the relevant Valuation Date(s).	
	Twin-Win Värderingsdag(ar):	[•] om Korgs Startvärde nåtts eller överskridits på den eller de relevanta Värderingsdagarna, [•] om Barriärnivå 1 nåtts eller överskridits på den eller de relevanta Värderingsdagarna, [•] om Barriärnivå 2 nåtts eller överskridits på den eller de relevanta Värderingsdagarna, [•] om Barriärnivå N nåtts eller överskridits på den eller de relevanta Värderingsdagarna, [•].	
(iv)	Valuation Time:	[[•]/Not Applicable]	
	Värderingstidpunkt:	[[•]/Inte Tillämpligt]	
		Reference Asset	Valuation Time
		Referenstillgång	Värderingstidpunkt
		[•]	[•]
		[•]	[•]
		[•]	[•]
(v)	Rebalancing Date:	[[•]/Not Applicable]	
	Ombalanseringsdag:	[[•]/Inte Tillämpligt]	
(vi)	Scheduled Redemption Date:	[[•]/Not Applicable]	
	Planerad Återbetalningsdag:	[[•]/Inte Tillämpligt]	

- (vii) Back Stop Date: [[•]/Not Applicable]
- Back Stop-Datum: [[•]/Inte Tillämpligt]
- (viii) Observation Date(s): [[•]/Not Applicable]
- Observationsdag(ar): [[•]/Inte Tillämpligt]
- (ix) Observation Date Averaging:

				Averaging Dates relevant to applicable Observation Date
				Medelvärdesberäkningssdag(ar) som är relevanta för tillämplig Observationdag
Reference Asset	Observation Date(s)	Observation Date Averaging	Observation Date Averaging	
Referenstillgång	Observationsdag(ar)	Observationsdag	Medelvärdesberäkning	
Observationsdag			[Applicable/Not Applicable]	[[•]/Not Applicable]
Medelvärdesberäkning:			[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
	[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
			[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
	[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
			[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]

- (x) Risk Barrier Observation Date(s):

				Averaging Dates relevant to Risk Barrier Observation Date
				Medelvärdesberäkningssdag(ar) som är relevanta för tillämplig Riskbarriärobservationsdag
Reference Asset	Risk Barrier Observation Date(s)	Risk Barrier Observation Date Averaging	Riskbarriärobservationsdag	
Referenstillgång	Riskbarriärobservationsdag(ar)	Riskbarriärobservationsdag	Medelvärdesberäkning	
Riskbarriärobservationsdag(ar):			[Applicable/Not Applicable]	[[•]/Not Applicable]
			[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
	[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
			[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
	[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
			[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]

Applicable]	Applicable]
[Tillämpligt/I nte Tillämpligt]	[[•]/Inte Tillämpligt]

Amounts and Values

Belopp och Värden

(xi)	Participation Ratio:	[[•]/Not Applicable]
	Deltagandegrad:	[[•]/Inte Tillämpligt]
(xii)	Participation Ratio 2:	[[•]/Not Applicable]
	Deltagandegrad 2:	[[•]/Inte Tillämpligt]
(xiii)	Participation Ratio 3:	[[•]/Not Applicable]
	Deltagandegrad 3:	[[•]/Inte Tillämpligt]
(xiv)	Initial Price:	[[•]/as set out in the Conditions]
	Startkurs:	[[•]/såsom framgår av Villkoren]
(xv)	Final Price:	[[•]/as set out in the Conditions]
	Slutkurs:	[[•]/såsom framgår av Villkoren]
(xvi)	Basket Strike Level:	[[•]/Not Applicable]
	Korglösennivå:	[[•]/Inte Tillämpligt]
(xvii)	Initial Basket Level:	[[•]/Not Applicable]/[•] in respect of Basket A and [•] in respect of Basket B
	Korg Startvärde:	[[•]/Inte Tillämpligt]/[•] för Korg A och [•] för Korg B
(xviii)	Basket Floor:	[Applicable/Not Applicable]
	Korggolv:	[Tillämpligt/Inte Tillämpligt]
(xix)	Minimum Basket Return:	[[•]/Not Applicable]
	Lägsta Korgavkastning:	[[•]/Inte Tillämpligt]
(xx)	Basket Cap:	[Applicable/Not Applicable]
	Korgtak:	[Tillämpligt/Inte Tillämpligt]
(xxi)	Maximum Basket Return:	[[•]/Not Applicable]
	Maximal Korgavkastning:	[[•]/Inte Tillämpligt]
(xxii)	Reference Asset Floor:	[Applicable/Not Applicable]
	Referenstillgång Golv	[Tillämpligt/Inte Tillämpligt]
(xxiii)	Minimum Reference Asset Return:	[Not Applicable/
	Lägsta Referenstillgångsavkastningen:	[Inte Tillämpligt]

		Minimum Reference Asset Return
		Lägsta Referenstillgångsavka stningen
		Reference Asset Referenstillgång
		[•]
		[•]
		[•]
		]
(xxiv)	Reference Asset Cap:	[Applicable/Not Applicable]
	Referenstillgång Tak:	[Tillämpligt/Inte Tillämpligt]
(xxv)	Maximum Reference Asset Return:	[Not Applicable/
	Högsta Referenstillgångsavkastningen:	[Inte Tillämpligt/
		Maximum Reference Asset Return
		Högsta Referenstillgångsavka stningen
		Reference Asset Referenstillgång
		[•]
		[•]
		[•]
		]
(xxvi)	Barrier Level(s):	[[•]/Not Applicable]
	Barriärnivå(er):	[[•]/Inte Tillämpligt]
(xxvii)	Replacement Factor:	[[•]/Not Applicable]
	Ersättningsfaktor:	[[•]/Inte Tillämpligt]
(xxviii)	Maximum Performance:	[[•]/Not Applicable]
	Maximal Avkastning:	[[•]/Inte Tillämpligt]
(xxix)	Minimum Performance:	[[•]/Not Applicable]
	Minsta Avkastning:	[[•]/Inte Tillämpligt]
(xxx)	Lock-in Level(s):	[[•]/Not Applicable]
	Lock-in Nivå(er):	[[•]/Inte Tillämpligt]
	• Locked-in Return(s)	[Applicable/Not Applicable]
	• Lock-in Level [1/2/3 ...n]	[•]
(xxxi)	Global Cap:	[[•]/Not Applicable]

Globalt Tak:	[[•]/Inte Tillämpligt]
(xxxii) Global Floor:	[[•]/Not Applicable]
Globalt Golv:	[[•]/Inte Tillämpligt]
(xxxiii) Initial Coupon:	[[•]/Not Applicable]
Initial Kupong:	[[•]/Inte Tillämpligt]
(xxxiv) Local Cap:	[[•]/Not Applicable]
Lokalt Tak:	[[•]/Inte Tillämpligt]
(xxxv) Local Floor:	[[•]/Not Applicable]
Lokalt Golv:	[[•]/Inte Tillämpligt]
(xxxvi) N:	[[•]/Not Applicable]
N:	[[•]/Inte Tillämpligt]
(xxxvii) Outperformance Option:	[Applicable/Not Applicable]
Outperformance Option:	[Tillämpligt/Inte Tillämpligt]
(xxxviii) Fixed Periodic Basket Return(s):	[[•]/Not Applicable]
Fast Periodiserad Korgavkastning:	[[•]/Inte Tillämpligt]
(xxxix) Fixed Reference Asset Return(s):	[[•]/Not Applicable]
Fast Referenstillgångsavkastning	[[•]/Inte Tillämpligt]
(xl) Coupon Barrier Level(s):	[[•]/Not Applicable]
Kupong Barriärnivå(er):	[[•]/Inte Tillämpligt]
(xli) Coupon:	[[•]/Not Applicable]
Kupong:	[[•]/Inte Tillämpligt]
(xlii) K:	[[•]/Not Applicable]
K:	[[•]/Inte Tillämpligt]
(xliii) I:	[[•]/Not Applicable]
I:	[[•]/Inte Tillämpligt]
(xliv) Inflation-Protected Principal:	[Applicable/Not Applicable]
Inflationsskyddat Kapitalbelopp:	[Tillämplig/Inte Tillämpligt]
(xlv) Fee Amount:	[[•]/Not Applicable]
Avgifter:	[[•]/Inte Tillämpligt]
(xlvi) Rebate:	[[•]/Not Applicable]
Rabatt:	[[•]/Inte Tillämpligt]

(xlvii)	Target Volatility:	[[•]/Not Applicable]
	Eftersträvd Volatilitet:	[[•]/Inte Tillämpligt]
	• Minimum Adjustment Threshold:	[[•]/Not Applicable]
	• Lägsta Justeringströskel:	[[•]/Inte Tillämpligt]
	• Minimum Exposure:	[[•]/Not Applicable]
	• Minsta Exponering:	[[•]/Inte Tillämpligt]
	• Maximum Exposure:	[[•]/Not Applicable]
	• Högsta Exponering:	[[•]/Inte Tillämpligt]
	• Annualising Factor:	[[•]/Not Applicable]
	• Årsberäkningsfaktor:	[[•]/Inte Tillämpligt]
	• Second Annualising Factor:	[[•]/Not Applicable]
	• Andra Årsberäkningsfaktor:	[[•]/Inte Tillämpligt]
	• Initial Synthetic Index Value:	[[•]/Not Applicable]
	• Startvärde för Syntetiskt Index:	[[•]/Inte Tillämpligt]
	• Synthetic Index Strike Level:	[[•]/Not Applicable]
	• Syntetiska Index-strukenivån:	[[•]/Inte Tillämpligt]
	• Minimum Synthetic Index Return:	[[•]/Not Applicable]
	• Lägsta Syntetiska Index-avkastningen:	[[•]/Inte Tillämpligt]
	• Cash Rate:	[[•]/Not Applicable]
	• Kontanträntan:	[[•]/Inte Tillämpligt]
	• Cash Return Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
	• Kontant Återbetalning Dagberäkningsmetod:	[[Faktisk/Faktisk (ICMA/ISDA)] / [Faktisk/365 (Fast)] / [Faktisk 365 (Sterling)] / [Faktisk/360] / [30/360] / [30E/360]]
35.	Strategy-related items	[Applicable/Not Applicable/Applicable for the purposes of Condition [•] only]
	Strategirelaterade punkter	[Tillämplig/Inte Tillämpligt/Tillämpligt endast för

		Villkor [•]
(i)	Best of/Worst of Modifier:	[Applicable/Not Applicable]
	Best of/Worst of Modifierare:	[Tillämplig/Inte Tillämpligt]
	• N:	[[•]/Not Applicable]
	• N:	[[•]/Inte Tillämpligt]
(ii)	TOM Cumulative Strategy:	[Applicable/Not Applicable]
	TOM Ackumulerande struktur:	[Tillämplig/Inte Tillämpligt]
	• Reference Rate:	[[•]/Not Applicable]
	• Referensränta:	[[•]/Inte Tillämpligt]
	• TOM Participation Ratio:	[[•]/Not Applicable]
	• TOM Deltagandegrad:	[[•]/Inte Tillämpligt]
	• Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
	• Dagberäkningsmetod:	[[Faktisk/Faktisk (ICMA/ISDA)] / [Faktisk/365 (Fast)] / [Faktisk 365 (Sterling)] / [Faktisk/360] / [30/360] / [30E/360]]
	• TOM Commencement Date:	[•]
	• Startdatum för TOM	[•]
	• TOM End Date:	[•]
	• Slutdatum för TOM:	[•]
	• TOM Calculation Start Date:	[•] Scheduled Trading Days prior to the first Scheduled Trading Day in each calendar month
	• TOM Inledande Beräkningsdag:	[•] Planerade Handelsdagar innan första Planerade Handelsdagen i varje månad

Averaging Dates relevant to applicable TOM Calculation Start Date	
TOM Calculation Start Date Averaging	Medelvärdes- beräkningsdagar som är relevanta för tillämplig TOM Inledande Beräkningsdag
[Applicable/Not Applicable]	[[•] Scheduled Trading Days prior to the first Scheduled Trading Day in each calendar month /Not Applicable]
[Tillämplig/Inte Tillämpligt]	

				[[•] Planerade Handelsdagar innan första Planerade Handelsdagen i varje månad/ Inte Tillämpligt]
•	TOM Calculation End Date:			[•] Scheduled Trading Days following the first Scheduled Trading Day in each calendar month
•	TOM Beräkningsdag:	Slutlig		[•] Planerade Handelsdagar innan första Planerade Handelsdagen i varje månad
				Averaging Dates relevant to applicable TOM Calculation End Date
			TOM Calculation End Date Averaging	Medelvärdesberäkningsdagar som är relevanta för tillämplig TOM Slutlig Beräkningsdag
			[Applicable/Not Applicable]	[[•] Scheduled Trading Days following the first Scheduled Trading Day in each calendar month /Not Applicable]
			[Tillämplig/Inte Tillämpligt]	[[•] Planerade Handelsdagar efter första Planerade Handelsdagen i varje månad/ Inte Tillämpligt]
•	TOM Final Averaging:	Value		[Applicable/Not Applicable]
•	TOM Slutvärde Medelvärdesberäkning:			[Tillämplig/Inte Tillämpligt]
•	TOM Final Averaging Dates:	Value		[The TOM Valuation Dates falling on [•] and [•]/Not Applicable]
•	TOM Slutvärde Medelvärdesberäkningsdagar:			[De TOM-Värderingsdagar som infaller den [•] och [•]/Inte Tillämpligt]
•	Final TOM Performance Averaging:	Period		[Applicable/Not Applicable]
•	Slutlig Värdeutveckling Medelvärdesberäkning:	TOM-Period-		[Tillämplig/Inte Tillämpligt]
•	N:			[[•]/Not Applicable]
•	N:			[[•]/Inte Tillämpligt]

36.	(iii)	Lookback Initial Price Modifier:	[Applicable/Not Applicable]
		Lookback Startkurs Modifierare:	[Tillämplig/Inte Tillämpligt]
	(iv)	Lookback Final Price Modifier:	[Applicable/Not Applicable]
		Lookback Slutkurs Modifierare:	[Tillämplig/Inte Tillämpligt]
	(v)	Lookback Return:	[Basket Return/Reference Assets Return/Not Applicable]
		Lookback Avkastning:	[Korgavkastning/Referenstillgångsavkastning/Inte Tillämpligt]
	(vi)	Lookback Factor:	[Minimum/Maximum/Not Applicable]
		Lookback-Faktor:	[Minsta/Högsta/Inte Tillämpligt]
	(vii)	Lock-in Modifier:	[Applicable. The relevant Lock-in Levels are specified in paragraph 34 above/Not Applicable]
		Lock-in Modifier:	[Tillämpligt. De relevanta Lock-in-Nivåerna är specificerade i punkten 34 ovan/Inte Tillämpligt]
	(viii)	Lock-in Basket Floor:	[Applicable/Not Applicable]
		Lock-in Korggolv:	[Tillämplig/Inte Tillämpligt]
		Provisions relating to FX Components	[Applicable/Not Applicable]
		Bestämmelser för Valutakomponenter	[Tillämplig/Inte Tillämpligt]
	(i)	FX Component - Basket:	[Applicable/Not Applicable/Applicable if the Basket Return is positive/Applicable if the Basket Return is negative]
		Valutakomponent - Korg:	[Tillämpligt/Inte Tillämpligt/Tillämpligt om Kortavkastningen är positiv/Tillämpligt om Korgavkastningen är negativ]
	• FX Rate:	[•]/Not Applicable	
	• Valutakurs:	[•]/Inte Tillämpligt	
	• Initial FX Valuation Date:	[Not Applicable]	
	• Startdag Valuta:	[Inte Tillämpligt]	

•	Värderingsdag Valuta:	Referenstillgång	Värderingsdag Valuta
		[•]	[•]
		[•]	[•]
•	Värderingsdag Valuta:	[•]	[•]
		[•]	[•]
		[•]	[•]
•	FX Valuation Time:	[[•]/Not Applicable]	
•	Värderingstidpunkt Valuta:	[[•]/Inte Tillämpligt]	
•	FX Factor Long/Short:	[FX Factor – Long/FX Factor – Short/Not Applicable]	
•	Valutafaktor Long/Short:	[Valutafaktor – Long/Valutafaktor – Short/Inte Tillämpligt]	
•	Initial FX Rate:	[[•]/As set out in the Base Prospectus]	
•	Valutastartkurs:	[[•]/Såsom framgår av Grundprospektet]	
•	Final FX Rate:	[[•]/As set out in the Base Prospectus]	
•	Valutaslutkurs:	[[•]/Såsom framgår av Grundprospektet]	
(ii)	FX Component - Reference Asset:	[Applicable/Not Applicable/Applicable if the Basket Return is positive/Applicable if the Basket Return is negative]	
	Valutakomponent Referenstillgång:	- [Tillämpligt/Inte Tillämpligt/Tillämpligt om den Korgavkastningen är positiv/Tillämpligt om summan av Korgavkastningen är negativ]	
•	FX Rate:	[[•]/Not Applicable]	
•	Valutakurs:	[[•]/Inte Tillämpligt]	
•	Initial FX Valuation Date:	[Reference Asset	Initial FX Valuation Date(s)
•	Startdag Valuta:	Referenstillgång	Startdag Valuta
		[•]	[•]
		[•]	[•]
•	Värderingsdag Valuta:	[•]	[•]
		[•]	[•]
		[•]	[•]
•	FX Valuation Date(s):	Reference Asset	FX Valuation Date(s)
•	Värderingsdag Valuta:	Referenstillgång	Värderingsdag Valuta
		[•]	[•]
		[•]	[•]
•	Värderingsdag Valuta:	[•]	[•]
		[•]	[•]
		[•]	[•]
•	FX Valuation Time:	[[•]/Not Applicable]	
•	Värderingstidpunkt	[[•]/Inte Tillämpligt]	

	Valuta:	
	• FX Factor Long/Short:	[FX Factor – Long/FX Factor – Short/Not Applicable]
	• Valutafaktor Long/Short:	[Valutafaktor – Long/Valutafaktor – Short/Inte Tillämpligt]
	• Initial FX Rate:	[[•]/As set out in the Base Prospectus]
	• Valutastartkurs:	[[•]/Såsom framgår av Grundprospektet]
	• Final FX Rate:	[[•]/As set out in the Base Prospectus]
	• Valutaslutkurs:	[[•]/Såsom framgår av Grundprospektet]
37.	Provisions relating to Inflation-Linked Notes:	[Applicable/Not Applicable]
	Bestämmelser för Inflationslänkade Lån	[Tillämpligt/Inte Tillämpligt]
	(i) Inflation-Protected Principal:	[[•]/Not Applicable]
	Inflationsskyddat Kapital:	[[•]/Inte Tillämpligt]
	(ii) Inflation Rate:	[[•]/Not Applicable]
	Inflationstakt:	[[•]/Inte Tillämpligt]
	(iii) Final CPI:	[[•]/Not Applicable]
	Slutlig KPI:	[[•]/Inte Tillämpligt]
38.	Provisions relating to Credit Linked Notes:	[Applicable/Not Applicable]
	Bestämmelser för Kreditlänkade Lån	[Tillämpligt/Inte Tillämpligt]
	(i) Observation Start Date:	[[•]/Not Applicable]
	Observationsstartdatum:	[[•]/Inte Tillämpligt]
	(ii) Observation End Date:	[[•]/Not Applicable]
	Observationsslutdatum:	[[•]/Inte Tillämpligt]
	(iii) Portfolio Exposure:	[[•]/Not Applicable]
	Portföljexponering:	[[•]/Inte Tillämpligt]
	(iv) Fixed Recovery Value:	[[•]/Not Applicable]
	Fast Återbetalningsbelopp:	[[•]/Inte Tillämpligt]
	(v) Market Recovery Value:	[Applicable/Not Applicable]
	Marknadsåterbetalningsbelopp:	[Tillämpligt/Inte Tillämpligt]
	(vi) Tranche Attachment Point:	[[•]/Not Applicable]
	Fästpunkt Tranch:	[[•]/Inte Tillämpligt]
	(vii) Tranche Detachment Point:	[[•]/Not Applicable]

