IMPORTANT NOTICE

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

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

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

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

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

SUPPLEMENT NO. 2 DATED 12 MARCH 2014 TO THE BASE PROSPECTUS DATED 20 DECEMBER 2013

NORDEA BANK AB (PUBL)
(Incorporated with limited liability in the Kingdom of Sweden)

NORDEA BANK FINLAND PLC
(*Incorporated with limited liability in Finland*)

€10,000,000,000
Structured Note Programme

This supplement no. 2 (the "**Supplement**") is supplemental to, and must be read in conjunction with, the base prospectus dated 20 December 2013 and the base prospectus supplement dated 14 February 2014 (together the "**Base Prospectus**") prepared by Nordea Bank AB (publ) ("**NBAB**") and Nordea Bank Finland Plc ("**NBF**" and together with NBAB, the "**Issuers**") with respect to their €10,000,000,000 Structured Note Programme (the "**Programme**") and constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the **Prospectus Directive**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

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

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

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

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

An investor which has agreed, prior to the date of publication of this Supplement, to purchase or subscribe for Notes issued under the Programme may withdraw its acceptance before the end of the working day on 14 March 2014 in accordance with the Prospectus Directive.

This Supplement is drawn up in the English language. In case there is any discrepancy between the English text and the Swedish text, the English text stands approved for the purposes of approval under the Prospectus (Directive 2003/71/EC) Regulations 2005.

AMENDMENTS TO THE BASE PROSPECTUS

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

NBAB ANNUAL REPORT 2013

On 12 February 2014, NBAB published its annual report for the year ended 31 December 2013 (the "**NBAB Annual Report 2013**"). The NBAB Annual Report 2013 contains audited consolidated financial statements. By virtue of this Supplement, the audited consolidated income statement, statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes of the NBAB Annual Report 2013 are set out in the annex hereto, and such annex forms part of this Supplement and the Base Prospectus.

NBF ANNUAL REPORT 2013

On 28 February 2014, NBF published its annual report for the year ended 31 December 2013 (the "**NBF Annual Report 2013**"). The NBF Annual Report 2013 contains audited consolidated financial statements. By virtue of this Supplement, the audited consolidated income statement, statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes of the NBF Annual Report 2013 are set out in the annex hereto, and such annex forms part of this Supplement and the Base Prospectus.

DESCRIPTION OF THE ISSUERS

The third paragraph of the "Description of the Issuers – The Nordea Group – Overview" section on page 475 of the Base Prospectus is deleted and replaced by the following:

> "As at 31 December 2013, the Nordea Group's assets totalled EUR 630.4 billion and Tier 1 capital EUR 24.4 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 0.60 million are active corporate customers."

The first line of the fifth paragraph of the "Description of the Issuers – The Nordea Group – Overview" section on page 475 of the Base Prospectus is deleted and replaced by the following:

> "In addition, the Nordea Group acts as an asset manager within the Nordic region with EUR 233.3 billion in assets under management as per 31 December 2013."

GENERAL INFORMATION

The third paragraph of the "General Information" section on page 547 of the Base Prospectus is deleted and replaced by the following:

> "3. Since 31 December 2013, the date to which the latest audited financial statements of each Issuer were prepared, there has been no material adverse change in the prospects of NBAB, NBF or the Nordea Group."

The fourth paragraph of the "General Information" section on page 547 of the Base Prospectus is deleted and replaced by the following:

> "4. Since 31 December 2013, the date to which the latest audited financial statements of each Issuer were prepared, there has been no significant change in the financial or trading position of NBAB, NBF or the Nordea Group."

UPDATE OF THE SUMMARY OF THE PROGRAMME

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

SELECTED FINANCIAL INFORMATION

The Selected Financial Information sections in English and Swedish on pages 512-524 of the Base Prospectus are deleted in their entirety and replaced with the updated Selected Financial Information in Appendix 2 to this Supplement as there has been a restatement of certain figures set out therein for the reasons set out in Note G1 of the NBAB Annual Report 2013 and in Note 1 of the NBF Annual Report 2013, respectively.