	Avskiljningspunkt Tranch:	[[•]/Inte Tillämpligt]
(viii)	Restructuring Amount:	[[•]/Not Applicable]
	Omläggning av Skulder – Belopp:	[[•]/Inte Tillämpligt]
(ix)	Replacement Reference Entity:	[Applicable/Not Applicable]
	Ersättande Referensenhet:	[Tillämpligt/Inte Tillämpligt]
(x)	Obligation Acceleration Amount:	[[•]/Not Applicable]
	Uppsägning av Åtagande – Belopp:	[[•]/Inte Tillämpligt]
(xi)	Failure to Pay Amount:	[[•]/Not Applicable]
	Utebliven Betalning – Belopp:	[[•]/Inte Tillämpligt]
(xii)	Default Requirement:	[[•]/Not Applicable/As set out in the Conditions]
	Defaultkrav:	[[•]/Såsom framgår av Grundprospektet]
(xiii)	Credit Events:	[Failure to Pay/ Restructuring/ Bankruptcy/ Governmental Intervention/ Repudiation/ Moratorium/ Obligation Acceleration/Not Applicable]
	Kredithändelser:	[Utebliven Betalning/ Omläggning av Skulder/ Insolvensförfarande/ Myndighetsingripande/ Avstående/Moratorium/ Uppsägning av Åtagande/ Inte Tillämpligt]
(xiv)	Target Redemption Amount:	[[•]/Not Applicable]
	Eftersträvat Återbetalningsbelopp:	[[•]/Inte Tillämpligt]
(xv)	Back Stop Date:	[[•]/Not Applicable]
	Back-Stop Datum:	[[•]/Inte Tillämpligt]
(xvi)	Credit Event Ranked Basket Participation:	[Applicable/Not Applicable]
	Kredithändelserankad Korgandel:	[Tillämpligt/Inte Tillämpligt]
	• Credit Event Ranked Weight:	Credit Event (<i>in order of occurrence</i>)
		Kredithändelse (<i>i kronologisk ordning</i>)
		Weighting Viktning
	• Kredithändelserankad vikt:	1 [•]%
		2 [•]%
		3 [•]%
		N [•]%
(xvii)	Scheduled Redemption Date:	[[•]/Not Applicable]

	Planerad Återbetalningsdag:	[[•]/Inte Tillämpligt]
(xviii)	Back Stop Date:	[[•]/Not Applicable]
	Back Stop-Datum:	[[•]/Inte Tillämpligt]
(xix)	N:	[[•]/Not Applicable]
	N:	[[•]/Inte Tillämpligt]
(xx)	K:	[[•]/Not Applicable]
	K:	[[•]/Inte Tillämpligt]
(xxi)	Factor 1:	[[•]/Not Applicable]
	Faktor 1:	[[•]/Inte Tillämpligt]
(xxii)	Factor 2:	[[•]/Not Applicable]
	Faktor 2:	[[•]/Inte Tillämpligt]
(xxiii)	Factor 3:	[[•]/Not Applicable]
	Faktor 3:	[[•]/Inte Tillämpligt]
(xxiv)	Factor 4:	[[•]/Not Applicable]
	Faktor 4:	[[•]/Inte Tillämpligt]
(xxv)	Strike 1:	[[•]/Not Applicable]
	Strike 1:	[[•]/Inte Tillämpligt]
(xxvi)	Strike 2:	[[•]/Not Applicable]
	Strike 2:	[[•]/Inte Tillämpligt]
(xxvii)	Strike 3:	[[•]/Not Applicable]
	Strike 3:	[[•]/Inte Tillämpligt]
(xxviii)	Strike 4:	[[•]/Not Applicable]
	Strike 4:	[[•]/Inte Tillämpligt]
(xxix)	Indicator 1:	[[•]/Not Applicable]
	Indikator 1:	[[•]/Inte Tillämpligt]
(xxx)	Indicator 2:	[[•]/Not Applicable]
	Indikator 2:	[[•]/Inte Tillämpligt]
(xxxi)	Indicator 3:	[[•]/Not Applicable]
	Indikator 3:	[[•]/Inte Tillämpligt]
(xxxii)	Indicator 4:	[[•]/Not Applicable]
	Indikator 4:	[[•]/Inte Tillämpligt]

39.	Provisions relating to Fund Linked Notes:	[Applicable/Not Applicable]
	Bestämmelser för Fondlänkade Lån	[Tillämpligt/Inte Tillämpligt]
	(i) Fund:	[[•]/Not Applicable]
	Fond:	[[•]/Inte Tillämpligt]
	(ii) Fund Manager:	[[•]/Not Applicable]
	Fondförvaltare:	[[•]/Inte Tillämpligt]
	(iii) Back Stop Date:	[[•]/Not Applicable]
	Back-Stop Datum:	[[•]/Inte Tillämpligt]
IV.	INSTALMENT AND EARLY REDEMPTION	[APPLICABLE/NOT APPLICABLE]
	AVBETALNING OCH FÖRTIDA INLÖSEN	[TILLÄMPLIGT/INTE TILLÄMPLIGT]
		[Items 40-45 have been intentionally omitted] ⁴⁵
		[Punkterna 40-45 har medvetet utelämnats]
40.	Instalment Redemption	[[•]/Not Applicable]
	Avbetalning	[[•]/Inte Tillämpligt]
	(i) Instalment Amount:	[[•] per Calculation Amount/Not Applicable]
	(i) Avbetalningsbelopp:	[[•] per Beräkningsbelopp/Inte Tillämpligt]
	(ii) Instalment Date(s):	[[•]/Not Applicable]
	(ii) Avbetalningsdatum:	[[•]/Inte Tillämpligt]
41.	Optional Early Redemption (Call)	[Applicable/Not Applicable]
	Frivillig Förtida Återbetalning (Call)	[Tillämpligt/Inte Tillämpligt]
	(i) Early Redemption Date(s):	[[•]/Not Applicable]
	(i) Förtida Återbetalningsdatum:	[[•]/Inte Tillämpligt]
	(ii) Early Redemption Amount(s) of each Note:	[•] per Calculation Amount
	(ii) Förtida Återbetalningsbelopp per Lån:	[•] per Beräkningsbelopp
42.	Optional Early Redemption (Put)	[Applicable/Not Applicable]
	Frivillig Förtida Återbetalning (Put)	[Tillämpligt/Inte Tillämpligt]
	(i) Early Redemption Date(s):	[[•]/Not Applicable]
	(i) Förtida Återbetalningsdatum:	[[•]/Inte Tillämpligt]

⁴⁵ Include where instalment and early redemption provisions are marked as "Not Applicable"

	(ii) Early Redemption Amount(s) of each Note:	[•] per Calculation Amount
	(ii) Förtida Återbetalningsdatum:	[•]
43.	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons:	[•] per Calculation Amount
	Förtida Återbetalningsbelopp per Beräkningsbelopp att betalas vid återbetalning av skatteskäl	[•] per Calculation Amount
44.	Early Redemption Date(s) of Notes with "Autocallable" or "Autocallable Rate" performance structure:	[[•]/Not Applicable]
	Förtida Återbetalningsdatum för Lån med "Autocallable" eller "Autocallable-nivå" värdeutecklingsstruktur	[[•]/Inte Tillämpligt]
	• Call Barrier Level:	[[•]/Not Applicable]
	• Inlösenbarriärnivå:	[[•]/Inte Tillämpligt]
45.	Payment of Unwind Amount on Early Redemption:	[Applicable/Not Applicable]
	Betalning av Korrigeringsbelopp vid Förtida Återbetalning:	[Tillämpligt/Inte Tillämpligt]
V. PROVISIONS APPLICABLE TO DISRUPTION, ADJUSTMENTS AND OTHER EXTRAORDINARY EVENTS.		
BESTÄMMELSER TILLÄMPLIGA FÖR AVBROTT, JUSTERINGAR OCH ANDRA EXTRAORDINÄRA HÄNDELSER.		
46.	Change in Law:	[As set out in the Conditions/Not Applicable]
	Ändring av Lag:	[Såsom framgår av Villkoren/Inte Tillämpligt]
47.	Increased Costs of Hedging:	[As set out in the Conditions/Not Applicable]
	Ökade Riskhanteringskostnader:	[Såsom framgår av Villkoren/Inte Tillämpligt]
48.	Hedging Disruption:	[As set out in the Conditions/Not Applicable]
	Störning av Riskhantering:	[Såsom framgår av Villkoren/Inte Tillämpligt]
49.	Market Disruption:	[As set out in the Conditions/Not Applicable]
	Marknadsavbrott:	[Såsom framgår av Villkoren/Inte Tillämpligt]
50.	Market Disruption Commodity:	[As set out in the Conditions/Not Applicable]
	Marknadsavbrott Råvaror:	[Såsom framgår av Villkoren/Inte Tillämpligt]
51.	Disruption Currency:	[As set out in the Conditions/Not Applicable]
	Valutastörning:	[Såsom framgår av Villkoren/Inte Tillämpligt]
52.	Calculation Adjustment:	[As set out in the Conditions/Not Applicable]

	Beräkningsjustering:	[Såsom framgår av Villkoren/Inte Tillämpligt]
53.	Corrections:	[As set out in the Conditions/Not Applicable]
	Korrigeringar:	[Såsom framgår av Villkoren/Inte Tillämpligt]
54.	Correction Commodity:	[As set out in the Conditions/Not Applicable]
	Korrigerig Råvaror:	[Såsom framgår av Villkoren/Inte Tillämpligt]
55.	Correction Currency:	[As set out in the Conditions/Not Applicable]
	Korrigeringar Valuta:	[Såsom framgår av Villkoren/Inte Tillämpligt]
56.	Extraordinary Events:	[As set out in the Conditions/Not Applicable]
	Extraordinära Händelser	[Såsom framgår av Villkoren/Inte Tillämpligt]
57.	Rate Option Fall Back:	[As set out in the Conditions/Not Applicable]
	Ränteoption Fallback:	[Såsom framgår av Villkoren/Inte Tillämpligt]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

GENERELLA BESTÄMMELSER FÖR LÅNEN

58.	Form of Notes:	[Bearer Notes:]
	Typ av Lån:	[Fysiska Lån:]
		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
		[Temporärt Globalt Lån utbytbart mot ett Permanent Globalt Lån vilket är utbytbart mot Definitiva Lån vid de begränsade omständigheter som anges i Permanent Globalt Lån]
		[Temporary Global Note exchangeable for Definitive Notes]
		[Temporärt Globalt Lån utbytbart mot Definitiva Lån]
		[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
		[Temporärt Globalt Lån utbytbart mot Definitiva Lån med [•] dagars varsel/vid var tid/vid de begränsade omständigheter som anges i Permanent Globalt Lån]
		[Swiss Franc Notes]
		[Lån i Schweiziska Franc]
		[Registered Notes:]

[Registrerade Lån:]

Global Registered Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is held under the New Safekeeping Structure)]

Globalt Registrerat Lån registrerat i förvaltares namn för [en "common depositary" för Euroclear och Clearstream, Luxembourg/en "common safekeeper" för Euroclear och Clearstream, Luxembourg (som hålls under den Nya Förvaringsstrukturen)]

[VP Notes]

[VP Lån]

[The Notes are VP Notes in uncertificated and dematerialised book entry form]

[Lånen är VP Lån i dematerialiserad och kontoförd form]

[VPS Notes]:

[VSP Lån]:

[The Notes are VPS Notes in uncertificated and dematerialised book entry form]

[Lånen är VPS Lån i dematerialiserad och kontoförd form]

[Swedish Notes]

[Svenska Lån]

[The Notes are Swedish Notes in uncertificated and dematerialised book entry form]

[Lånen är Svenska Lån i dematerialiserad och kontoförd form]

[Finnish Notes]

[Finska Lån]

[The Notes are Finnish Notes in uncertificated and dematerialised book entry form]

[Lånen är Finska Lån i dematerialiserad och kontoför form]

59. New Global Note:
Nytt Globalt Lån:

[Yes] [No]

[Ja] [Nej]

60.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[[•]/Not Applicable]
	Ytterligare Finansiella Center eller andra särskilda bestämmelser relaterade till betalningsdatum:	[[•]/Inte Tillämpligt]
61.	Calculation Agent:	[[•]/Not Applicable]
	Beräkningsagent:	[[•]/Inte Tillämpligt]
62.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No.]
	Talonger för framtida Kuponger eller Kvitton som ska fästas vid Definitiva Lån (och datum då sådana Talonger förfaller):	[Ja/Nej.]
63.	Governing Law:	[English Law/ Finnish Law/ Swedish Law/ Norwegian Law/ Danish Law]
	Gällande Lag:	[Engelsk Lag/ Finsk Lag/ Svensk Lag/ Norsk Lag/ Dansk Lag]

[PURPOSE OF FINAL TERMS]

[SYFTE MED SLUTLIGA VILLKOR]

These Final Terms comprise the final terms required for the issue [and admission to trading on the regulated market of the Irish Stock Exchange] of the Notes described herein pursuant to the €15,000,000,000 Structured Note Programme of Nordea Bank AB (publ) and Nordea Bank Finland Plc.

Dessa Slutliga Villkor omfattar de slutliga villkor som erfordras för utgivandet [och upptagande till handel på den reglerade marknaden vid Irish Stock Exchange av Lånen som beskrivs här enligt det €15 000 000 000 Strukturerade Lån Programmet med Nordea Bank AB (publ) och Nordea Bank Finland Plc. som emittent]

RESPONSIBILITY

ANSVAR

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

Emittenten åtar sig ansvar för den informationen som innefattas i dessa Slutliga Villkor. [*Relevant information från tredje man*] har hämtats från [*specificera källa*]. Emittenten bekräftar att sådan information har återgivits korrekt och att, såvitt Emittenten känner till, och har möjlighet att bekräfta genom information som publicerats av [*specificera källa*], inga fakta har utelämnats som skulle innebära att den återgivna informationen är felaktig eller misvisande.

Signed on behalf of [Nordea Bank AB (publ)/Nordea Bank Finland Plc]:

Undertecknas för [Nordea Bank AB (publ)/Nordea Bank Finland Plc]:

By:

Duly authorised

Av:

Behörigen utsedd

PART B – OTHER INFORMATION

DEL B – Övrig information

1. **LISTING AND ADMISSION TO TRADING**

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to the official list and to trading on the [Irish Stock Exchange/Nasdaq Stockholm/Nasdaq Helsinki] with effect from [•].]
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to the official list and to trading on the [Irish Stock Exchange/Nasdaq Stockholm/Nasdaq Helsinki] with effect from [•].]

[Application will be made for the Notes to be listed on the SIX Swiss Exchange. Application has been made for the Notes to be admitted to trading on [SIX Structured Products (formerly Scoach Switzerland)] [in the case of derivatives]/[the SIX Swiss Exchange] [in the case of bonds] with effect from [•]/other.] The last trading day is expected to be on [•].] [Not Applicable.]

LISTNING OCH UPPTAGANDE TILL HANDEL

[Ansökan har gjorts av Emittenten (eller på dennes vägnar) för att Lånen ska listas på den officiella listan vid Irish Stock Exchange/Nasdaq Stockholm/Nasdaq OMX Helsinki] samt handlas från och med [•].] [Ansökan förväntas ges in av Emittenten (eller på dennes vägnar) för att Lånen ska listas på den officiella listan vid [Irish Stock Exchange/Nasdaq Stockholm/Nasdaq OMX Helsinki] samt handlas från och med [•].]

[Ansökan ska göras för att Lånen ska listas på SIX Swiss Exchange. Ansökan har gjorts för att Lånen ska tas upp till handel på [SIX Structured Products (för detta Scoach Schweiz)] [såvitt avser derivat]/[SIX Swiss Exchange] [såvitt avser obligationer] samt handlas från och med [•]/annat]. Sista handelsdag beräknas vara [•].] [Inte Tillämpligt].
2. **RATINGS**

The Notes to be issued have not been rated.

BETYG

Lånen som ska emitteras har inte givits något kreditbetyg.
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

INTRESSEN FRÅN FYSISKA OCH JURIDISKA PERSONER SOM ÄR INVOLVERADE I EMISSIONEN/ERBJUDANDET

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

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer." *(Amend as appropriate if there are other interests)*

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement

to the Prospectus under Article 16 of the Prospectus Directive.))]

Inkludera beskrivning av alla intressen, inklusive intressekonflikter, vilka är av materiell betydelse för emissionen/erbjudandet, som beskriver de personer som är involverade och vilken typ av intresse det rör sig om.

"Utöver beskrivningen i ["Teckning och Försäljning"], har, såvitt Emittenten känner till, ingen person som är involverad i erbjudandet av Lånen något väsentligt intresse i erbjudandet." (Ändras om det finns andra intressen)

[(När någon annan beskrivning läggs till, ska det övervägas om sådana beskrivningar utgör sådana "nya omständigheter" som aktualiserar behovet av ett tillägg till Prospektet under Artikel 16 i Prospektdirektivet.)]

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

SKÅL FÖR ERBJUDANDET, BERÄKNADE NETTOLIKVID OCH TOTALA KOSTNADER

[(i) Reasons for the offer: [•]

[(i) Skäl för erbjudandet: [•]

[(ii)] Estimated net proceeds: [•]

[(ii)] Beräknad nettolikvid: [•]

[(iii)] Estimated total expenses: [•]

[(iii)] Beräknade totala kostnader: [•]

5. **[Fixed Rate Notes only – YIELD**

[Lån med Fast Ränta enbart - AVKASTNING

Indication of yield: [•]

Indikation om avkastning: [•]

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

[Lån med Rörlig Ränta enbart – HISTORISKA RÄNTENIVÅER

Details of historic [LIBOR/EURIBOR/STIBOR/NIBOR/CIBOR] rates can be obtained from [Reuters].]

Uppgifter om historiska nivåer avseende [LIBOR/EURIBOR/STIBOR/NIBOR/CIBOR] kan erhållas från [Reuters].]

7. **[Index-linked or other variable-linked notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, AND OTHER INFORMATION CONCERNING THE UNDERLYING**

Indexlänkade eller andra variabelldänkade lån endast – VÄRDEUTVECKLING FÖR INDEX/FORMULA/ANDRA VARIABLER, OCH ANNAN INFORMATION OM DET UNDERLIGGANDE

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.^{46]}

⁴⁶ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

Uppgifter om när tidigare och framtida värdeutveckling och volatilitet av index/formula/andra variabler kan erhållas.^{47]}

Basket	Reference Asset(s)	Basket Participation	Stock Exchange and Options or Futures Exchange	Initial Price	Strike Level	Source for past and future performance data
Korg	Referenstillgång(ar)	Korgandel	Aktiebörs och Options- eller Terminsbörs	Startkurs	Lösenprisnivå	Källa för historisk och framtida prestationsdata
[Basket A] [/Single Basket]	[•]	[•]	[•]	[•]/ [As determined in accordance with the Conditions set out in the Base Prospectus]	[•]	[•]
[Korg A] [/Enskild Korg]				[•]/ [Bestämd i enlighet med villkoren i Grundprospektet]		
[Basket B]	[•]	[•]	[•]	[•]	[•]	[•]
[Korg B]						

Basket	Reference Entity(ies) (Interest)/ Reference Entity(ies)/ Reference Entity(ies) (Index)	Basket Participation (Interest)/ Basket Participation	Observation Start Date	Observation End Date	Source for past and future performance data
Korg	Referensenhet(er) (Ränta)/ Referensenhet(er) /Referensenhet(er) (Index)	Korgandel (Ränta)/Korgandel	Startdatum för Observation	Slutdatum för Observation	Källa för historiska och framtida prestationsdata
[Basket A]	[•]	[•]	[•]	[•]	[•]
[Korg A]					
[Basket B]	[•]	[•]	[•]	[•]	[•]
[Korg B]					

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information]⁴⁸.

Emittenten [avser att tillhandahålla information efter emissionen [specificera vilket information som kommer rapporteras och var den går att ta del av]] [avser inte att tillhandahålla någon information efter emissionen.]⁴⁹.

8. FURTHER DETAILS OF BASKET PARTICIPATION

YTTERLIGARE UPPGIFTER FÖR KORGANDEL

Basket Participation (Interest):

Korgandel (Ränta):

⁴⁷ Erfordras för derivatvärdepapper till vilka Annex XII i Prospektdirektivsförordningen är tillämpligt.

⁴⁸ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

⁴⁹ Erfordras för derivatvärdepapper till vilka Annex XII till Prospektdirektivsförordningen är tillämpligt.

- Fixed Basket Participation (Interest): [Applicable/Not Applicable]
- Fast Korgandel (Ränta): [Tillämpligt/Inte Tillämpligt]
- Rainbow Basket Participation (Interest): [Applicable/Not Applicable]
- Rainbow Korgandel (Ränta): [Tillämpligt/Inte Tillämpligt]

Ranking (*Best performing first*)

Ranking (*Bäst värdeutveckling först*)

Weighting

Viktning

1	[•]%
2	[•]%
3	[•]%
N	[•]%

- Replacement Cliquet Basket Participation (Interest): [Applicable/Not Applicable]
- Ersättande Periodsumme Korgandel (Ränta): [Tillämpligt/Inte Tillämpligt]
- Momentum Basket Participation (Interest): [Applicable/Not Applicable]
- Korgandel Momentum (Ränta): [Tillämpligt/Inte Tillämpligt]
- Accumulating Rainbow Basket Participation (Interest): [Applicable/Not Applicable]
- Ackumulerande Rainbow Korgandel (Ränta): [Tillämpligt/Inte Tillämpligt]

Basket Participation:

Korgandel:

- Fixed Basket Participation: [Applicable/Not Applicable]
- Fast Korgandel: [Tillämpligt/Inte Tillämpligt]
- Rainbow Basket Participation: [Applicable/Not Applicable]
- Rainbow Korgandel: [Tillämpligt/Inte Tillämpligt]

Ranking (*Best performing first*)

Ranking (*Bäst värdeutveckling först*)

Weighting

Viktning

1	[•]%
2	[•]%
3	[•]%
N	[•]%

- Replacement Cliquet Basket [Applicable/Not Applicable]
Participation:
- Ersättande Periodsumme [Tillämpligt/Inte Tillämpligt]
Korgandel:
- Momentum Basket Participation: [Applicable/Not Applicable]
- Korgandel Momentum: [Tillämpligt/Inte Tillämpligt]
- Accumulating Rainbow Basket [Applicable/Not Applicable]
Participation:
- Ackumulerande Rainbow [Tillämpligt/Inte Tillämpligt]
Korgandel:

9. OPERATIONAL INFORMATION

OPERATIONELL INFORMATION

ISIN Code: [•]

ISIN Kod: [•]

Common Code: [•]

[Swiss Security Number: [•]]

[Schweiziskt Säkerhetsnummer: [•]]

[Intended to be held in a manner which [Yes][No]
would allow Eurosystem eligibility:

[Avsedd att hållas på ett sätt som skulle [Ja] [Nej]
möjliggöra Eurosystem-tillgänglighet]

[Note that the designation "yes" means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,]⁵⁰ 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 satisfaction of the Eurosystem eligibility criteria.]

[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 one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting 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

⁵⁰ Insert this text for registered notes.

during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]⁵¹

[Notera att valet "ja" innebär att Lånen är avsedda att från utgivandet förvaras vid någon ICSD som "common safekeeper" [och förvaltarregistrerade vid den ICSD som är "common safekeeper"],⁵² och innebär inte nödvändigtvis att Lånen kommer erkännas som användbara säkerheter för Eurosystems monetära policy och intradags kredithantering av Eurosystem, varken vid utgivandet eller vid var annan tid under deras livstid. Sådant erkännande kommer vara avhängigt uppfyllandet av Eurosystems användbarhetskriterier.]

[Även om valet "nej" har gjorts vid datumet för dessa Slutliga Villkor, kan Lånen förvaras hos en ICSD som "common safekeeper" [och förvaltarregistreras av den ICSD som är "common safekeeper"], om Eurosystems kriterier för tillgänglighet ändrats framöver på ett sådant sätt att Lånen uppfyller dem. Notera att detta inte nödvändigtvis innebär att Lånen då kommer erkännas som användbara säkerheter för Eurosystems monetära policy och intradags kredithantering av Eurosystem vid någon tid under deras livstid. Sådant erkännande kommer vara avhängigt att ECB är tillfredsställda med Eurosystems användbarhetskriterier.]⁵³

Clearing system(s) [and identification number, if applicable]:	Euroclear / Clearstream, Luxembourg / Euroclear Finland / Euroclear Sweden / VP / VPS / SIS

Clearingsystem [och identifikationsnummer, om tilläppligt]:	Euroclear / Clearstream, Luxembourg / Euroclear Finland / Euroclear Sweden / VP / VPS / SIS

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 / <i>Give name and address</i>

Namn och adress till ytterligare [Betalningsagent / VP-Administrerande Institut / VPS-Betalningsagent / Svenskt Administrerande Institut / Schweizisk Betalningsagent] (om någon)	Inte tillämpligt / <i>Ange namn och adress</i>

10. DISTRIBUTION

DISTRIBUTION

(i) Method of distribution:	[Syndicated/Non-syndicated]

(i) Distributionsmetod:	[Syndikerat/Icke-Syndikerat]

⁵¹ Include this text if "yes" is selected, in which case bearer Notes must be issued in NGN form.

⁵² Inkludera denna text för registrerade lån.

⁵³ Inkludera denna text om "ja" anges, i vilket fall Innehavarlån måste vara emitterade i NGN-form.

(ii)	If syndicated:	[Not Applicable]
(ii)	Om syndikerat:	[Inte Tillämpligt]
(a)	Names and addresses of Managers and underwriting commitments:	[•]
(a)	Namn och adresser till Managers och åtaganden avseende underwriting:	[•]
(b)	Date of subscription agreement:	[•]
(b)	Datum för teckningsavtal:	[•]
(c)	Stabilising Manager(s) (if any):	[Not Applicable/[•]]
(c)	Stabiliserande Manager(s) (om några):	[Inte Tillämpligt/[•]]
(iii)	If non-syndicated, name and address of Dealer:	[Not Applicable]
(iii)	Om icke-syndikerat, namn och adress till Försäljare:	[Inte Tillämpligt]
(a)	Name and address of Dealer:	[•]
(a)	Namn och adress till Försäljare:	[•]
(b)	Date of subscription agreement:	[•]
(b)	Datum för avtal om tecknande:	[•]
(iv)	Indication of the overall amount of the underwriting commission and of the placing commission:	[•] per cent. of the Aggregate Nominal Amount
(iv)	Indikation om det sammanlagda beloppet av kommission för underwriting och placering	[•] procent av det Sammanlagda Nominella Beloppet
(v)	U.S. Selling Restrictions:	[TEFRA C/TEFRA D/Not Applicable]
(v)	Försäljningsrestriktioner USA:	[TEFRA C/TEFRA D/Inte Tillämpligt]
		[(In the case of Swiss Franc Notes) – TEFRA D in accordance with usual Swiss practice]
		[(För Lån i Schweiziska Franc) – TEFRA D i enlighet med Schweizisk sedvanlig praxis]

- (vi) Public Offer: [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 and including *[specify date]* to but excluding *[specify date]* (the "**Offer Period**") in *[specify relevant Member State(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported]* ("**Public Offer Jurisdictions**") by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and which has agreed to comply with the Authorised Offeror Terms set out in the Base Prospectus [and the additional following conditions: *[set out clear and objective conditions]*].
- The Issuer consents to the use of the Base Prospectus in connection with a Public Offer of the Notes during the period from and including *[specify date]* to but excluding *[specify date]* (the "**Offer Period**") by *[insert names of financial intermediaries]* specified in *[specify relevant Member State(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported]* ("**Public Offer Jurisdictions**") [and subject to the Authorised Offeror Terms set out in the Base Prospectus and the following conditions: *[set out clear and objective conditions]*], for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC).
- (vi) Erbjudande till Allmänheten: [Emittenten samtycker inte till användning av Grundprospektet i samband med ett Erbjudande till Allmänheten av Lånen från någon person.]
- [Emittenten samtycker till användandet av Grundprospektet i samband med ett Erbjudande till Allmänheten av Lånen under perioden från och med *[ange datum]* till, men exklusive, *[ange datum]* ("**Erbjudandeperioden**") {XE "Erbjudandeperioden"} i *[ange relevant(a) Medlemsstat(er) – vilka måste vara jurisdiktioner dit Grundprospektet och eventuella tillägg har passerats]* (**Erbjudande till Allmänheten - Jurisdiktioner** { XE "Erbjudande till Allmänheten - Jurisdiktioner" }) av någon finansiell mellanhand som är auktoriserad att göra sådana erbjudanden under Direktivet om Marknader för Finansiella Instrument (Direktiv 2004/39/EG) och som har åtagit sig att följa villkoren för Auktoriserade Säljare som framställts i Grundprospektet [och de följande ytterligare villkoren: *[ange tydliga och objektiva villkor]*].

[Emittenten samtycker till användandet av Grundprospektet i samband med ett Erbjudande till Allmänheten av Lånen under perioden från och med [ange datum] till, men exklusive, [ange datum] ("**Erbjudandeperioden**") {XE "Erbjudandeperioden"}") av [ange namn på finansiella mellanhänder] specificerade i [ange relevant(a) Medlemsstat(er) – vilka måste vara jurisdiktioner dit Grundprospektet och eventuella tillägg har passerats] (**Erbjudande till Allmänheten - Jurisdiktioner** { XE "Erbjudande till Allmänheten - Jurisdiktioner" }) [i enlighet med villkoren för Auktoriserade Säljare och följande villkor: [ange tydliga och objektiva villkor], under förutsättning att de är auktoriserade att göra sådana erbjudanden under Direktivet om Marknader för Finansiella Instrument (Direktiv 2004/39/EG).

11. TERMS AND CONDITIONS

VILLKOR

Offer Price: [•]

Pris för Erbjudandet: [•]

Conditions to which the offer is subject: [Not Applicable/[•]]

[The Issuer reserves its rights to cancel the offer under the following circumstances;

- (a) if the aggregate principal amount of Notes subscribed on or before [insert date] is less than [insert amount];
- (b) if the [insert relevant variable] cannot be set at [relevant value corresponding to the indicated minimum value]; or
- (c) if any event of an economic, financial or political nature occurs and which may jeopardise a successful offer, as determined by the Issuer].

[The Issuer may also replace any Reference Asset listed in the table(s) above at any time on or prior to [insert date] with a comparable type of underlying Reference Asset].

Villkor för erbjudandet: [Inte Tillämpligt/[•]]

[Emittenten förbehåller sig rätten att dra tillbaka erbjudandet under följande omständigheter;

- (a) om det sammanlagda beloppet av Lån som tecknats på eller före [ange datum] är lägre än [ange belopp];
- (b) om [ange relevant variabel] inte kan anges till [relevant värde som korresponderar till det indikerade lägsta värdet]; eller

- (c) om någon händelse av ekonomisk, finansiell eller politisk natur inträffar och som kan äventyra ett framgångsrikt erbjudande, enligt Emittentens bedömning].

[Emittenten kan också ersätta varje Referenstillgång som listas i tabellerna ovan vid var tid på eller före *[ange datum]* med en jämförbar typ av underliggande Referenstillgång.

Description of the application process: [Not Applicable/[•]]

Beskrivning av ansökningsprocessen: [Inte Tillämpligt/[•]]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/[•]]

Beskrivning av möjligheten att reducera antalet teckningar och metod för att återbetala överstigande belopp som har betalats av kandidater. [Inte Tillämpligt/[•]]

Details of the minimum and/or maximum amount of application: [Not Applicable/[•]]

Uppgifter om det minsta och/eller högsta antalet ansökningar: [Inte Tillämpligt/[•]]

Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/[•]]

Uppgifter om metoden och tidsbegränsningar för att betala och leverera Lånen: [Inte Tillämpligt/[•]]

Manner in and date on which results of the offer are to be made public: [Not Applicable/[•]]

Metod för och datum när resultat av erbjudandet kommer offentliggöras till allmänheten: [Inte Tillämpligt/[•]]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/[•]]

Procedur för att utnyttja rättigheter för förköpsrätt, förhandling av teckningsrätter och behandling av teckningsrätter som inte har utnyttjats: [Inte Tillämpligt/[•]]

whether tranche(s) have been reserved for certain countries: [Not Applicable/[•]]

huruvida trancher har reserverats för särskilda länder: [Inte Tillämpligt/[•]]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/[•]]

Process för att underrätta kandidater om det tilldelade belopp och om handel kan komma att påbörjas före det att underrättelse har skett: [Inte Tillämpligt/[•]]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/[In connection with the issuance of this type of notes, the Issuer incurs costs for, among other things, production, distribution, licences, stock exchange listing and risk management. In order to cover these costs, the Issuer charges brokerage fees and commission. The commission is included in the price and will amount to a maximum of [] per cent per year, calculated on the price of the Notes].

Belopp av utgifter och skatter som särskilt kan tas ut av tecknare eller köpare: [Inte Tillämpligt/[I samband med utgivningen av denna typ av Lån har Emittenten kostnader för bland annat produktion, distribution, licenser, börsnotering och riskhantering. För att täcka dessa kostnader tar Emittenten ut courtage och arrangörsarvode. Arrangörsarvodet inkluderas i priset och uppgår maximalt till [] procent per år, beräknat på Lånets pris].

Name(s) and address(es), to the extent known to the Issuer, of the Authorised Offerors in the various countries where the offer takes place. [None/[•]]
[Address: [[•]]]

Namn och adress(er), i den utsträckning som Emittenten känner till, till Auktoriserade Säljare i de olika länder där erbjudanden sker. [Inget/[•]]
[Adress: [[•]]]

12. **[Swiss Franc Notes only – DOCUMENTS AVAILABLE**

[Lån i Schweiziska Franc enbart –TILLGÄNGLIGA DOKUMENT

Copies of the Final Terms and the Base Prospectus are available [at UBS AG, Prospectus Library, P.O. Box, CH-8098 Zürich, Switzerland (tel: +41 44 239 47 03, fax: +41 44 239 21 11 or email: swiss-prospectus@ubs.com) / from the offices of Credit Suisse AG at Uetlibergstrasse 231, 8070 Zürich, Switzerland].]

Kopior av de Slutliga Villkoren och Grundprospektet finns tillgängligt [vid UBS AG, Prospectus Library, P.O. Box, CH-8098 Zürich, Schweiz (tel: +41 44 239 47 03, fax: +41 44 239 21 11 eller epost: swiss-prospectus@ubs.com) / från Credit Suisse AG kontor vid Uetlibergstrasse 231, 8070 Zürich, Schweiz].]

13. **[Swiss Franc Notes only – REPRESENTATIVE**

[Lån i Schweiziska Franc enbart – REPRESENTANT

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 Admission Board of the SIX Swiss Exchange.]

I enlighet med Artikel 43 i Reglerna för Listning från SIX Swiss Exchange, har [•] utsetts av Emittenten som representant att genomföra ansökningen om notering hos SIX Swiss Exchanges Admission Board.]

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

[Lån i Schweiziska Franc enbart – REPRESENTANT – INGEN VÄSENTLIG NEGATIV FÖRÄNDRING / VÄSENTLIGA FÖRÄNDRINGAR SEDAN DEN SENASTE ÅRSREDOVISNINGEN]

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 2013], which would materially affect its ability to carry out its obligations under the Notes.]

Förutom såsom redogjorts för i Grundprospektet, har det inte skett någon väsentlig negativ förändring i Emittentens ekonomiska situation eller verksamhet sedan [31 December 2013], som väsentligen kan påverka dess möjligheter att uppfylla sina förpliktelser under Lånen.]

15. **[Swiss Franc Notes only – LISTING/TRADING INFORMATION]**

[Lån i Schweiziska Franc enbart – LISTNING/HANDELSINFORMATION]

- (a) Trading Size and Ratio: [minimum and maximum trading size and the standard exercise ratio]
- (a) Handelsstorlek och Förhållande: [minsta och högsta handelsstorlek och standard för utövandeförhållande]
- (b) First Trading Day: [first trading day]
- (b) Första Handelsdag: [första handelsdag]
- (c) Last Trading Day and Time: [last trading day as well as (in the case of derivatives) the time of day at which trading shall cease]
- (c) Sista Handelsdag och -tidpunkt: [sista handelsdagen såväl som (om derivat) tidpunkten på den dag handel ska upphöra]
- (d) [(In the case of derivatives) Capital Protection: [Capital protection [specify] / no capital protection]]
- (d) [(om derivat) Kapitalskydd: [Kapitalskydd [specificera] / inget kapitalskydd]]
- (e) [(In the case of derivatives) Type of quoting: [the Notes are traded or quoted including accrued interest (dirty trading)] [accrued interest is shown separately (clean trading)]]
- (e) [(Om derivat) Typ av återgivning: [Lånen handlas och återges inklusive upplupen ränta (dirty trading)] [upplupen ränta visas separat (clean trading)]]

16. **[Swiss Franc Notes only – INFORMATION RELATING TO UNDERLYINGS]**

[Lån i Schweiziska Franc enbart – INFORMATION AVSEENDE UNDERLIGGANDE]

[insert the information on the underlying instruments required by section 4 of scheme F (for derivatives) and the tax information in relation to a purchase of underlying instruments required by section 3.2.12 of scheme F (for derivatives) of the SIX Swiss Exchange (for derivatives) in respect to Notes to be listed on the SIX Swiss Exchange, to the extent such information is not already included elsewhere in the Final Terms.]

[för in den information om de underliggande instrumenten som krävs enligt avsnitt 2 i investeringsplan F och den skatteinformation för ett köp av underliggande instrument som krävs enligt avsnitt 3.2.12 i investeringsplan F (för derivat) för SIX Swiss Exchange (för derivat) beträffande Lån som ska listas på SIX Swiss Exchange, såvida sådan information inte redan inkluderats på annan plats i Slutliga Villkor.]

17. **[Swiss Franc Notes only – ADDITIONAL INFORMATION]**

[Lån i Schweiziska Franc enbart – YTTERLIGARE INFORMATION]

Fees charged by the Issuer to the Noteholders post issuance: [none] [give details]

Avifter som tas ut av Emittenten från Innehavare efter emission: [inga] [infoga detaljer]

ANNEX TO THE FINAL TERMS – SUMMARY OF THE ISSUE

BILAGA TILL DE SLUTLIGA VILLKOREN – SAMMANFATTNING AV EMISSIONEN

[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.]

[Grundprospektets sammanfattning ska infogas och de val som har angetts som hakparenteser i sammanfattningen ska kompletteras för de Lån som ska emitteras.]

Form of Final Terms for Certain Structured Notes with a denomination of at least €100,000 to be admitted to trading on the Main Securities Market of the Irish Stock Exchange

Mall för Slutliga Villkor för Särskilda Strukturerade Lån med valörer om minst €100 000 som ska bli föremål för handel på Irish Stock Exchanges Main Securities Market.

[IMPORTANT NOTICE

VIKTIGT MEDDELANDE

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

Genom att ta del av de bilagda slutliga villkoren ("Slutliga Villkoren") godkänner du att bli bunden av följande villkor.

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.**

Informationen i dessa Slutliga Villkor är endast adresserad till och/eller riktad till personer som bor i de särskilda länder som anges i de Slutliga Villkoren och/eller i Grundprospektet (definierat i de Slutliga Villkoren) och är inte ämnad för användning och ska inte förlitas på av någon person utanför de länderna och/eller till vilka erbjudandet i dessa Slutliga Villkor inte är adresserat. **Innan du förlitar dig på innehållet i dessa Slutliga Villkor måste du säkerställa att du är en avsedd adressat av informationen i de Slutliga Villkoren och/eller Grundprospektet.**

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.

Varken de Slutliga Villkoren eller Grundprospektet utgör ett erbjudande att sälja eller en inbjudan att köpa värdepapper i USA eller i någon annan jurisdiktion i vilka ett sådant erbjudande, inbjudan eller försäljning skulle vara olagligt innan de har registrerats, ett undantag från registrering har erhållits eller enligt annan bestämmelse under värdepapperslagarna i en sådan jurisdiktion.

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.]

De värdepapper som beskrivs i de Slutliga Villkoren och i Grundprospektet har inte, och kommer inte, registreras i enlighet med U.S. Securities Act of 1933, såsom den har ändrats ("**Securities Act**") och får inte erbjudas eller säljas direkt eller indirekt inom USA eller till, för, eller till förmån för, amerikanska medborgare eller till personer i USA (såsom termerna definieras i Regulation S i Securities Act ("**Regulation S**")). De värdepapper som beskrivs i dessa Slutliga Villkor kommer endast erbjudas i offshore-transaktioner till icke-amerikanska medborgare i enlighet med Regulation S.

Final Terms dated [•]

Slutliga Villkor daterade [•]

[NORDEA BANK AB (PUBL) / NORDEA BANK FINLAND PLC]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €15,000,000,000

Structured Note Programme

NORDEA BANK AB (PUBL) / NORDEA BANK FINLAND PLC

Utgivande av [Sammanlagt Nominellt Belopp av Tranch] [Namn på Lån]

under ett €15 000 000 000

Program för Strukturerade Lån

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that 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 Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes may only do so 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. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

Grundprospektet som det hänvisas till nedan (som kompletteras av dessa Slutliga Villkor) har tagits fram under förutsättningen att varje erbjudande om Lån i varje Medlemsstat i det Europeiska Ekonomiska Samarbetsområdet som har genomfört Prospektdirektivet (var och en benämnda en "**Relevant Medlemsstat**") kommer att göras med stöd av ett undantag i Prospektdirektivet, såsom det har genomförts i den Medlemsstaten, från kravet på att publicera ett prospekt för erbjudanden om Lån. Följaktligen kan personer som lämnar eller som avser att lämna erbjudanden avseende Lånen göra det enbart under omständigheter då ingen förpliktelse uppstår för Emittenten eller något Emissionsinstitut att publicera ett prospekt i enlighet med Artikel 3 i Prospektdirektivet eller att komplettera ett prospekt i enlighet med Artikel 16 i Prospektdirektivet, i bägge fall i samband med ett sådant erbjudande. Varken Emittenten eller något Emissionsinstitut har godkänt, eller godkänner, att några erbjudanden avseende Lånen görs under några andra omständigheter.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) **provided, however, that** all references in this document to the "Prospectus Directive" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (as amended), and include any relevant implementing measure in the relevant Member State.]