ANNEX

Nordea Bank AB (publ)

Nordea Bank Finland Plc

Income statement, Group

EURm	Note	2013	2012
Operating income			
Interest income		10,604	11,939
Interest expense		–5,079	–6,376
Net interest income	G3	**5,525**	**5,563**
Fee and commission income		3,574	3,258
Fee and commission expense		–932	–790
Net fee and commission income	G4	**2,642**	**2,468**
Net result from items at fair value	G5	1,539	1,774
Profit from associated undertakings accounted for under the equity method	G19	79	93
Other operating income	G6	106	100
Total operating income		**9,891**	**9,998**
Operating expenses			
General administrative expenses:			
Staff costs	G7	–2,978	–2,989
Other expenses	G8	–1,835	–1,808
Depreciation, amortisation and impairment charges of tangible and intangible assets	G9, G20, G21	–227	–267
Total operating expenses		**–5,040**	**–5,064**
Profit before loan losses		**4,851**	**4,934**
Net loan losses	G10	–735	–895
Operating profit		**4,116**	**4,039**
Income tax expense	G11	–1,009	–970
Net profit for the year from continuing operations		**3,107**	**3,069**
Net profit for the year from discontinued operations, after tax	G44	9	57
Net profit for the year		**3,116**	**3,126**
Attributable to:			
Shareholders of Nordea Bank AB (publ)		3,116	3,119
Non-controlling interests		—	7
Total		**3,116**	**3,126**
Basic earnings per share, EUR – Total operations	G12	0.77	0.78
Diluted earnings per share, EUR – Total operations	G12	0.77	0.78
Basic earnings per share, EUR – Continuing operations	G12	0.77	0.77
Diluted earnings per share, EUR – Continuing operations	G12	0.77	0.77

Statement of comprehensive income, Group

EURm	2013	2012
Net profit for the year	**3,116**	**3,126**
Items that may be reclassified subsequently to the income statement		
Currency translation differences during the year	–999	409
Hedging of net investments in foreign operations:		
Valuation gains/losses during the year	464	–254
Tax on valuation gains/losses during the year	–102	45
Available for sale investments[1]:		
Valuation gains/losses during the year	25	67
Tax on valuation gains/losses during the year	–5	–17
Transferred to the income statement during the year	6	—
Tax on transfers to the income statement during the year	–1	—
Cash flow hedges:		
Valuation gains/losses during the year	497	133
Tax on valuation gains/losses during the year	–111	–35
Transferred to the income statement during the year	–499	–321
Tax on transfers to the income statement during the year	110	85
Items that may not be reclassified subsequently to the income statement		
Defined benefit plans:		
Remeasurement of defined benefit plans during the year	155	362
Tax on remeasurement of defined benefit plans during the year	–39	–87
Other comprehensive income, net of tax[2]	**–499**	**387**
Total comprehensive income	**2,617**	**3,513**
Attributable to:		
Shareholders of Nordea Bank AB (publ)	2,617	3,506
Non-controlling interests	—	7
Total	**2,617**	**3,513**

1) Valuation gains/losses related to hedged risks under fair value hedge accounting are accounted for directly in the income statement.
2) Of which EUR –22m (EUR 29m) related to discontinued operations.