Uttrycket "**Prospektdirektivet**" avser direktivet 2003/71/EG (med gjorda ändringar, inklusive 2010 års ändringsdirektiv 2010/73/EU) **dock att** alla hänvisningar i detta dokument till "Prospektdirektivet" i relation till varje Medlemsstat i det Europeiska Ekonomiska Samarbetsområdet hänvisar till direktiv 2003/71/EG (med gjorda ändringar), och inkluderar varje relevant implementeringsåtgärd i den relevanta Medlemsstaten.)]

PART A – CONTRACTUAL TERMS

DEL A – KONTRAKTUELLA VILLKOR

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the original base prospectus dated 19 December 2014 and which are incorporated by reference into the Base Prospectus dated 19 December 2016 [and the supplemental Base Prospectus dated [•]] [which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive⁵⁴]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive⁵⁵] and must be read in conjunction with the Base Prospectus. 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]] and these Final Terms are available for viewing during normal business hours at, and copies may be obtained from, the principal office of the Issuer [Smålandsgatan 17, SE-105 71 Stockholm, Sweden/Satamaradankatu 5, FI-00020 Nordea, Helsinki, Finland.] and from www.nordea.com

Ord som används häri ska anses ha samma innebörd som i Villkoren ("**Villkoren**") som anges i det ursprungliga Grundprospektet daterat 19 december 2014 och som inkorporeras genom hänvisning till Grundprospektet daterat [•] december 2016 [och i tillägg till Grundprospektet daterat [•]] [vilka/[et] [tillsammans] utgör ett grundprospekt ("**Grundprospektet**") i Prospektdirektivets mening⁵⁶]. Det här dokumentet utgör de Slutliga Villkoren för Lånen som beskrivs häri [i enlighet med artikel 5.4 i Prospektdirektivet⁵⁷] och måste läsas tillsammans med Grundprospektet. Fullständig information om Emittenten och erbjudandet om Lån kan endast fås genom dessa Slutliga Villkor och Grundprospektet (tillsammans med eventuella tillägg) i kombination. Grundprospektet [och tillägg till Grundprospektet] och kopior av dessa Slutliga Villkor finns tillgängliga för granskning under normal arbetstid och kopior kan erhållas från Emittentens huvudkontor på [Smålandsgatan 17, 105 71 Stockholm, Sverige/Aleksis Kiven katu 9, 00020 Nordea, Helsinki, Finland] och på www.nordea.com.

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

[Inkludera samtliga av följande som är tillämpliga eller ange "Inte Tillämpligt" (N/A). Notera att numreringen ska bibehållas såsom den har angetts nedan, även om "Inte Tillämpligt" har angetts för enkilda punkter (i vilket fall underpunkterna till sådana punkter som inte är tillgängliga kan raderas). Kursiv text är vägledning för att färdigställa de Slutliga Villkoren.]

I GENERAL TERMS

ALLMÄNNA VILLKOR

1.	(i)	Issuer:	[Nordea Bank AB (publ) / Nordea Bank Finland Plc]
	(i)	Emittent:	[Nordea Bank AB (publ) / Nordea Bank Finland Plc]
2.	(i)	Series Number:	[•]
	(i)	Serienummer:	[•]

⁵⁴ Delete wording in square brackets for an unlisted issuance.

⁵⁵ Delete wording in square brackets for an unlisted issuance.

⁵⁶ Radera text inom hakparenteser för ett erbjudande som inte listas.

⁵⁷ Radera text inom hakparenteser för ett erbjudande som inte listas.

	(ii)	Tranche Number:	[•]
	(ii)	Tranchenummer:	[•]
	[(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 <i>[insert description of series]</i> on <i>[[insert date]</i> /the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 58 below [which is expected to occur on or about <i>[insert date]</i>].]
	[(iii)]	Datum då Lånen blir fungibla:	[Inte Tillämpligt/Lånen ska konsolideras, bli en enda serie och vara utbytbara för handel med <i>[ange beskrivning av serier]</i> på <i>[[ange datum]</i> /Lånedatum/utbyte av Temporära Globala Lån för intressen i Permanenta Globala Lån, såsom beskrivs i punkt 58 nedan [vilket är beräknat att inträffa på eller runt omkring <i>[ange datum]</i>].]
3.		Specified Currency or Currencies:	[•]
		Angiven Valuta:	[•]
4.		Aggregate Principal Amount:	[•]
		Sammanlagt Kapitalbelopp:	[•]
	(i)	Series:	[•]
	(i)	Serie:	[•]
	(ii)	Tranche:	[•]
	(ii)	Tranche:	[•]
5.		Issue Price:	[[•] per cent. of the Aggregate Principal Amount of each Note [plus accrued interest from <i>[insert date]</i>]/ The Issue Price will be determined by the Issuer on a daily basis during the Offer Period (as defined below), based on the prevailing market price for the Notes. The Notes will be issued with an initial Issue Price of approximately [] per cent on the Issue Date].
		Pris:	[[•] procent av det Sammanlagda Kapitalbeloppet för varje Lån [plus upplupen ränta från <i>[datum]</i>]. / Priset avgörs av Emittenten på en daglig basis under Erbjudandeperioden (som definierat nedan) baserat på Lånens rådande marknadsvärde. Lånen kommer att utges till ett initialt Pris om [] procent på Lånedatumet.]
6.	(i)	Specified Denominations:	[•]
	(i)	Valörer:	[•]
	(ii)	Calculation Amount:	[•]
	(ii)	Beräkningsbelopp:	[•]

7.	(i) Issue Date:	[•]
	(i) Lånedatum:	[•]
	(ii) Interest Commencement Date:	[[insert date]/Issue Date/Not Applicable]
	(ii) Startdatum för Ränta:	[[datum]/Lånedatum/Inte Tillämpligt]
8.	Redemption Date:	[[•]/[Interest Payment Date falling in or nearest to [•]]]
	Återbetalningsdag:	[[•]/[Räntebetalningsdag som infaller i eller närmast [•]]]
9.	Base Redemption Amount:	[[•]/Not Applicable]
	Basåterbetalningsbelopp:	[[•]/Inte Tillämpligt]
10.	Additional Amounts:	[Applicable/Not Applicable]
		[The Additional Amount(s) will be added to/subtracted from the Base Redemption Amount]
	Tilläggsbelopp:	[Tillämpligt/Inte Tillämpligt]
		[Tilläggsbeloppet/en kommer läggas till/subtraheras från Basåterbetalningsbeloppet]
11.	Minimum Redemption	[Applicable/Not Applicable]
	Lägsta Återbetalning	[Tillämpligt/Inte Tillämpligt]
	• Minimum Redemption Amount	[[•]/Not Applicable]
	• Lägsta Återbetalningsbelopp	[[•]/Inte Tillämpligt]
12.	Maximum Redemption	[Applicable/Not Applicable]
	Högsta Återbetalning	[Tillämpligt/Inte Tillämpligt]
	• Maximum Redemption Amount	[[•]/Not Applicable]
	• Högsta Återbetalningsbelopp	[[•]/Inte Tillämpligt]
13.	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day]
	Bankdagskonvention:	[Efterföljande Bankdagskonvention /Modifierad Efterföljande Bankdagskonvention /Föregående Bankdagskonvention]
14.	Currency Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day]/[Not Applicable]
	Handelsdag Valutakonvention:	[Efterföljande Bankdagskonvention /Modifierad Efterföljande Bankdagskonvention /Föregående Bankdagskonvention]/[Inte Tillämpligt]

15.	Relevant Exchange:	[[•]/[As set out in the Conditions]]
	Relevant Börs:	[[•]/[Såsom framgår av Villkoren]]
16.	Scheduled Trading Day Convention:	[[Following Scheduled Trading Date Convention/Modified Following Scheduled Trading Day Convention/Preceding Scheduled Trading Day Convention]/[Not Applicable]]
	Planerad Handelsdagskonvention:	[Efterföljande Planerad Handelsdagskonvention/Modifierad Efterföljande Planerad Handelsdagskonvention /Föregående Planerad Handelsdagskonvention]
II.	PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE	[APPLICABLE/NOT APPLICABLE]
	BESTÄMMELSER FÖR RÄNTA (OM NÅGON)	[TILLÄMPLIGT/EJ TILLÄMPLIGT]
		[Items 17- 30 have been intentionally omitted] ⁵⁸
		[Punkterna 17-30 har medvetet utelämnats] ⁵⁹
17.	Interest Basis:	[[•] per cent. Fixed Rate]
	Räntebas:	[[•] procent Fast Ränta]
		[EURIBOR]/[LIBOR]/[STIBOR]/[NIBOR]/[CIBOR]/[Nordea Own Funds Rate] +/- [•] per cent. Floating Rate]
		[EURIBOR]/[LIBOR]/[STIBOR]/[NIBOR]/[CIBOR]/[Nordeas Upplåningsränta] +/- [•] procent Rörlig Ränta]
		[Inflation Linked]
		[Inflationslänkad]
		[Zero Coupon]
		[Nollkupong]
		[Rate Adjustment]
		[Räntejustering]
		[Coupon Bearing Notes]
		[Kupongbärande Lån]
		[Non-Tranched CLN Interest]
		[Non-Tranched CLN Ränta]
		[Tranched CLN Interest]
		[Tranched CLN Ränta]

⁵⁸ Include where interest provisions are marked as "Not Applicable"

⁵⁹ Att inkluderas då räntebestämmelser angivits som "Inte Tillämpligt"

[Nth to Default CLN Interest]
[Nth to Default CLN Ränta]
[Nth and Nth + 1 to Default CLN Interest]
[Nth and Nth + 1 to Default CLN Ränta]
[Capped Floor Float]
[Tak Golv Float]
[Cap Floor]
[Tak Golv]
[Cap Floor Spread]
[Tak Golv Spread]
[Range Accrual]
[Range Accrual]
[Range Accrual In/Out]
[Range Accrual In/Ut]
[Knockout Range Accrual]
[Knockout Range Accrual]
[Binary Cap/Floor]
[Binärt Tak/Golv]
[Binary Zero Coupon]
[Binär Nollkupong]
[Inverse Floater]
[Inverterad Floater]
[Autocallable Rate]
[Autocall Swap]
[Digital Long]
[Digital Long]
[Digital Short]
[Digital Short]
[Best of/Worst of Digital Long]
[Best of/Worst of Digital Long]
[Best of/Worst of Digital Short]
[Best of/Worst of Digital Short]

[Worst of Digital Memory Coupon 2]

[Worst of Digital Memory Coupon 2]

[Digital Podium Long]

[Digital Podium Lång]

[Digital Podium Short]

[Digital Podium Kort]

[Series of Digitals]

[Serier av Digitala]

[Cash Settled Swaption Straddle]

[Cash Settled Swaption Straddle]

[Power Cap/Floor]

[Power Tak/Golv]

[Compounding Floater]

[Compounding Floater]

[Lock-In 1]

[Lock-In 1]

[Lock-In 2]

[Lock-In 2]

[Snowball]

[Snowball]

[Accumulator]

[Ackumulator]

[Binary Accumulator]

[Binär Ackumulator]

[Contingent Cap/Floor]

[Betingat Tak/Golv]

[Dual Digital Cap]

[Dubbel Digital Tak]

[Dual Digital Floor]

[Dubbel Digital Golv]

[Binary Inflation Cap]

[Binärt Inflationstak]

		[Binary Inflation Floor]
		[Binärt Inflationsgolv]
		[Binary Inflation Range]
		[Binärt Inflationsspann]
		[Inflation Range Accrual]
		[Inflationsspann Periodiserad]
		[Inflation Cap/Floor]
		[Inflation Tak/Golv]
		[Inflation Straddle]
		[Inflation Ömsesidig]
		[Inflation Cap Floor Spread]
		[Inflation Tak Golv Spread]
		[ZC Inflation Cap Floor]
		[ZC Inflation Tak Golv]
		[Inflation Linker 1]
		[Inflationslänkad 1]
		[Inflation Linker 2]
		[Inflationslänkad 2]
		[Strip of Call Spreads]
		[Strip of Call Spreads]
		(further particulars specified below)
		(ytterligare detaljer specificerade nedan)
18.	Combination of Interest Bases:	[Applicable/Not Applicable]
	Kombination av Räntebaser:	[Tillämpligt/Inte Tillämpligt]
	(i) Method of Combination:	[Single Basket Addition/Multiple Basket Addition/Alternative Calculation]
	Kombinationsmetod:	[Enskild Korgsammanlagning/Alternativ Uträkning]
	(ii) Relevant Condition(s) for determination of Interest Amount:	[Condition [•] will be applicable if Interest Barrier Level 1 is not exceeded on [any/the final] Interest Determination Date, Condition [•] will be applicable if Interest Barrier Level 1 is exceeded on [any/the final] Interest Determination Date but Interest Barrier Level 2 is not exceeded, Condition [•] will be applicable if Interest Barrier Level 2 is exceeded on [any/the final] Interest Determination Date but Interest Barrier Level [•] is not exceeded Condition [•] will be applicable if Interest Barrier

		Level [•] is exceeded on [any/the final] Interest Determination Date/Condition(s) [•] and [•] are applicable.]
	Relevanta Villkor för bestämmande av Räntebelopp:	[Villkor [•] ska vara tillämpligt om Räntebarriärnivå 1 överskrids på [en/slutlig] Räntebestämningssdag men Räntebarriärnivå 2 inte överskrids, Villkor [•] ska vara tillämpligt om Räntebarriärnivå 2 överskrids på [en/slutlig] Räntebestämningssdag men Räntebarriärnivå [•] inte överskrids Villkor [•] ska vara tillämpligt om Räntebarriärnivå [•] överskrids på [en/slutlig] Räntebestämningssdag/Villkor [•] och [•] är tillämpliga.]
		[Condition [•] in respect of Basket A/Condition [•] in respect of Basket B etc.]
		[Villkor [•] beträffande Korg A/Villkor [•] beträffande Korg B etc.]
	• [Interest Barrier Level 1:] [•]	
	• [Räntebarriärnivå 1:] [•]	
	• [Interest Barrier Level 2:] [•]	
	• [Räntebarriärnivå 2:] [•]	
	• [Interest Barrier Level 3:] [•]	
	• [Räntebarriärnivå 3:] [•]	
19.	Method of calculating Basket Return for the purposes of Interest determination:	[Basket Long Structure/Basket Short Structure [in respect of Basket A/B]/Not Applicable]
	Metod för att beräkna Korgavkastningen för Räntebestämning:	[Basket Long Struktur/Basket Short Struktur [avseende Korg A/B]/Inte Tillämpligt]
20.	Interest Deferral	[Applicable/Not Applicable]
	Uppskjuten Ränta	[Tillämpligt/Inte Tillämpligt]
21.	Fixed Rate Note Provisions	[Applicable/Not Applicable]
	Bestämmelser för Fast Ränta	[Tillämpligt/Inte Tillämpligt]
	(i) Interest Rate:	[•] per cent. per annum
	(i) Räntesats:	[•] procent årligen
	(ii) Interest Payment Date(s):	[•] [in each year]
	(ii) Räntebetalningsdag(ar):	[•] [varje år]
	(iii) Interest Determination Date:	[[•]/Not Applicable]
	(iii) Räntebestämningssdag:	[[•]/Inte Tillämpligt]

(iv)	Fixed Interest Amount:	[•] per Note of [•] Denomination/Not applicable.
(iv)	Bestämt Räntebelopp:	[•] per Lån av Valören [•]/Inte Tillämpligt]
(v)	Details of Irregular Interest Amount(s):	[[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]/Not Applicable]
(v)	Bestämmelser för Oregelbundna Räntebelopp:	[[•] per Beräkningsbelopp, att betalas på Räntebetalningsdagen som infaller [i/på] [•]/[Inte Tillämpligt]
(vi)	Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
(vi)	Dagberäkningsmetod:	[[Faktisk/Faktisk (ICMA/ISDA)] / [Faktisk/365 (Fast)] / [Faktisk 365 (Sterling)] / [Faktisk/360] / [30/360] / [30E/360]]
22.	Floating Rate Note Provisions	[Applicable/Not Applicable]
	Bestämmelser för Rörlig Ränta	[Tillämpligt/Inte Tillämpligt]
(i)	Interest Payment Dates:	[•] [in each year]
(i)	Räntebetalningsdag(ar):	[•] [i varje år]
(ii)	Interest Determination Date:	[[•]/Not Applicable]
(ii)	Räntebestämningsdag:	[[•]/Inte Tillämpligt]
(iii)	Issuing Agent:	[Not Applicable/[•]]
(iii)	Administrerande Institut:	[Inte Tillämpligt/[•]]
(iv)	Calculation Agent:	[Not Applicable/[•]]
(iv)	Beräkningsagent:	[Inte Tillämpligt/[•]]
(v)	Interest Base Rate:	[[EURIBOR]/[LIBOR]/[STIBOR]/[NIBOR]/[CIBOR]/[Nordea Own Funds Rate]]
(v)	Basränta:	[[EURIBOR]/[LIBOR]/[STIBOR]/[NIBOR]/[CIBOR]/[Nordeas Upplåningsränta]
(vi)	Designated Maturity:	[•]
(vi)	Avsedd Återbetalningsdag:	[•]
	• Alternative Designated Maturity	[[•]/Not Applicable/Applicable in respect of the [Short/Long] [initial/final] interest period from (and including) [date] to (but excluding) [date]].
	• Alternativ Avsedd Återbetalningsdag	[[•]/Inte Tillämpligt/ Tillämpligt såvitt avser den [korta/långa]/ [första/sista] ränteperioden från (och med) [datum] till (men exklusive) [datum]]
(vii)	Linear Interpolation:	[Applicable/Not Applicable/Applicable in respect of the [Short/Long] [initial/final] interest period from (and including) [date] to (but excluding) [date]].

(vii)	Linjär Interpolering:	[Tillämpligt/Inte Tillämpligt/ Tillämpligt såvitt avser den [korta/långa]/ [första/sista] ränteperioden från (och med) [datum] till (men exklusive) [datum]]
	• Alternative Maturity 1	[[•]/Not Applicable]
	• Alternativ Återbetalningsdag 1	[[•]/Inte Tillämpligt]
	• Alternative Maturity 2	[[•]/Not Applicable]
	• Alternativ Återbetalningsdag 2	[[•]/Inte Tillämpligt]
(viii)	Screen Page:	[•]
(viii)	Skärmsida:	[•]
(ix)	Interest Margin(s):	[+/-][•] per cent. per annum
(ix)	Räntemarginal(er):	[+/-][•] procent årligen
(x)	FRN Participation Ratio	[•] per cent.
(x)	FRN Deltagandegrad	[•] procent
(xi)	Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
(xi)	Dagberäkningsmetod:	[[Faktisk/Faktisk (ICMA/ISDA)] / [Faktisk/365 (Fast)] / [Faktisk 365 (Sterling)] / [Faktisk/360] / [30/360] / [30E/360]]
(xii)	Maximum Interest Rate:	[[•]/Not Applicable]
(xii)	Högsta Räntesats:	[[•]/Inte Tillämpligt]
(xiii)	Minimum Interest Rate:	[[•]/Not Applicable]
(xiii)	Lägsta Räntesats:	[[•]/Inte Tillämpligt]
23.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
	Bestämmelser för Nollkupongslån	[Tillämpligt/Inte tillämplig]
	Reference Yield:	[•] per cent. per annum
	Referensavkastning:	[•] procent årligen
24.	Inflation-Linked Interest Note Provisions	[Applicable/Not Applicable]
	Bestämmelser för Inflationslänkade Räntebärande Lån	[Tillämpligt/Inte Tillämpligt]
(i)	Interest Rate:	[Fixed Rate Note Provisions (further details specified in paragraph 21)/Floating Rate Note Provisions (further details specified in paragraph 22)]

	(i)	Räntesats:	[Bestämmelser om Lån med Fast Ränta (ytterligare detaljer specificerade i punkt 21)/Bestämmelser om Lån med Rörlig Ränta (ytterligare detaljer specificerade i punkt 22)]			
	(ii)	Base Index/CPI:				
	(ii)	Bas Index/CPI:				
		• Relevant date:	[•]			
		• Relevant datum:	[•]			
		• Relevant time:	[•] [a.m./p.m.]			
		• Relevant tid:	[•] [a.m./p.m.]			
25.	Rate Adjustment Note Provisions		[Applicable/Not Applicable]			
	Bestämmelser för Kursjusterade Lån		[Tillämpligt/Inte Tillämpligt]			
	Provisions relating to the adjustment of the Interest Rate:		The Interest Basis will be [•] from [and including/but excluding] [•] to [and including/but excluding] the Interest Payment Date falling in [•], and [•] from [and including/but excluding] the Interest Payment Date falling in [•] up to ([and including/but excluding]) the Redemption Date.			
	Bestämmelser relaterade till justering av Räntesatsen:		Räntebasen ska vara [•] från [och med/men exklusive] [•] till [och med/men exklusive] Räntebetalningsdagen som infaller [•], och [•] från [och med/men exklusive] Räntebetalningsdagen som infaller [•] till [och med/men exklusive] Återbetalningsdagen.			
26.	Coupon Bearing Note Provisions		[Applicable/Not Applicable]			
	Bestämmelser för Kupongbärande Autocall-lån		[Tillämpligt/Inte Tillämpligt]			
	(i)	Valuation Date(s):				
			Reference Asset	Valuation Date(s)	Valuation Date Averaging	Averaging Dates relevant to applicable Valuation Date
			Referens-tillgång	Värderingsdag(ar)	Värderingsdag Medelvärdesberäkningsdag	Medelvärdesberäkningsdagar som är relevanta för tillämplig Värderingsdag
	(i)	Värderingsdag(ar):			[Applicable/Not Applicable]	[[•]/Not Applicable]
			[•]	[•]	[Tillämpligt /Inte Tillämpligt]	[[•]/Inte Tillämpligt]
					[Applicable/Not Applicable]	[[•]/Not Applicable]
			[•]	[•]	[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
	(ii)	Coupon Barrier Level(s):	[•]			

(ii)	Kuponbarriärnivå(er):	[•]
(iii)	Interest Payment Date(s):	[•] in each year
(iii)	Räntebetalningsdag(ar):	[•] varje år
(iv)	Flat Coupon:	[Applicable/Not Applicable/Applicable if Coupon Barrier [•] is reached [and Coupon Barrier [•] is not reached]]
(iv)	Flat Kupong:	[Tillämpligt/Inte Tillämpligt/Tillämpligt om Kupongbarriär [•] uppnås [och Kupongbarriär [•] inte uppnås]]
(v)	Memory Coupon:	[Applicable/Not Applicable/Applicable if Coupon Barrier [•] is reached [and Coupon Barrier [•] is not reached]]
(v)	Memory Kupong:	[Tillämpligt/Inte Tillämpligt/Tillämpligt om Kupongbarriär [•] uppnås [och Kupongbarriär [•] inte uppnås]]
(vi)	Plus Flat Coupon:	[Applicable/Not Applicable/Applicable if Coupon Barrier [•] is reached [and Coupon Barrier [•] is not reached]]
(vi)	Plus Flat Kupong:	[Tillämpligt/Inte Tillämpligt/Tillämpligt om Kupongbarriär [•] uppnås [och Kupongbarriär [•] inte uppnås]]
(vii)	Plus Memory Coupon:	[Applicable/Not Applicable/Applicable if Coupon Barrier [•] is reached [and Coupon Barrier [•] is not reached]]
(vii)	Plus Memory Kupong:	[Tillämpligt/Inte Tillämpligt/Tillämpligt om Kupongbarriär [•] uppnås [och Kupongbarriär [•] inte uppnås]]
(viii)	Coupon Rate(s):	[[•] if Coupon Barrier [•] is reached/Not Applicable]
(viii)	Kupongnivå(er):	[[•] om Kupongbarriär [•] uppnås/Inte Tillämpligt]
(ix)	Basket Rate:	[Applicable/Not Applicable]
(ix)	Korgnivå:	[Tillämpligt/Inte Tillämpligt]
(x)	Best of/Worst of Rate:	[Applicable/Not Applicable]
(x)	Best of/Worst of Kurs:	[Tillämpligt/Inte Tillämpligt]
(xi)	N:	[[•]/Not Applicable]
(xi)	N:	[[•]/Inte Tillämpligt]
27.	CLN Interest Provisions	[Applicable/Not Applicable]
	Bestämmelser för CLN Ränta	[Tillämpligt/Inte Tillämpligt]
(i)	Interest Rate:	[Fixed Rate Note Provisions (further details specified in paragraph 21)/Floating Rate Note Provisions (further details specified in paragraph

22)]

(i)	Räntesats:	[Bestämmelser om Lån med Fast Ränta (ytterligare detaljer specificerade i punkt 21)/Bestämmelser om Lån med Rörlig Ränta (ytterligare detaljer specificerade i punkt 22)]	
(ii)	Determination Date Exposure:	[Applicable/Not Applicable]	
	• [Number of Business Days:	[[•]/The Observation Date shall be the relevant Interest Payment Date]]	
	• [Antal Bankdagar:	[[•]/Observationsdagen ska vara den relevanta Räntebetalningsdagen]]	
(ii)	Bestämningsdag Exponering:	[Tillämpligt/Inte Tillämpligt]	
(iii)	Weighted Average Exposure:	[Applicable/Not Applicable]	
(iii)	Viktad Genomsnittlig Exponering:	[Tillämpligt/Inte Tillämpligt]	
(iv)	Tranche Attachment Point	[[•]/Not Applicable]	
(iv)	Fästpunkt Tranche:	[[•]/Inte Tillämpligt]	
(v)	Tranche Detachment Point:	[[•]/Not Applicable]	
(v)	Avskiljningspunkt Tranche:	[[•]/Inte Tillämpligt]	
(vi)	Fixed Recovery Value:	[[•]/Not Applicable]	
(vi)	Fast Återbetalningsbelopp:	[[•]/Inte Tillämpligt]	
(vii)	Market Recovery Value:	[Applicable/Not Applicable]	
(vii)	Marknadsåtervinningsvärde:	[Tillämpligt/Inte Tillämpligt]	
(viii)	N:	[[•]/Not Applicable]	
(viii)	N:	[[•]/Inte Tillämpligt]	
(ix)	Observation Date(s):	[[•]/Not Applicable/the day falling [•] Business Days prior to each Interest Payment Date]	
(ix)	Observationsdag(ar):	[[•]/Inte Tillämpligt/dagen som infaller [•] Bankdagar före varje Räntebetalningsdag]	
(x)	Credit Event Ranked Basket Participation (Interest):	[Applicable/Not Applicable]	
(x)	Kredithändelserankad Korgandel (Ränta):	[Tillämpligt/Inte Tillämpligt]	
	• Credit Event Ranked Weight:	Credit Event (in order of occurrence)	Weighting
		Kredithändelse (i kronologisk ordning)	Viktning
	• Kredithändelserankad vikt:	1	[•]%

		2	[•]%
		3	[•]%
		N	[•]%
(xi)	Possible Repudiation Moratorium Amount:	[Applicable/Not Applicable]	
(xi)	Belopp för Potentiellt Avstående Moratorium:	[Tillämpligt/Inte Tillämpligt]	
(xii)	Restructuring Amount:	[Applicable/Not Applicable]	
(xii)	Belopp för Omläggning av Skulder:	[Tillämpligt/Inte Tillämpligt]	
(xiii)	Replacement Reference Entity:	[Applicable/Not Applicable]	
(xiii)	Belopp för Ersättande Referenstillgång:	[Tillämpligt/Inte Tillämpligt]	
(xiv)	Obligation Acceleration Amount:	[Applicable/Not Applicable]	
(xiv)	Belopp för Uppsägning av Åtagande:	[Tillämpligt/Inte Tillämpligt]	
(xv)	Failure to Pay Amount:	[Applicable/Not Applicable]	
(xv)	Belopp för Utebliven Betalning:	[Tillämpligt/Inte Tillämpligt]	
(xvi)	Credit Events:	[[Failure to Pay/ Restructuring/ Bankruptcy/ Governmental Intervention/ Repudiation/ Moratorium/ Obligation Acceleration]/ Not Applicable]	
(xvi)	Kredithändelser:	[[Utebliven Betalning/ Omläggning av Skulder/ Insolvensförarande Myndighetsingripande/ Avstående/ Moratorium/ Uppsägning av Åtagande]/ Inte Tillämpligt]	
(xvii)	Default Requirement:	[[•]/Not Applicable]	
(xvii)	Defaultkrav:	[[•]/Inte Tillämpligt]	
28.	Digital Interest Provisions	[Applicable/Not Applicable]	
	Bestämmelser om Digital Ränta	[Tillämpligt/Inte Tillämpligt]	
(i)	Interest Determination Date:	[[•]/Not Applicable]	
(i)	Räntebestämningsdag:	[[•]/Inte Tillämpligt]	
(ii)	Interest Payment Date(s):	[[•]/Not Applicable]	
(ii)	Räntebalningsdag(ar):	[[•]/Inte Tillämpligt]	
(iii)	Strike Level:	[[•]/Not Applicable]	
(iii)	Lösenprisnivå:	[[•]/Inte Tillämpligt]	
(iv)	Coupon:	[•]	

(iv)	Kupong:	[•]
(v)	Coupon 2:	[[•]/Not Applicable]
(v)	Kupong 2:	[[•]/Inte Tillämpligt]
(vi)	N:	[[•]/Not Applicable]
(vi)	N:	[[•]/Inte Tillämpligt]
(vii)	Barrier Level:	[[•]/Not Applicable]
(vii)	Barriärnivå:	[[•]/Inte Tillämpligt]
(viii)	Basket Strike Level:	[[•]/Not Applicable]
(viii)	Korglösenivå:	[[•]/Inte Tillämpligt]
(ix)	Observation Date(s):	[[•]/Each Scheduled Trading Day up to and including the Interest Determination Date/Not Applicable]
(ix)	Observationsdag(ar):	[[•]/Varje Planerad Handelsdag fram till och med Räntebestämningsdagen/Inte Tillämpligt]
(x)	Valuation Time:	[[•]/Not Applicable]
(x)	Värderingstidpunkt:	[[•]/Inte Tillämpligt]

Reference Asset (Interest)	Valuation Time Värderingstidpunkt
Referenstillgång (Ränta)	
[•]	[•]
[•]	[•]
[•]	[•]

29.	Additional Interest Provisions	[Applicable/Not Applicable]
	Ytterligare Räntebestämmelser	[Tillämpligt/Inte Tillämpligt]
(i)	Interest Determination Date:	[[•]/Not Applicable]
	Räntebestämningsdag:	[[•]/Inte Tillämpligt]
(ii)	Interest Payment Date(s):	[[•]/Not Applicable]
	Räntebalningsdag(ar):	[[•]/Inte Tillämpligt]
(iii)	Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
	Dagberäkningsmetod:	[[Faktisk/Faktisk (ICMA/ISDA)] / [Faktisk/365 (Fast)] / [Faktisk 365 (Sterling)] / [Faktisk/360] / [30/360] / [30E/360]]
(iv)	Reference Rate:	[[•]/Not Applicable]
	Referensränta:	[[•]/Inte Tillämpligt]

(v)	(Reference Rate 2:	[[•]/Not Applicable]
	Referensränta 2:	[[•]/Inte Tillämpligt]
(vi)	Spread:	[[•]/Not Applicable]
	Spread:	[[•]/Inte Tillämpligt]
(vii)	Cap Strike:	[[•]/Not Applicable]
	Lösenpristak:	[[•]/Inte Tillämpligt]
(viii)	Floor Strike:	[[•]/Not Applicable]
	Lösenprisgolv:	[[•]/Inte Tillämpligt]
(ix)	Cap Value:	[1/-1/0/Not Applicable]
	Takvärde:	[1/-1/0/Inte Tillämpligt]
(x)	Floor Value:	[1/-1/0/Not Applicable]
	Golvvärde Value:	[1/-1/0/Inte Tillämpligt]
(xi)	Leverage (Cap):	[[•]/Not Applicable]
	Hävtång (Tak):	[[•]/Inte Tillämpligt]
(xii)	Leverage (Floor):	[[•]/Not Applicable]
	Hävtång (Golv):	[[•]/Inte Tillämpligt]
(xiii)	Cap Strike Upper:	[[•]/Not Applicable]
	Lösenpristak Högre:	[[•]/Inte Tillämpligt]
(xiv)	Cap Strike Lower:	[[•]/Not Applicable]
	Lösenpristak Lägre:	[[•]/Inte Tillämpligt]
(xv)	Floor Strike Upper:	[[•]/Not Applicable]
	Lösenprisgolv Högre:	[[•]/Inte Tillämpligt]
(xvi)	Floor Strike Lower:	[[•]/Not Applicable]
	Lösenprisgolv Lägre:	[[•]/Inte Tillämpligt]
(xvii)	Strike Upper:	[[•]/Not Applicable]
	Lösenpris Högre:	[[•]/Inte Tillämpligt]
(xviii)	Strike 2	[[•]/Not Applicable]
	Lösenpris 2	[[•]/Inte Tillämpligt]
(xix)	Strike Lower:	[[•]/Not Applicable]
	Lösenpris Lägre:	[[•]/Inte Tillämpligt]
(xx)	K:	[[•]/Not Applicable]
	K:	[[•]/Inte Tillämpligt]

(xxi)	N:	[[•]/Not Applicable]
	N:	[[•]/Inte Tillämpligt]
(xxii)	W:	[[•]/Not Applicable]
	W:	[[•]/Inte Tillämpligt]
(xxiii)	X:	[[•]/Not Applicable]
	X:	[[•]/Inte Tillämpligt]
(xxiv)	Y:	[[•]/Not Applicable]
	Y:	[[•]/Inte Tillämpligt]
(xxv)	Z:	[[•]/Not Applicable]
	Z:	[[•]/Inte Tillämpligt]
(xxvi)	Maximum Interest Rate:	[[•]/Not Applicable]
	Högsta Räntesats:	[[•]/Inte Tillämpligt]
(xxvii)	Gearing:	[[•]/Not Applicable]
	Gearing:	[[•]/Inte Tillämpligt]
(xxviii)	Coupon:	[[•]/Not Applicable]
	Kupong:	[[•]/Inte Tillämpligt]
(xxix)	Coupon Barrier Level(s):	[[•]/Not Applicable] [The Autocall Condition will be satisfied if the Reference Rate [exceeds/equals/is below] the Coupon Barrier Level]
	Kupongbarriärnivå(er):	[[•]/Inte Tillämpligt] [Autocall-Villkoret uppfylls om Referenskursen [överstiger/är lika med/understiger] Kupongbarriärnivån]
(xxx)	Minimum Basket Return:	[[•]/Not Applicable]
	Minsta Korgavkastning:	[[•]/Inte Tillämpligt]
(xxxi)	Gearing Payer:	[[•]/Not Applicable]
	Gearing Payer:	[[•]/Inte Tillämpligt]
(xxxii)	Gearing Receiver:	[[•]/Not Applicable]
	Gearing Receiver:	[[•]/Inte Tillämpligt]
(xxxiii)	Payer Strike:	[[•]/Not Applicable]
	Payer Strike:	[[•]/Inte Tillämpligt]
(xxxiv)	Receiver Strike:	[[•]/Not Applicable]
	Receiver Strike:	[[•]/Inte Tillämpligt]
(xxxv)	Power Factor:	[[•]/Not Applicable]

	Powerfaktor	[[•]/Inte Tillämpligt]
(xxxvi)	Fixed Rate:	[[•]/Not Applicable]
	Fast ränta:	[[•]/Inte Tillämpligt]
(xxxvii)	Flag:	[[•]/Not Applicable]
	Flagga:	[[•]/Inte Tillämpligt]
(xxxviii)	Tenor:	[[•]/Not Applicable]
	Löptid:	[[•]/Inte Tillämpligt]
(xxxix)	Gearing Cap:	[[•]/Not Applicable]
	Gearing Tak:	[[•]/Inte Tillämpligt]
(xl)	Gearing Floor:	[[•]/Not Applicable]
	Gearing Golv:	[[•]/Inte Tillämpligt]
(xli)	Inflation Index:	[[•]/Not Applicable]
	Inflationsindex:	[[•]/Inte Tillämpligt]
(xlii)	Valuation Date(s):	[[•]/Not Applicable]
	Värderingsdag(ar):	[[•]/Inte Tillämpligt]

	Reference Asset (Interest)	Valuation Date(s)	Valuation Date Averaging	Averaging Dates relevant to applicable Valuation Date
	Referenstillgån g (Ränta)	Värderingsdag (ar)	Värderingsdag(a r) Medelvärdes- beräkning	Medelvärdesber äkningsdagar som är relevanta för tillämplig Värderingsdag
			[Applicable/Not Applicable]	[[•]/Not Applicable]
	[[•]	[[•]	[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
			[Applicable/Not Applicable]	[[•]/Not Applicable]
	[[•]	[[•]	[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
(xliii)	Valuation Time:			
	Värderingstidpunkt:			

Reference Asset (Interest)	Valuation Time
Referenstillgång (Ränta)	Värderingstidpunkt
[[•]	[[•]
[[•]	[[•]
[[•]	[[•]

30. **Provisions relating to FX Components (Interest)**

Bestämmelser för Valutakomponenter (Ränta)

FX Component (Interest): [Applicable/Not Applicable/Applicable to the following Interest Payment Dates: [•]]

Valutakomponent (Ränta): [Tillämpligt/Inte Tillämpligt/Tillämpligt om på följande Räntebetalningsdagar: [•]]

- FX Rate (Interest): [[•]/Not Applicable]
- Valutakurs (Ränta): [[•]/Inte Tillämpligt]
- Initial FX Valuation Date(s) (Interest): [[•]/Not Applicable]
- Startdag Valuta (Ränta): [[•]/Inte Tillämpligt]

Reference Asset Referenstillgång	Initial FX Valuation Date(s) (Interest) Startdag Valuta (Ränta)
[•]	[•]
[•]	[•]
[•]	[•]

- FX Valuation Date(s) (Interest): [[•]/Not Applicable]
- Värderingsdag Valuta (Ränta): [[•]/Inte Tillämpligt]

Reference Asset Referenstillgång	FX Valuation Date(s) (Interest) Värderingsdag Valuta (Ränta)
[•]	[•]
[•]	[•]
[•]	[•]

- FX Valuation Time (Interest): [[•]/Not Applicable]
- Värderingstidpunkt Valuta (Ränta): [[•]/Inte Tillämpligt]
- FX Factor (Interest) Long/Short: [FX Factor (Interest) Long/FX Factor (Interest) Short/Not Applicable]
- Valutafaktor Long/Short: [Valutafaktor (Ränta) – Long/Valutafaktor (Ränta) – Short/Inte Tillämpligt]

- Initial FX Rate [[•]/As set out in the Base Prospectus]
(Interest):
- Valutastartkurs (Ränta): [[•]/Såsom framgår av Grundprospektet]
- Final FX Rate [[•]/As set out in the Base Prospectus]
(Interest):
- Valutaslutkurs (Ränta): [[•]/Såsom framgår av Grundprospektet]

III.	ADDITIONAL PROVISIONS RELATING TO REDEMPTION	[APPLICABLE/NOT APPLICABLE]
		[Items 31 to 39 have been intentionally omitted] ⁶⁰
	YTTERLIGARE BESTÄMMELSER FÖR ÅTERBETALNING	[TILLÄMPLIGT/INTE TILLÄMPLIGT]
		[Punkterna 31 till 39 har medvetet utelämnats] ⁶¹
31.	Applicable performance structures:	["Basket Long" structure]
	Tillämpliga strukturer för värdeutveckling:	["Basket Long" struktur]
		["Basket Short" structure]
		["Basket Short" struktur]
		["Barrier outperformance" structure]
		["Barriär outperformance" struktur]
		["Barrier underperformance" structure]
		["Barriär underperformance" struktur]
		["Best of/Worst of Barrier Outperformance" structure]
		["Best of/Worst of Barriär Outperformance" struktur]
		["Best of/Worst of Barrier Underperformance" structure]
		["Best of/Worst of Barriär Underperformance" struktur]
		["Autocallable Structure Long"]
		["Autocallstruktur Long"]
		["Autocallable Structure Short"]
		["Autocallstruktur Short"]
		["Replacement Basket" structure]
		["Ersättningskorg" struktur]

⁶⁰ Insert where additional redemption provisions are marked as Not Applicable.

⁶¹ Att inkluderas då ytterligare bestämmelser för återbetalning angivits som Inte Tillämpligt.

["Locally Capped Basket" structure]
["Lokalt Begränsad Korg" struktur]
["Rainbow Basket" structure]
["Rainbow" struktur]
["Booster Short" structure]
["Booster Kort" struktur]
["Booster Long" structure]
["Booster Long" struktur]
["Booster Risk Barrier Short" structure]
["Booster Risk Barriär Short" struktur]
["Booster Risk Barrier Long" structure]
["Booster Risk Barriär Long" struktur]
["Twin Win" structure]
["Twin Win" struktur]
["Bonus Booster Short" structure]
["Bonus Booster Short" struktur]
["Bonus Booster Long" structure]
["Bonus Booster Long" struktur]
["Cliquet" structure]
["Cliquet" struktur]
["Reverse Cliquet" structure]
["Omvänd Periodsumme" struktur]
["Replacement Cliquet" structure]
["Ersättning Periodsumme" struktur]
["Reverse Replacement Cliquet" structure]
["Omvänd Ersättande Periodsumme" struktur]
["Rainbow Replacement Cliquet" structure]
["Regnbåge Ersättande Periodsumme" struktur]
["Reverse Convertible" structure]
["Omvänd Konvertibel" struktur]
["Reverse Convertible Risk Barrier" structure]
["Omvänd Konvertibel Riskbarriär" struktur]

["Best of/Worst of Reverse Convertible" structure]

["Best of/Worst of Omvänd Konvertibel" struktur]

[Up and In Option]

[Up and In Option]

[Up and Out Option]

[Up and Out Option]

[Worst of Down and Out Basket Option]

[Worst of Down and Out Basket Option]

[Down and Out Basket Option]

[Down and Out Korg Option]

[Worst of Digital Memory Coupon 1]

[Worst of Digital Memory Kupong 1]

[Worst of Call Option]

[Worst of Call Option]

[Outperformance Option [Long Against Short/Long Against Long]]

[Outperformance Option [Long Against Short/Long Against Long]]

["Non-Tranched CLN" structure]

["Non-Tranched CLN" struktur]

["Tranched CLN" structure]

["Tranched CLN" struktur]

["Nth to Default CLN" structure]

["Nth to Default CLN" struktur]

["Nth and Nth + 1 Default CLN" structure]

["Nth and Nth + 1 Default CLN" struktur]

["Option CLN" structure]

["Option CLN"-struktur]

["Digital Long" structure]

["Digital Long" struktur]

["Digital Short" structure]

["Digital Kort" struktur]

["Worst of Digital Long" structure]

		["Worst of Digital Long" struktur]
		["Worst of Digital Short" structure]
		["Worst of Digital Short" struktur]
		["Series of Digitals" structure]
		["Serier av Digitala"-struktur]
		["Delta 1" structure]
		["Delta 1" struktur]
		[Inflation Linker 2]
		[Inflationslänkad 2]
		["Barrier Outperformance" Structure 2]
		["Barrier Outperformance" Struktur 2]
		["Barrier Underperformance" Structure 2]
		["Barrier Underperformance" Struktur 2]
		["Target Volatility" Structure]
		["Eftersträvad Volatilitet" Struktur]
		["Down and in Option" structure]
		["Down and in Option"-struktur]
		["Booster Risk Barrier 2" structure]
		["Booster Risk Barrier 2"-struktur]
		["Autocallable Rate" structure]
		["Autocallable-nivå-struktur]
32.	Method of calculating Basket Return for the purposes of applicable Performance Structure:	[Basket Long Structure/Basket Short Structure/ Not Applicable] Basket A: Basket Long/Short Structure] [Basket B: Basket Long/Short Structure]
	Metod för att beräkna Korgavkastningen för tillämplig Värdeutvecklingsstruktur:	[Basket Long Struktur/Basket Short Struktur/ Inte Tillämpligt] [Korg A: Basket Long/Short Struktur] [Korg B: Basket Long/Short Struktur]
33.	Combination of structures:	[Addition/Alternative Calculation]
	Kombinationer av strukturer:	[Sammanlagning/Alternativ Uträkning]
	(i) Method of Combination:	[Addition/Subtraction/Alternative Calculation]
	Kombinationsmetod:	[Sammanlagning/Subtraktion/Alternativ Uträkning]
	(ii) Additional Amount Basket A:	[Not Applicable/the [•] structure]
	Tilläggsbelopp Korg A:	[Inte Tillämpligt/[•] strukturen]

- (iii) Additional Amount Basket B: [Not Applicable/the [•] structure]
- Tilläggsbelopp Korg B: [Inte Tillämpligt/[•] strukturen]
- (iv) (Relevant Condition(s) for determination of Redemption Amount: [Condition [•] will be applicable if Barrier Level 1 is not exceeded on [any/the final] Valuation Date, Condition [•] will be applicable if Barrier Level 1 is exceeded on [any/the final] Valuation Date but Barrier Level 2 is not exceeded, Condition [•] will be applicable if Barrier Level 2 is exceeded on [any/the final] Valuation Date but Barrier Level [•] has not been exceeded... Condition [•] will be applicable if Barrier Level [•] is exceeded on [any/the final] Valuation Date/Condition(s) [•] and [•] are applicable and the following Performance Percentages shall apply:

Relevanta Villkor för Återbetalningsbeloppet: av [Villkor [•] ska vara tillämpligt om Barriärnivå 1 inte överskrids på [en/slutlig] Värderingsdag, Villkor [•] ska vara tillämpligt om Barriärnivå 1 överskrids på [en/slutlig] Värderingsdag men Barriärnivå 2 inte överskrids, Villkor [•], ska vara tillämpligt om Barriärnivå 2 överskrids på [en/slutlig] Värderingsdag men Barriärnivå [•] inte överskrids... Villkor [•] ska vara tillämpligt om Barriärnivå [•] överskrids på [en/slutlig] Värderingsdag/Villkor [•] och [•] är tillämpliga och följade Värdeutvecklingsprocentsats ska tillämpas:

Basket Korg	Performance Structure Värdeutvecklingsstruktur	Performance Percentage Värdeutveckling Procent
[Basket A/Single Basket]		
[Korg A/Enskild Korg]	[•]	[•]
[Basket B]		
[Korg B]	[•]	[•]
[Basket [•]]		
[Korg [•]]	[•]	[•]

34. **Performance structure-related items:** [Applicable/Not Applicable]
- Värdeutvecklingsstruktur-relaterade punkter:** [Tillämpligt/Inte Tillämpligt]

Dates and Times

Datum och tid

(i) Initial Valuation Date(s): [[•]Not Applicable]
Startdag: [[•]Inte Tillämpligt]

Reference Asset Referens- tillgång	Initial Valuation Date(s) Startdag	Initial Valuation Date Averaging Startdag Medelvärdesberäkning	Averaging Dates relevant to applicable Valuation Date Medelvärdesberäkningsdagar som är relevanta för tillämplig Värderingsdag
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
		[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
		[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]

(ii) Valuation Date(s): [[•]/Not Applicable]
Värderingsdag(ar): [[•]/Inte Tillämpligt]

[The relevant Valuation Date(s) for comparing the Baset Return to the [Initial Basket Level/Barrier Level 1/Barrier Level 2] are:]

[Relevant(a) Värderingsdag(ar) för att jämföra Korgavkastningen med [Korgs Startvärde/Barriärnivå 1/Barriärnivå 2] är:]

Reference Asset Referenstillgång	Valuation Date(s) Värderingsdag (ar)	Valuation Date Averaging Värderingsdag Medelvärdesberäkning	Averaging Dates relevant to applicable Valuation Date Medelvärdesberäkningsdagar som är relevanta för tillämplig Värderingsdag
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
		[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
		[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]

(iii) Twin-Win Valuation Date(s): [•] if the Initial Basket Level is reached or exceeded on the relevant Valuation Date(s), [•] if Barrier Level 1 is reached or exceeded on the relevant Valuation Date(s), [•] if Barrier Level 2 is reached or exceeded on the relevant Valuation Date(s), [•] if Barrier Level N is reached or exceeded on the relevant Valuation Date(s).

Twin-Win Värderingsdag(ar): [•] om Korgs Startvärde nåtts eller överskridits på den eller de relevanta Värderingsdagarna, [•] om Barriärnivå 1 nåtts eller överskridits på den eller de relevanta Värderingsdagarna, [•] om Barriärnivå 2 nåtts eller överskridits på den eller de relevanta Värderingsdagarna, [•] om

Barriärnivå N nåtts eller överskridits på den eller de relevanta Värderingsdagarna, [•].

- (iv) Valuation Time: [[•]/Not Applicable]
 Värderingstidpunkt: [[•]/Inte Tillämpligt]

Reference Asset	Valuation Time
Referenstillgång	Värderingstidpunkt
[•]	[•]
[•]	[•]
[•]	[•]

- (v) Rebalancing Date: [[•]/Not Applicable]
 Ombalanseringsdag: [[•]/Inte Tillämpligt]
 (vi) Scheduled Redemption Date: [[•]/Not Applicable]
 Planerad Återbetalningsdag: [[•]/Inte Tillämpligt]
 (vii) Back Stop Date: [[•]/Not Applicable]
 Back Stop-Datum: [[•]/Inte Tillämpligt]
 (viii) Observation Date(s): [[•]/Not Applicable]
 Observationsdag(ar): [[•]/Inte Tillämpligt]
 (ix) Observating Date Averaging: [[•]/Not Applicable]
 Observationsdag
 Medelvärdesberäkning: [[•]/Inte Tillämpligt]

Reference Asset	Observation Date(s)	Observation Date Averaging	Averaging Dates relevant to applicable Observation Date
Referenstillgång	Observationsdag (ar)	Observationsdag Medelvärdesberäkning	Medelvärdesberäkningsdagar som är relevanta för tillämplig Observationsdag
		[Applicable/Not Applicable]	[[•]/Not Applicable]
[•]	[•]	[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
		[Applicable/Not Applicable]	[[•]/Not Applicable]
[•]	[•]	[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]

- (x) Risk Barrier Observation Date(s):
 Riskbarriärobservationsdag(ar):

Reference Asset Referenstillgång	Risk Barrier Observation Date(s) Riskbarriärobse rvationsdag(ar)	Risk Barrier Observation Date Averaging Riskbarriärobse rvationsdag Medelvärdesberä kning	Averaging Dates relevant to Risk Barrier Observation Date Medelvärdesb eräkningsdaga r som är relevanta för tillämplig Riskbarriärob servationsdag
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
		[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]
[•]	[•]	[Applicable/Not Applicable]	[[•]/Not Applicable]
		[Tillämpligt/Inte Tillämpligt]	[[•]/Inte Tillämpligt]

Amounts and Values

Belopp och Värden

(xi)	Participation Ratio:	[[•]/Not Applicable]
	Deltagandegrad:	[[•]/Inte Tillämpligt]
(xii)	Participation Ratio 2:	[[•]/Not Applicable]
	Deltagandegrad 2:	[[•]/Inte Tillämpligt]
(xiii)	Participation Ratio 3:	[[•]/Not Applicable]
	Deltagandegrad 3:	[[•]/Inte Tillämpligt]
(xiv)	Initial Price:	[[•]/as set out in the Conditions]
	Startkurs:	[[•]/såsom framgår av Villkoren]
(xv)	Final Price:	[[•]/as set out in the Conditions]
	Slutkurs:	[[•]/såsom framgår av Villkoren]
(xvi)	Initial Basket Level:	[[•]/Not Applicable]/[•] in respect of Basket A and [•] in respect of Basket B
	Korg Startvärde:	[[•]/Inte Tillämpligt]/[•] för Korg A och [•] för Korg B
(xvii)	Basket Strike Level:	[[•]/Not Applicable]
	Korglösennivå:	[[•]/Inte Tillämpligt]
(xviii)	Basket Floor:	[Applicable/Not Applicable]
	Korggolv:	[Tillämpligt/Inte Tillämpligt]
(xix)	Minimum Basket Return:	[[•]/Not Applicable]
	Lägsta Korgavkastning:	[[•]/Inte Tillämpligt]
(xx)	Basket Cap:	[[•]/Not Applicable]
	Korgtak:	[[•]/Inte Tillämpligt]

- (xxi) Maximum Basket Return: [[•]/Not Applicable]
- Maximal Korgavkastning: [[•]/Inte Tillämpligt]
- (xxii) Reference Asset Floor: [Applicable/Not Applicable]
- Referenstillgång Golv: [Tillämpligt/Inte Tillämpligt]
- (xxiii) Minimum Reference Asset Return: [Not Applicable/
- Lägsta
Referenstillgångsavkastning:

Reference Asset Referenstillgång	Minimum Reference Asset Return Lägsta Referenstillgångsa vkastning
[•]	[•]
[•]	[•]
[•]	[•]

]

- (xxiv) Reference Asset Cap: [Applicable/Not Applicable]
- Referenstillgång Tak: [Tillämpligt/Inte Tillämpligt]
- (xxv) Maximum Reference Asset Return: [Not Applicable/
- Högsta
Referenstillgångsavkastning:

Reference Asset Referenstillgång	Maximum Reference Asset Return Högsta Referenstillgångsa vkastning
[•]	[•]
[•]	[•]
[•]	[•]

- (xxvi) Barrier Level(s): [[•]/Not Applicable]
- Barriärnivå(er): [[•]/Inte Tillämpligt]
- (xxvii) Replacement Factor: [[•]/Not Applicable]
- Ersättningsfaktor: [[•]/Inte Tillämpligt]
- (xxviii) Maximum Performance: [[•]/Not Applicable]
- Maximal Avkastning: [[•]/Inte Tillämpligt]
- (xxix) Minimum Performance: [[•]/Not Applicable]

	Minsta Avkastning:	[[•]/Inte Tillämpligt]
(xxx)	Lock-in Level(s):	[[•]/Not Applicable]
	Lock-in Nivå(er):	[[•]/Inte Tillämpligt]
	• Locked-in Return(s)	[Applicable/Not Applicable]
	• Locked-in Avkastning(ar)	[Tillämpligt/Inte Tillämpligt]
	• Lock-in Level [1/2/3 ... n]	[•]
	• Lock-in Nivå [1/2/3 ... n]	[•]
(xxxi)	Global Cap:	[[•]/Not Applicable]
	Globalt Tak:	[[•]/Inte Tillämpligt]
(xxxii)	Global Floor:	[[•]/Not Applicable]
	Globalt Golv:	[[•]/Inte Tillämpligt]
(xxxiii)	Initial Coupon:	[[•]/Not Applicable]
	Initial Kupong:	[[•]/Inte Tillämpligt]
(xxxiv)	Local Cap:	[[•]/Not Applicable]
	Lokalt Tak:	[[•]/Inte Tillämpligt]
(xxxv)	Local Floor:	[[•]/Not Applicable]
	Lokalt Golv:	[[•]/Inte Tillämpligt]
(xxxvi)	N:	[[•]/Not Applicable]
	N:	[[•]/Inte Tillämpligt]
(xxxvii)	Outperformance Option:	[Applicable/Not Applicable]
	Outperformance Option:	[Tillämpligt/Inte Tillämpligt]
(xxxviii)	Fixed Periodic Basket Return(s):	[[•]/Not Applicable]
	Fast Periodiserad Korgavkastning:	[[•]/Inte Tillämpligt]
(xxxix)	Fixed Reference Asset Return(s):	[[•]/Not Applicable]
	Fast Referenstillgångsavkastning:	[[•]/Inte Tillämpligt]
(xl)	Coupon Barrier Level(s):	[[•]/Not Applicable]
	Kupong Barriärnivå(er):	[[•]/Inte Tillämpligt]
(xli)	Coupon:	[[•]/Not Applicable]
	Kupong:	[[•]/Inte Tillämpligt]
(xlii)	K:	[[•]/Not Applicable]

	K:	[[•]/Inte Tillämpligt]
(xliii)	I:	[[•]/Not Applicable]
	I:	[[•]/Inte Tillämpligt]
(xliv)	Inflation-Protected Principal:	[Applicable/Not Applicable]
	Inflationsskyddat Kapitalbelopp:	[Tillämplig/Inte Tillämpligt]
(xlv)	Fee Amount:	[[•]/Not Applicable]
	Avgifter:	[[•]/Inte Tillämpligt]
(xlvi)	Rebate:	[[•]/Not Applicable]
	Rabatt:	[[•]/Inte Tillämpligt]
(xlvii)	Target Volatility:	[[•]/Not Applicable]
	Eftersträvad Volatilitet:	[[•]/Inte Tillämpligt]
	• Minimum Adjustment Threshold	[[•]/Not Applicable]
	• Lägsta Justeringströskel:	[[•]/Inte Tillämpligt]
	• Minimum Exposure:	[[•]/Not Applicable]
	Minsta Exponering:	[[•]/Inte Tillämpligt]
	• Maximum Exposure:	[[•]/Not Applicable]
	Högsta Exponering:	[[•]/Inte Tillämpligt]
	• Annualising Factor:	[[•]/Not Applicable]
	Årsberäkningsfaktor:	[[•]/Inte Tillämpligt]
	• Second Annualising Factor:	[[•]/Not Applicable]
	• Andra Årsberäkningsfaktor:	[[•]/Inte Tillämpligt]
	• Initial Synthetic Index Value	[[•]/Not Applicable]
	• Startvärde för Syntetiskt Index	[[•]/Inte Tillämpligt]
	• Synthetic Index Strike Level	[[•]/Not Applicable]
	• Syntetiska Index-strikenivån	[[•]/Inte Tillämpligt]
	• Minimum Synthetic Index Return:	[[•]/Not Applicable]

	•	Lägst Syntetiska Index-avkastningen	[[•]/Inte Tillämpligt]
	•	Cash Rate	[[•]/Not Applicable]
	•	Kontantränta	[[•]/Inte Tillämpligt]
	•	Cash Return Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
	•	Kontant Återbetalning Dagberäkningsmetod	[[Faktisk/Faktisk (ICMA/ISDA)] / [Faktisk/365 (Fast)] / [Faktisk 365 (Sterling)] / [Faktisk/360] / [30/360] / [30E/360]]
35.	Strategy-related items		[Applicable/Not Applicable]
	Strategirelaterade punkter		[Tillämplig/Inte Tillämpligt]
(i)	Best of/Worst of Modifier		[Applicable/Not Applicable/ Applicable for the purposes of Condition [•] only]
	Best of/Worst of Modifierare		[Tillämplig/Inte Tillämpligt/Tillämpligt endast för Villkor [•]]
	•	N:	[[•]/Not Applicable]
	•	N:	[[•]/Inte Tillämpligt]
(ii)	TOM Cumulative Strategy:		[Applicable/Not Applicable]
	TOM Ackumulerande struktur:		[Tillämplig/Inte Tillämpligt]
	•	Reference Rate:	[[•]/Not Applicable]
	•	Referensränta:	[[•]/Inte Tillämpligt]
	•	TOM Participation Ratio:	[[•]/Not Applicable]
	•	TOM Deltagandegrad:	[[•]/Inte Tillämpligt]
	•	Day Count Fraction:	[[Actual/Actual (ICMA/ISDA)] / [Actual/365 (Fixed)] / [Actual 365 (Sterling)] / [Actual/360] / [30/360] / [30E/360]]
	•	Dagberäkningsmetod:	[[Faktisk/Faktisk (ICMA/ISDA)] / [Faktisk/365 (Fast)] / [Faktisk 365 (Sterling)] / [Faktisk/360] / [30/360] / [30E/360]]
	•	TOM Commencement Date:	[•]
	•	Startdatum för TOM:	[•]
	•	TOM End Date:	[•]
	•	Slutdatum för TOM:	[•]
	•	TOM Calculation Start Date:	[•] Scheduled Trading Days preceding the first Scheduled Trading Day in each calendar month

- TOM Inledande Beräkningsdag: [•] Planerade Handelsdagar innan första Planerade Handelsdagen i varje månad

TOM Calculation Start Date Averaging	Averaging Dates relevant to applicable TOM Calculation Start Date
TOM Inledande Beräkningsdag Medelvärdesberäkning	Medelvärdesberäkningsdagar som är relevanta för tillämplig TOM Inledande Beräkningsdag
[Applicable/Not Applicable]	[[•] Scheduled Trading Days prior to the first Scheduled Trading Day in each calendar month /Not Applicable]
[Tillämplig/Inte Tillämpligt]	[[•] Planerade Handelsdagar innan första Planerade Handelsdagen i varje månad/Inte Tillämpligt]

- TOM Calculation End Date: [•] Scheduled Trading Days following the first Scheduled Trading Day in each calendar month

- TOM Slutlig Beräkningsdag: [•] Planerade Handelsdagar innan första Planerade Handelsdagen i varje månad

TOM Calculation End Date Averaging	Averaging Dates relevant to applicable TOM Calculation End Date
TOM Slutlig Beräkningsdag Medelvärdesberäkning	Medelvärdesberäkningsdagar som är relevanta för tillämplig TOM Slutlig Beräkningsdag
[Applicable/Not Applicable]	[[•] Scheduled Trading Days prior to the first Scheduled Trading Day in each calendar month /Not Applicable]
[Tillämplig/Inte Tillämpligt]	[[•] Planerade Handelsdagar innan första Planerade Handelsdagen i varje månad/ Inte Tillämpligt]

- TOM Final Value Averaging: [Applicable/Not Applicable]

- TOM Slutvärde Medelvärdesberäkning: [Tillämplig/Inte Tillämpligt]
- TOM Final Value Averaging Dates: [The TOM Valuation Dates falling on [•] and [•]/Not Applicable]
- TOM Slutvärde Medelvärdesberäknings-dagar: [De TOM-Värderingsdagar som infaller den [•] och [•]/Inte Tillämpligt]
- Final TOM Period Performance Averaging: [Applicable/Not Applicable]
- Slutlig TOM-Period-Värdeutveckling Medelvärdesberäkning: [Tillämplig/Inte Tillämpligt]
- N: [[•]/Not Applicable]
- N: [Tillämplig/Inte Tillämpligt]
- (iii) Lookback Initial Price Modifier: [Applicable/Not Applicable]
- Lookback Startkurs Modifierare [Tillämplig/Inte Tillämpligt]
- (iv) Lookback Final Price Modifier: [Applicable/Not Applicable]
- Lookback Slutkurs Modifierare [Tillämplig/Inte Tillämpligt]
- (v) Lookback Return: [Basket Return/Reference Assets Return/Not Applicable]
- Lookback Avkastning:: Korgavkastning/Referenstillgångsavkastning/Inte Tillämpligt
- (vi) Lookback Factor: [Minimum/Maximum/Not Applicable]
- Lookback-Faktor: [Minsta Högsta Tillgångspris/Inte Tillämpligt]
- (vii) Lock-in Modifier: [Applicable. The relevant Lock-in Levels are specified in paragraph 34 above/Not Applicable]
- Lock-in Modifier: [Tillämpligt. De relevanta Lock-in-Nivåerna är specificerade i punkten 34 ovan/Inte Tillämpligt]
- (viii) Lock-in Basket Floor: [Applicable/Not Applicable]
- Lock-in Korggolv: [Tillämplig/Inte Tillämpligt]

36. Provisions relating to FX Components

Bestämmelser för Valutakomponenter

- (i) FX Component - Basket: [Applicable/Not Applicable/Applicable if the Basket Return is positive/Applicable if the Basket Return is negative]
- Valutakomponent - Korg: [Tillämpligt/Inte Tillämpligt/Tillämpligt om Kortavkastningen är positiv/Tillämpligt om Korgavkastningen är negativ]

- FX Rate: [[•]/Not Applicable]
- Valutakurs: [[•]/Inte Tillämpligt]
- Initial FX Valuation Date: [[•]/Not Applicable]
- Startdag Valuta: [[•]/Inte Tillämpligt]

Reference Asset	Initial FX Valuation Date(s)
Referenstillgång	Startdag Valuta
[•]	[•]
[•]	[•]
[•]	[•]

- FX Valuation Date(s): [[•]/Not Applicable]
- Värderingsdag(ar) Valuta: [[•]/Inte Tillämpligt]

Reference Asset	FX Valuation Date(s)
Referenstillgång	Värderingsdag Valuta
[•]	[•]
[•]	[•]
[•]	[•]

- FX Valuation Time: [[•]/Not Applicable]
- Värderingstidpunkt Valuta: [[•]/Inte Tillämpligt]
- FX Factor Long/Short: [FX Factor-Long/FX Factor-Short/Not Applicable]
- Valutafaktor Long/Short: [Valutafaktor-Long/Valutafaktor-Short/Inte Tillämpligt]
- Initial FX Rate: [[•]/As set out in the Base Prospectus]
- Valutastartkurs: [[•]/Såsom framgår av Grundprospektet]
- Final FX Rate: [[•]/As set out in the Base Prospectus]
- Valutaslutskurs: [[•]/Såsom framgår av Grundprospektet]

- (ii) FX Component - Reference Asset: [Applicable/Not Applicable/Applicable if the Basket Return is positive/Applicable if the Basket Return is negative]

Valutakomponent Referenstillgång: - [Tillämpligt/Inte Tillämpligt/Tillämpligt om den Korgavkastningen är positiv/Tillämpligt om summan av Korgavkastningen är negativ]

- FX Rate: [[•]/Not Applicable]
- Valutakurs: [[•]/Inte Tillämpligt]

- Initial FX Valuation Date: [[•]/Not Applicable]

- Startdag Valuta: [[•]/Inte Tillämpligt]

[Reference Asset Referenstillgång	Initial FX Valuation Date(s) Startdag Valuta
[•]	[•]
[•]	[•]
[•]	[•]

- FX Valuation Date(s): [[•]/Not Applicable]

- Värderingsdag Valuta: [[•]/Inte Tillämpligt]

Reference Asset Referenstillgång	FX Valuation Date(s) Värderingsdag Valuta
[•]	[•]
[•]	[•]
[•]	[•]

- FX Valuation Time: [[•]/Not Applicable]

- Värderingstidpunkt Valuta: [[•]/Inte Tillämpligt]

- FX Factor Long/Short: [FX Factor-Long/FX Factor-Short/Not Applicable]

- Valutafaktor Long/Short: [Valutafaktor-Long/Valutafaktor-Short/Inte Tillämpligt]

- Initial FX Rate: [[•]/As set out in the Base Prospectus]

- Valutastartkurs: [[•]/Såsom framgår av Grundprospektet]

- Final FX Rate: [[•]/As set out in the Base Prospectus]

- Valutaslutskurs: [[•]/Såsom framgår av Grundprospektet]

37. **Provisions relating to Inflation-Linked Notes:** [Applicable/Not Applicable]

Bestämmelser för Inflationslänkade Lån [Tillämpligt/Inte Tillämpligt]

- (i) Inflation-Protected Principal: [[•]/Not Applicable]

Inflationsskyddat Kapital: [[•]/Inte Tillämpligt]

- (ii) Inflation Rate: [[•]/Not Applicable]

Inflationstakt: [[•]/Inte Tillämpligt]

- (iii) Final CPI: [[•]/Not Applicable]

Slutlig KPI: [[•]/Inte Tillämpligt]

38.	Provisions relating to Credit Linked Notes:	[Applicable/Not Applicable]
	Bestämmelser för Kreditlänkade Lån	[Tillämpligt/Inte Tillämpligt]
(i)	Observation Start Date:	[[•]/Not Applicable]
	Observationsstartdatum:	[[•]/Inte Tillämpligt]
(ii)	Observation End Date:	[[•]/Not Applicable]
	Observationsslutdatum:	[[•]/Inte Tillämpligt]
(iii)	Portfolio Exposure:	[[•]/Not Applicable]
	Portföljexponering:	[[•]/Inte Tillämpligt]
(iv)	Fixed Recovery Value:	[[•]/Not Applicable]
	Fast Återbetalningsbelopp:	[[•]/Inte Tillämpligt]
(v)	Market Recovery Value:	[Applicable/Not Applicable]
	Marknadsåterbetalningsbelopp:	[Tillämpligt/Inte Tillämpligt]
(vi)	Tranche Attachment Point:	[[•]/Not Applicable]
	Fästpunkt Tranch:	[[•]/Inte Tillämpligt]
(vii)	Tranche Detachment Point:	[[•]/Not Applicable]
	Avskiljningspunkt Tranch:	[[•]/Inte Tillämpligt]
(viii)	Restructuring Amount:	[[•]/Not Applicable]
	Omläggning av Skulder – Belopp:	[[•]/Inte Tillämpligt]
(ix)	Replacement Reference Entity:	[Applicable/Not Applicable]
	Ersättande Referensenhet:	[Tillämpligt/Inte Tillämpligt]
(x)	Obligation Acceleration Amount:	[[•]/Not Applicable]
	Uppsägning av Åtagande – Belopp:	[[•]/Inte Tillämpligt]
(xi)	Failure to Pay Amount:	[[•]/Not Applicable]
	Utebliven Betalning – Belopp:	[[•]/Inte Tillämpligt]
(xii)	Default Requirement:	[[•]/Not Applicable]
	Defaultkrav:	[[•]/Inte Tillämpligt]
(xiii)	Credit Events:	[Failure to Pay/ Restructuring/ Bankruptcy/ Governmental Intervention/ Repudiation/ Moratorium/ Obligation Acceleration]/Not Applicable]

	Kredithändelser:	[Utebliven Betalning/ Omläggning av Skulder/ Insolvensförfarande/ Myndighetsingripande/ Avstående/Moratorium/ Uppsägning av Åtagande]/ Inte Tillämpligt]	
(xiv)	Target Redemption Amount:	[[•]/Not Applicable]	
	Eftersträvat Återbetalningsbelopp:	[[•]/Inte Tillämpligt]	
(xv)	Back Stop Date:	[[•]/Not Applicable]	
	Back-Stop Datum:	[[•]/Inte Tillämpligt]	
(xvi)	Credit Event Ranked Basket Participation:	[Applicable/Not Applicable]	
	Kredithändelserankad Korgandel:	[Tillämpligt/Inte Tillämpligt]	
	• Credit Event Ranked Weight:	Credit Event (in order of occurrence)	Weighting
		Kredithändelse (i kronologisk ordning)	Viktning
	• Kredithändelserankad vikt:	1	[•]%
		2	[•]%
		3	[•]%
		N	[•]%
(xvii)	Scheduled Redemption Date:	[[•]/Not Applicable]	
	Planerad Återbetalningsdag:	[[•]/Inte Tillämpligt]	
(xviii)	Back Stop Date:	[[•]/Not Applicable]	
	Back Stop-Datum:	[[•]/Inte Tillämpligt]	
(xix)	N:	[[•]/Not Applicable]	
	N:	[[•]/Inte Tillämpligt]	
(xx)	K:	[[•]/Not Applicable]	
	K:	[[•]/Inte Tillämpligt]	
(xxi)	Factor 1:	[[•]/Not Applicable]	
	Faktor 1:	[[•]/Inte Tillämpligt]	
(xxii)	Factor 2:	[[•]/Not Applicable]	
	Faktor 2:	[[•]/Inte Tillämpligt]	
(xxiii)	Factor 3:	[[•]/Not Applicable]	
	Faktor 3:	[[•]/Inte Tillämpligt]	
(xxiv)	Factor 4:	[[•]/Not Applicable]	
	Faktor 4:	[[•]/Inte Tillämpligt]	

	(xxv) Strike 1:	[[•]/Not Applicable]
	Strike 1:	[[•]/Inte Tillämpligt]
	(xxvi) Strike 2:	[[•]/Not Applicable]
	Strike 2:	[[•]/Inte Tillämpligt]
	(xxvii) Strike 3:	[[•]/Not Applicable]
	Strike 3:	[[•]/Inte Tillämpligt]
	(xxviii) Strike 4:	[[•]/Not Applicable]
	Strike 4:	[[•]/Inte Tillämpligt]
	(xxix) Indicator 1:	[[•]/Not Applicable]
	Indikator 1:	[[•]/Inte Tillämpligt]
	(xxx) Indicator 2:	[[•]/Not Applicable]
	Indikator 2:	[[•]/Inte Tillämpligt]
	(xxxi) Indicator 3:	[[•]/Not Applicable]
	Indikator 3:	[[•]/Inte Tillämpligt]
	(xxxii) Indicator 4:	[[•]/Not Applicable]
	Indikator 4:	[[•]/Inte Tillämpligt]
39.	Provisions relating to Fund Linked Notes:	[Applicable/Not Applicable]
	Bestämmelser för Fondlänkade Lån	[Tillämpligt/Inte Tillämpligt]
	(i) Fund:	[[•]/Not Applicable]
	Fond:	[[•]/Inte Tillämpligt]
	(ii) Fund Manager:	[[•]/Not Applicable]
	Fondförvaltare:	[[•]/Inte Tillämpligt]
	(iii) Back Stop Date:	[[•]/Not Applicable]
	Back-Stop Datum:	[[•]/Inte Tillämpligt]
IV.	INSTALMENT AND EARLY REDEMPTION	[APPLICABLE/NOT APPLICABLE]
	AVBETALNING OCH FÖRTIDA INLÖSEN	[TILLÄMPLIGT/INTE TILLÄMPLIGT]
		[Items 40-45 have been intentionally omitted] ⁶²
		[Punkterna 40-45 har medvetet utelämnats] ⁶³

⁶² Include where instalment and early redemption provisions are marked as "Not Applicable"

⁶³ Att inkluderas då bestämmelser om avbetalning och förtida inlösen angivits som "Inte Tillämpligt"

40.	Instalment Redemption	[Applicable/Not Applicable]
	Avbetalning:	[Tillämpligt/Inte Tillämpligt]
	(i) Instalment Amount:	[[•] per Calculation Amount/Not Applicable]
	(i) Avbetalningsbelopp:	[[•] per Beräkningsbelopp/Inte Tillämpligt]
	(ii) Instalment Date(s):	[[•]/Not Applicable]
	(ii) Avbetalningsdatum:	[[•]/Inte Tillämpligt]
41.	Optional Early Redemption (Call)	[Applicable/Not Applicable]
	Frivillig Förtida Återbetalning (Call)	[Tillämpligt/Inte Tillämpligt]
	(i) Early Redemption Date(s):	[•]
	(i) Förtida Återbetalningsdatum:	[•]
	(ii) Early Redemption Amount(s) of each Note:	[•] per Calculation Amount
	(ii) Förtida Återbetalningsbelopp per Lån:	[•] per Beräkningsbelopp
42.	Optional Early Redemption (Put)	[Applicable/Not Applicable]
	Frivillig Förtida Återbetalning (Put)	[Tillämpligt/Inte Tillämpligt]
	(i) Early Redemption Date(s):	[•]
	(i) Förtida Återbetalningsdatum:	[•]
	(ii) Early Redemption Amount(s) of each Note:	[•] per Calculation Amount
	(ii) Förtida Återbetalningsdatum:	[•]
43.	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons:	[•] per Calculation Amount
	Förtida Återbetalningsbelopp per Beräkningsbelopp att betalas vid återbetalning av skatteskäl	[•] per Calculation Amount
44.	Early Redemption Date(s) of Notes with "Autocallable" or "Autocallable Rate" performance structure:	[[•]/Not Applicable]
	Förtida Återbetalningsdatum för Lån med "Autocallable" eller "Autocallable-nivå" värdeutvecklingsstruktur	[[•]/Inte Tillämpligt]
	• Call Barrier Level:	[[•]/Not Applicable]
	• Inlösenbarriärnivå:	[[•]/Inte Tillämpligt]

45. Payment of Unwind Amount on Early Redemption: [Applicable/Not Applicable]

Betalning av Korrigeringsbelopp vid Förtida Återbetalning: [Tillämpligt/Inte Tillämpligt]

V. PROVISIONS APPLICABLE TO DISRUPTION, ADJUSTMENTS AND OTHER EXTRAORDINARY EVENTS

BESTÄMMELSER TILLÄMPLIGA FÖR AVBROTT, JUSTERINGAR OCH ANDRA EXTRAORDINÄRA HÄNDELSER

46. Change in Law: [As set out in the Conditions/Not Applicable]

Ändring av Lag: [Såsom framgår av Villkoren/Inte Tillämpligt]

47. Increased Costs of Hedging: [As set out in the Conditions/Not Applicable]

Ökade Riskhanteringskostnader: [Såsom framgår av Villkoren/Inte Tillämpligt]

48. Hedging Disruption: [As set out in the Conditions/Not Applicable]

Störning av Riskhantering: [Såsom framgår av Villkoren/Inte Tillämpligt]

49. Market Disruption: [As set out in the Conditions/Not Applicable]

Marknadsavbrott: [Såsom framgår av Villkoren/Inte Tillämpligt]

50. Market Disruption Commodity: [As set out in the Conditions/Not Applicable]

Marknadsavbrott Råvaror: [Såsom framgår av Villkoren/Inte Tillämpligt]

51. Disruption Currency: [As set out in the Conditions/Not Applicable]

Valutastörning: [Såsom framgår av Villkoren/Inte Tillämpligt]

52. Calculation Adjustment: [As set out in the Conditions/Not Applicable]

Beräkningsjustering: [Såsom framgår av Villkoren/Inte Tillämpligt]

53. Corrections: [As set out in the Conditions/Not Applicable]

Korrigeringar: [Såsom framgår av Villkoren/Inte Tillämpligt]

54. Correction Commodity: [As set out in the Conditions/Not Applicable]

Korrigering Råvaror: [Såsom framgår av Villkoren/Inte Tillämpligt]

55. Correction Currency: [As set out in the Conditions/Not Applicable]

Korrigeringar Valuta: [Såsom framgår av Villkoren/Inte Tillämpligt]

56. Extraordinary Events: [As set out in the Conditions/Not Applicable]

Extraordinära Händelser [Såsom framgår av Villkoren/Inte Tillämpligt]

57. Rate Option Fallback: [As set out in the Conditions/Not Applicable]

Ränteoption Fallback [Såsom framgår av Villkoren/Inte Tillämpligt]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

GENERELLA BESTÄMMELSER FÖR LÅNEN

58.	Form of Notes:	[Bearer Notes:]
	Typ av Lån:	[Fysiska Lån:]
		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
		[Temporärt Globalt Lån utbytbart mot ett Permanent Globalt Lån vilket är utbytbart mot Definitiva Lån vid de begränsade omständigheter som anges i Permanent Globalt Lån]
		[Temporary Global Note exchangeable for Definitive Notes]
		[Temporärt Globalt Lån utbytbart mot Definitiva Lån]
		[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
		[Temporärt Globalt Lån utbytbart mot Definitiva Lån vid de begränsade omständigheter som anges i Permanent Globalt Lån]
		[Swiss Franc Notes]
		[Lån i Schweiziska Franc]
		[Registered Notes:]
		[Registrerade Lån:]
		Global Registered Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is held under the New Safekeeping Structure)]
		Globalt Registrerat Lån registrerat i förvaltares namn för [en "common depositary" för Euroclear och Clearstream, Luxembourg/en "common safekeeper" för Euroclear och Clearstream, Luxembourg (som hålls under den Nya Förvaringsstrukturen)]
		[VP Notes]
		[VP Lån]
		[The Notes are VP Notes in uncertificated and dematerialised book entry form]

		[Lånen är VP Lån i dematerialiserad och kontoförd form]
		[VPS Notes]:
		[VSP Lån]:
		[The Notes are VPS Notes in uncertificated and dematerialised book entry form]
		[Lånen är VPS Lån i dematerialiserad och kontoförd form]
		[Swedish Notes]
		[Svenska Lån]
		[The Notes are Swedish Notes in uncertificated and dematerialised book entry form]
		[Lånen är Svenska Lån i dematerialiserad och kontoförd form]
		[Finnish Notes]
		[Finska Lån]
		[The Notes are Finnish Notes in uncertificated and dematerialised book entry form]
		[Lånen är Finska Lån i dematerialiserad och kontoför form]
59.	New Global Note:	[Yes] [No]
	Nytt Globalt Lån:	[Ja] [Nej]
60.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[[•]/Not Applicable]
	Ytterligare Finansiella Center eller andra särskilda bestämmelser relaterade till betalningsdatum:	[[•]/Inte Tillämpligt]
61.	Calculation Agent:	[[•]/Not Applicable]
	Beräkningsagent:	[[•]/Inte Tillämpligt]
62.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No.]
	Talonger för framtida Kuponger eller Kvitton som ska fästas vid Definitiva Lån (och datum då sådana Talonger förfaller):	[Ja/Nej.]
63.	Governing Law:	[English Law/ Finnish Law/ Swedish Law/ Norwegian Law/ Danish Law]

Gällande Lag:

[Engelsk Lag/
Finsk Lag/
Svensk Lag/
Norsk Lag/
Dansk Lag]

[PURPOSE OF FINAL TERMS

[SYFTE MED SLUTLIGA VILLKOR

These Final Terms comprise the final terms required for the issue [and admission to trading on the regulated market of the Irish Stock Exchange] of the Notes described herein pursuant to the €15,000,000,000 Structured Note Programme of Nordea Bank AB (publ) and Nordea Bank Finland Plc.

Dessa Slutliga Villkor omfattar de slutliga villkor som erfordras för utgivandet [och upptagande till handel på den reglerade marknaden vid Irish Stock Exchange av Lånen som beskrivs häri enligt det €15 000 000 000 Strukturerade Lån Programmet med Nordea Bank AB (publ) och Nordea Bank Finland Plc. som emittent]

RESPONSIBILITY

ANSVAR

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

Emittenten åtar sig ansvar för den informationen som innefattas i dessa Slutliga Villkor. [*Relevant information från tredje man*] har hämtats från [*specificera källa*]. Emittenten bekräftar att sådan information har återgivits korrekt och att, såvitt Emittenten känner till, och har möjlighet att bekräfta genom information som publicerats av [*specificera källa*], inga fakta har utelämnats som skulle innebära att den återgivna informationen är felaktig eller misvisande.

Signed on behalf of [Nordea Bank AB (publ)/Nordea Bank Finland Plc]:

Undertecknas för [Nordea Bank AB (publ)/Nordea Bank Finland Plc]:

By:

Duly authorised

Av:

Behörigen utsedd

PART B – OTHER INFORMATION

DEL B – Övrig information

1. **LISTING AND ADMISSION TO TRADING** [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to the official list and to trading on the [Irish Stock Exchange/Nasdaq Stockholm/Nasdaq Helsinki] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to the official list and to trading on the [Irish Stock Exchange/Nasdaq Stockholm/Nasdaq Helsinki] with effect from [•].]

[Application will be made for the Notes to be listed on the SIX Swiss Exchange. Application has been made for the Notes to be admitted to trading on [SIX Structured Products (formerly Scoach Switzerland)] [in the case of derivatives]/[the SIX Swiss Exchange] [in the case of bonds] with effect from [•]/other.] The last trading day is expected to be on [•].] [Not Applicable.]

LISTNING OCH UPPTAGANDE TILL HANDEL [Ansökan har gjorts av Emittenten (eller på dennes vägnar) för att Lånen ska listas på den officiella listan vid Irish Stock Exchange/Nasdaq Stockholm/Nasdaq Helsinki] samt handlas från och med [•].] [Ansökan förväntas ges in av Emittenten (eller på dennes vägnar) för att Lånen ska listas på den officiella listan vid [Irish Stock Exchange/Nasdaq Stockholm/Nasdaq Helsinki] samt handlas från och med [•].]

[Ansökan ska göras för att Lånen ska listas på SIX Swiss Exchange. Ansökan har gjorts för att Lånen ska tas upp till handel på [SIX Structured Products (före detta Scoach Schweiz)] [såvitt avser derivat]/[SIX Swiss Exchange] [såvitt avser obligationer] samt handlas från och med [•]/annat]. Sista handelsdag beräknas vara [•].] [Inte Tillämpligt].
2. **RATINGS** The Notes to be issued have not been rated:

BETYG Lånen som ska emitteras har inte givits något kreditbetyg.
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

INTRESSEN FRÅN FYSISKA OCH JURIDISKA PERSONER SOM ÄR INVOLVERADE I EMISSIONEN/ERBJUDANDET

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

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer." (Amend as appropriate if there are other interests)

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

Inkludera beskrivning av alla intressen, inklusive intressekonflikter, vilka är av materiell betydelse för emissionen/erbjudandet, som beskriver de personer som är involverade och vilken typ av intresse det rör sig om.

"Utöver beskrivningen i ["Teckning och Försäljning"], har, såvitt Emittenten känner till, ingen person som är involverad i erbjudandet av Lånen något väsentligt intresse i erbjudandet." (Ändras om det finns andra intressen)

[(När någon annan beskrivning läggs till, ska det övervägas om sådana beskrivningar utgör sådana "nya omständigheter" som aktualiserar behovet av ett tillägg till Prospektet under Artikel 16 i Prospektdirektivet.)]

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

SKÄL FÖR ERBJUDANDET, BERÄKNADE NETTOLIKVID OCH TOTALA KOSTNADER

[(i) Reasons for the offer [•]

[(i) Skäl för erbjudandet: [•]

[(ii)] Estimated net proceeds: [•]

[(ii)] Beräknad nettolikvid: [•]

[(iii)] Estimated total expenses in relation to admission to trading:: [•]

[(iii)] Beräknade totala kostnader i anslutning till upptagande till handel: [•]

5. **[Fixed Rate Notes only – YIELD**

[Lån med Fast Ränta enbart - AVKASTNING

Indication of yield: [•]

Indikation om avkastning: [•]

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

[Lån med Rörlig Ränta enbart - HISTORISKA RÄNTENIVÅER

Details of historic [LIBOR/EURIBOR/STIBOR/NIBOR/CIBOR] rates can be obtained from [Reuters].]

Uppgifter om historiska nivåer avseende [LIBOR/EURIBOR/STIBOR/NIBOR/CIBOR] kan erhållas från [Reuters].]

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

[Indexlänkade eller andra variabellänkade lån endast – VÄRDEUTVECKLING FÖR INDEX/FORMULA/ANDRA VARIABLER, FÖRKLARING AV EFFEKTEN PÅ VÄRDET AV INVESTERINGEN OCH ASSOCIERADE RISKER OCH ANNAN INFORMATION OM DET UNDERLIGGANDE

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.^{64]}

Uppgifter om när tidigare och framtida värdeutveckling och volatilitet av index/formula/andra variabler kan erhållas.^{65]}

Basket Korg	Reference Asset(s) Referenstillgång(ar)	Basket Participation Korgandel	Stock Exchange and Options or Futures Exchange Aktiebörs och Options- eller Terminsbörs	Initial Price Startkurs	Strike Level Lösenprisnivå	Source for past and future performance data Källa för historisk och framtida prestationsdata
[Basket A] [Single Basket] [Korg A] [Enskild Korg]	[•]	[•]	[•]	[•]/ [As determined in accordance with the Conditions set out in the Base Prospectus] [•]/ [Bestämd i enlighet med villkoren i Grundprospektet]	[•]	[•]
[Basket B] [Korg B]	[•]	[•]	[•]	[•]	[•]	[•]

Basket Korg	Reference Entity(ies) (Interest)/ Reference Entity(ies)/ Reference Entity(ies) (Index) Referens-enhet(er) (Ränta)/ Referens-enhet(er)/Referens-enhet(er) (Index)	Basket Participation (Interest)/ Basket Participation Korgandel (Ränta)/Korgandel	Observation Start Date Startdatum för Observation	Observation End Date Slutdatum för Observation	Source for past and future performance data Källa för historiska och framtida prestationsdata
[Basket A]	[•]	[•]	[•]	[•]	[•]

⁶⁴ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

⁶⁵ Erfordras för derivatvärdepapper till vilka Annex XII i Prospektdirektivsförordningen är tillämpligt.

[Korg A]					
[Basket B]	[•]	[•]	[•]	[•]	[•]
[Korg B]					

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]⁶⁶.

Emittenten [avser att tillhandahålla information efter emissionen [*specificera vilket information som kommer rapporteras och var den går att ta del av*]] [avser inte att tillhandahålla någon information efter emissionen.]⁶⁷.

8. FURTHER DETAILS OF BASKET PARTICIPATION

YTTERLIGARE UPPGIFTER FÖR KORGANDEL

Basket Participation (Interest):

Korgandel (Ränta)

- Fixed Basket Participation [Applicable/Not Applicable]
(Interest):
- Fast Korgandel (Ränta): [Tillämpligt/Inte Tillämpligt]
- Rainbow Basket Participation [Applicable/Not Applicable]
(Interest):
- Rainbow Korgandel (Ränta): [Tillämpligt/Inte Tillämpligt]

Ranking (Best performing first)

Ranking (Bäst värdeutveckling först)

Weighting

Viktning

1	[•]%
2	[•]%
3	[•]%
N	[•]%

- Replacement Cliquet Basket [Applicable/Not Applicable]
Participation (Interest):
- Ersättande Periodsumme [Tillämpligt/Inte Tillämpligt]
Korgandel (Ränta):
- Momentum Basket [Applicable/Not Applicable]
Participation (Interest):
- Korgandel Momentum (Ränta): [Tillämpligt/Inte Tillämpligt]
- Accumulating Rainbow Basket [Applicable/Not Applicable]
Participation (Interest):

⁶⁶ Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

⁶⁷ Erfordras för derivatvärdepapper till vilka Annex XII till Prospektivdirektivförordningen är tillämpligt.

- Ackumulerande Korgandel (Ränta): Rainbow [Tillämpligt/Inte Tillämpligt]

Basket Participation:

Korgandel:

- Fixed Basket Participation: [Applicable/Not Applicable]
- Fast Korgandel: [Tillämpligt/Inte Tillämpligt]
- Rainbow Basket Participation: [Applicable/Not Applicable]
- Rainbow Korgandel: [Tillämpligt/Inte Tillämpligt]

				Ranking (<i>Best performing first</i>)	Weighting
				Ranking (<i>Bäst värdeutveckling först</i>)	Viktning
				1	[•]%
				2	[•]%
				3	[•]%
				N	[•]%
•	Replacement Participation:	Cliquet Basket		[Applicable/Not Applicable]	
•	Ersättande Korgandel:	Periodsumme		[Tillämpligt/Inte Tillämpligt]	
•	Momentum Participation:	Basket		[Applicable/Not Applicable]	
•	Korgandel Momentum:			[Tillämpligt/Inte Tillämpligt]	
•	Accumulating Participation:	Rainbow Basket		[Applicable/Not Applicable]	
•	Ackumulerande Korgandel:	Rainbow		[Tillämpligt/Inte Tillämpligt]	

9. **OPERATIONAL INFORMATION**

OPERATIONELL INFORMATION

ISIN Code:	[•]
ISIN Kod:	[•]
Common Code:	[•]
[Swiss Security Number:	[•]]
[Schweiziskt Säkerhetsnummer:	[•]]
[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes][No]
[Avsedd att hållas på ett sätt som skulle möjliggöra Eurosystem-tillgänglighet]	[Ja] [Nej]

[Note that the designation "yes" means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,]⁶⁸ 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 satisfaction of the Eurosystem eligibility criteria.]

[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 one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting 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 ECB being satisfied that Eurosystem eligibility criteria have been met.]⁶⁹

[Notera att valet "ja" innebär att Lånen är avsedda att från utgivandet förvaras vid någon ICSD som "common safekeeper" [och förvaltarregistrerade vid den ICSD som är "common safekeeper",]⁷⁰ och innebär inte nödvändigtvis att Lånen kommer erkännas som användbara säkerheter för Eurosystems monetära policy och intradags kredithantering av Eurosystem, varken vid utgivandet eller vid var annan tid under deras livstid. Sådant erkännande kommer vara avhängigt uppfyllandet av Eurosystems användbarhetskriterier.]

[Även om valet "nej" har gjorts vid datumet för dessa Slutliga Villkor, kan Lånen förvaras hos en ICSD som "common safekeeper" [och förvaltarregistreras av den ICSD som är "common safekeeper"], om Eurosystems kriterier för tillgänglighet ändrats framöver på ett sådant sätt att Lånen uppfyller dem. Notera att detta inte nödvändigtvis innebär att Lånen då kommer erkännas som användbara säkerheter för Eurosystems monetära policy och intradags kredithantering av Eurosystem vid någon tid under deras livstid. Sådant erkännande kommer vara avhängigt att ECB är tillfredsställda med

⁶⁸ Insert this text for registered notes.

⁶⁹ Include this text if "yes" is selected, in which case bearer Notes must be issued in NGN form.

⁷⁰ Inkludera denna text för registrerade lån.

Clearing system(s) [and identification number, if applicable]:	Euroclear / Clearstream, Luxembourg / Euroclear Finland / Euroclear Sweden / VP / VPS / SIS
Clearingsystem [och identifikationsnummer, om tillämpligt]	Euroclear / Clearstream, Luxembourg / Euroclear Finland / Euroclear Sweden / VP / VPS / SIS
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 / <i>Give name and address</i>
Namn och adress till ytterligare [Betalningsagent / VP-Administrerande Institut / VPS-Betalningsagent / Svenskt Administrerande Institut / Schweizisk Betalningsagent] (om någon)	Inte tillämpligt / Ange namn och adress

10. DISTRIBUTION

DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(i)	Distributionsmetod:	[Syndikerat/Icke-Syndikerat]
(ii)	If syndicated:	[Not Applicable]
(ii)	Om syndikerat:	[Inte Tillämpligt]
(a)	Names and addresses of Managers and underwriting commitments:	[•]
(a)	Namn och adresser till Managers och åtaganden avseende underwriting:	[•]
(b)	Date of subscription agreement:	[•]
(b)	Datum för teckningsavtal:	[•]
(c)	Stabilising Manager(s) (if any):	[Not Applicable/[•]]
(c)	Stabiliserande Manager(s) (om några):	[Inte Tillämpligt/[•]]
(iii)	If non-syndicated, name and address of Dealer:	[Not Applicable]

⁷¹ Inkludera denna text om "ja" anges, i vilket fall Innehavarlån måste vara emitterade i NGN-form.

(iii)	Om icke-syndikerat, namn och adress till Försäljare:	[Not Applicable]
(a)	Name and address of Dealer:	[•]
(a)	Namn och adress till Försäljare:	[•]
(b)	Date of subscription agreement:	[•]
(b)	Datum för avtal om tecknande:	[•]
(iv)	U.S. Selling Restrictions:	[TEFRA C/TEFRA D/Not Applicable]
(iv)	Försäljningsrestriktioner USA:	[TEFRA C/TEFRA D/Inte Tillämpligt]
		[(In the case of Swiss Franc Notes) – TEFRA D in accordance with usual Swiss practice]
		[(För Lån i Schweiziska Franc) – TEFRA D i enlighet med Schweizisk sedvanlig praxis]

11. TERMS AND CONDITIONS

VILLKOR

Offer Price:	[•]
Pris för Erbjudandet:	[•]
Conditions to which the offer is subject:	[Not Applicable/[•]]
	[The Issuer reserves its rights to cancel the offer under the following circumstances;
(a)	if the aggregate principal amount of Notes subscribed on or before <i>[insert date]</i> is less than <i>[insert amount]</i> ;
(b)	if the <i>[insert relevant variable]</i> cannot be set at <i>[relevant value corresponding to the indicated minimum value]</i> ; or
(c)	if any event of an economic, financial or political nature occurs and which may jeopardise a successful offer, as determined by the Issuer].
	[The Issuer may also replace any Reference Asset listed in the table(s) above at any time on or prior to <i>[insert date]</i> with a comparable type of underlying Reference Asset].
Villkor för erbjudandet:	[Inte Tillämpligt/[•]]
	[Emittenten förbehåller sig rätten att dra tillbaka erbjudandet under följande omständigheter;

- (a) om det sammanlagda beloppet av Lån som tecknats på eller före [*ange datum*] är lägre än [*ange belopp*];
- (b) om [*ange relevant variabel*] inte kan anges till [*relevant värde som korresponderar till det indikerade lägsta värdet*]; eller
- (c) om någon händelse av ekonomisk, finansiell eller politisk natur inträffar och som kan äventyra ett framgångsrikt erbjudande, enligt Emittentens bedömning].

[Emittenten kan också ersätta varje Referenstillgång som listas i tabellerna ovan vid var tid på eller före [*ange datum*] med en jämförbar typ av underliggande Referenstillgång.

Description of the application process: [Not Applicable/[•]]

Beskrivning av ansökningsprocessen: [Inte Tillämpligt/[•]]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/[•]]

Beskrivning av möjligheten att reducera antalet teckningar och metod för att återbetala överstigande belopp som har betalats av kandidater. [Inte Tillämpligt/[•]]

Details of the minimum and/or maximum amount of application: [Not Applicable/[•]]

Uppgifter om det minsta och/eller högsta antalet ansökningar: [Inte Tillämpligt/[•]]

Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/[•]]

Uppgifter om metoden och tidsbegränsningar för att betala och leverera Lånen: [Inte Tillämpligt/[•]]

Manner in and date on which results of the offer are to be made public: [Not Applicable/[•]]

Metod för och datum när resultat av erbjudandet kommer offentliggöras till allmänheten: [Inte Tillämpligt/[•]]

Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/[•]]

Kategorier av potentiella investerare till vilka Lånen erbjuds och huruvida trancher har reserverats för särskilda länder: [Inte Tillämpligt/[•]]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/[•]]

Process för att underrätta kandidater om det tilldelade belopp och om handel kan komma att påbörjas före det att underrättelse har skett: [Inte Tillämpligt/[•]]

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/[•]]
[Address: [[•]]]

Namn och adress(er), i den utsträckning som Emittenten känner till, till placerare i de olika länder där erbjudanden tar plats. [Inget/[•]]
[Adress: [[•]]]

12. **[Swiss Franc Notes only - DOCUMENTS AVAILABLE]**

[Lån i Schweiziska Franc enbart - DOKUMENT TILLGÄNGLIGA]

Copies of the Final Terms and the Base Prospectus are available [at UBS AG, Prospectus Library, P.O. Box, CH-8098 Zürich, Switzerland (tel: +41 44 239 47 03, fax: +41 44 239 21 11 or email: swiss-prospectus@ubs.com) / from the offices of Credit Suisse AG at Uetlibergstrasse 231, 8070 Zürich, Switzerland].]

Kopior av de Slutliga Villkoren och Grundprospektet finns tillgängligt [vid UBS AG, Prospectus Library, P.O. Box, CH-8098 Zürich, Schweiz (tel: +41 44 239 47 03, fax: +41 44 239 21 11 eller epost: swiss-prospectus@ubs.com) / från Credit Suisse AG kontor vid Uetlibergstrasse 231, 8070 Zürich, Schweiz].]

13. **[Swiss Franc Notes only - REPRESENTATIVE]**

[Lån i Schweiziska Franc enbart - REPRESENTANT]

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 Admission Board of the SIX Swiss Exchange.]

I enlighet med Artikel 43 i Reglerna för Listning från SIX Swiss Exchange, har [•] utsetts av Emittenten som representant att genomföra ansökningen om notering hos SIX Swiss Exchanges Admission Board.]

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

[Lån i Schweiziska Franc enbart - INGEN VÄSENTLIG NEGATIV FÖRÄNDRING / VÄSENTLIGA FÖRÄNDRINGAR SEDAN DEN SENASTE ÅRSREDOVISNINGEN]

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 2013], which would materially affect its ability to carry out its obligations under the Notes.]

Förutom såsom redogjorts för i Grundprospektet, har det inte skett någon väsentlig negativ förändring i Emittentens ekonomiska situation eller verksamhet sedan [31 December 2013], som väsentligen kan påverka dess möjligheter att uppfylla sina förpliktelser under Lånen.]

15. **[Swiss Franc Notes only - LISTING/TRADING INFORMATION]**

[Lån i Schweiziska Franc enbart - LISTNING/HANDELSINFORMATION]

- (a) Trading Size and Ratio: [minimum and maximum trading size and the standard exercise ratio]
- (a) Handelsstorlek och Förhållande: [minsta och högsta handelsstorlek och standard för utövandeförhållande]
- (b) First Trading Day: [first trading day]
- (b) Första Handelsdag: [första handelsdag]
- (c) Last Trading Day and Time: [last trading day as well as (in the case of derivatives) the time of day at which trading shall cease]
- (c) Sista Handelsdag och -tidpunkt: [sista handelsdagen såväl som (om derivat) tidpunkten på den dag handel ska upphöra]
- (d) [(In the case of derivatives) Capital Protection: [Capital protection [specify] / no capital protection]]
- (d) [(Om derivat) Kapitalskydd: [Kapitalskydd [specificera] / inget kapitalskydd]]
- (e) [(In the case of derivatives) Type of quoting: [the Notes are traded or quoted including accrued interest (dirty trading)] [accrued interest is shown separately (clean trading)]]
- (e) [(Om derivat) Typ av återgivning: [Lånen handlas och återges inklusive upplupen ränta (dirty trading)] [upplupen ränta visas separat (clean trading)]]

16. **[Swiss Franc Notes only – INFORMATION RELATING TO UNDERLYINGS]**

[Lån i Schweiziska Franc enbart – INFORMATION AVSEENDE UNDERLIGGANDE]

[insert the information on the underlying instruments required by section 4 of scheme F (for derivatives) and the tax information in relation to a purchase of underlying instruments required by section 3.2.12 of scheme F (for derivatives) of the SIX Swiss Exchange (for derivatives) in respect of Notes to be listed on the SIX Swiss Exchange, to the extent such information is not already included elsewhere in the Final Terms.]

[för in den information om de underliggande instrumenten som krävs enligt avsnitt 2 i investeringsplan F och den skatteinformation för ett köp av underliggande instrument som krävs enligt avsnitt 3.2.12 i investeringsplan F (för derivat) för SIX Swiss Exchange (för derivat) beträffande Lån som ska listas på SIX Swiss Exchange, såvida sådan information inte redan inkluderats på annan plats i Slutliga Villkor.

17. **[Swiss Franc Notes only – ADDITIONAL INFORMATION]**

[Lån i Schweiziska Franc enbart – YTTERLIGARE INFORMATION]

Fees charged by the Issuer to the Noteholders post issuance: [none] [give details]

Avifter som tas ut av Emittenten från Innehavare efter emission: [inga] [infoga detaljer]

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