Balance sheet, Group

EURm	Note	31 Dec 2013	31 Dec 2012	1 Jan 2012
Assets				
Cash and balances with central banks		33,529	36,060	3,765
Loans to central banks	G13	11,769	8,005	40,615
Loans to credit institutions	G13	10,743	10,569	11,250
Loans to the public	G13	342,451	346,251	337,203
Interest-bearing securities	G14	87,314	86,626	84,550
Financial instruments pledged as collateral	G15	9,575	7,970	8,373
Shares	G16	33,271	28,128	20,167
Derivatives	G17	70,992	118,789	171,943
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G18	203	–711	–215
Investments in associated undertakings	G19	630	585	591
Intangible assets	G20	3,246	3,425	3,321
Property and equipment	G21, G22	431	474	469
Investment property	G23	3,524	3,408	3,644
Deferred tax assets	G11	62	266	250
Current tax assets		31	78	185
Retirement benefit assets	G33	321	142	107
Other assets	G24	11,064	15,554	12,210
Prepaid expenses and accrued income	G25	2,383	2,559	2,703
Assets held for sale	G44	8,895	—	—
Total assets		**630,434**	**668,178**	**701,131**
Liabilities				
Deposits by credit institutions	G26	59,090	55,426	55,316
Deposits and borrowings from the public	G27	200,743	200,678	190,092
Liabilities to policyholders	G28	47,226	45,320	40,715
Debt securities in issue	G29	185,602	183,908	178,028
Derivatives	G17	65,924	114,203	167,390
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G18	1,734	1,940	1,274
Current tax liabilities		303	391	154
Other liabilities	G30	24,737	24,773	30,252
Accrued expenses and prepaid income	G31	3,677	3,903	3,496
Deferred tax liabilities	G11	935	976	944
Provisions	G32	177	389	483
Retirement benefit liabilities	G33	334	469	839
Subordinated liabilities	G34	6,545	7,797	6,503
Liabilities held for sale	G44	4,198	—	—
Total liabilities		**601,225**	**640,173**	**690,524**
Equity				
Non-controlling interests		2	5	86
Share capital		4,050	4,050	4,047
Share premium reserve		1,080	1,080	1,080
Other reserves		–159	340	–47
Retained earnings		24,236	22,530	20,479
Total equity		**29,209**	**28,005**	**25,645**
Total liabilities and equity		**630,434**	**668,178**	**701,131**
Assets pledged as security for own liabilities	G35	174,418	159,924	149,287
Other assets pledged	G36	7,467	10,344	8,740
Contingent liabilities	G37	20,870	21,157	24,468
Credit commitments	G38	78,332	84,914	85,319
Other commitments	G38	1,267	1,294	1,651

Statement of changes in equity, Group

	Attributable to shareholders of Nordea Bank AB (publ)[2]									
			Other reserves:							
EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2013	**4,050**	**1,080**	**24**	**–15**	**56**	**275**	**22,530**	**28,000**	**5**	**28,005**
Net profit for the year	—	—	—	—	—	—	3,116	3,116	—	3,116
Items that may be reclassified subsequently to the income statement										
Currency translation differences during the year	—	—	–999	—	—	—	—	–999	—	–999
Hedging of net investments in foreign operations:										
Valuation gains/losses during the year	—	—	464	—	—	—	—	464	—	464
Tax on valuation gains/ losses during the year	—	—	–102	—	—	—	—	–102	—	–102
Available for sale investments:										
Valuation gains/losses during the year	—	—	—	—	25	—	—	25	—	25
Tax on valuation gains/ losses during the year	—	—	—	—	–5	—	—	–5	—	–5
Transferred to the income statement during the year	—	—	—	—	6	—	—	6	—	6
Tax on transfers to the income statement during the year	—	—	—	—	–1	—	—	–1	—	–1
Cash flow hedges:										
Valuation gains/losses during the year	—	—	—	497	—	—	—	497	—	497
Tax on valuation gains/ losses during the year	—	—	—	–111	—	—	—	–111	—	–111
Transferred to the income statement during the year	—	—	—	–499	—	—	—	–499	—	–499
Tax on transfers to the income statement during the year	—	—	—	110	—	—	—	110	—	110
Items that may not be reclassified subsequently to the income statement										
Defind benefit plans:										
Remeasurement of defined benefit plans during the year	—	—	—	—	—	155	—	155	—	155
Tax on remeasurement of defined benefit plans during the year	—	—	—	—	—	–39	—	–39	—	–39
Other comprehensive income, net of tax	—	—	–637	–3	25	116	—	–499	—	–499
Total comprehensive income	—	—	–637	–3	25	116	3,116	2,617	—	2,617
Share-based payments	—	—	—	—	—	—	17	17	—	17
Dividend for 2012	—	—	—	—	—	—	–1,370	–1,370	—	–1,370
Purchases of own shares[3]	—	—	—	—	—	—	–57	–57	—	–57
Other changes	—	—	—	—	—	—	—	—	–3	–3
Balance at 31 Dec 2013	**4,050**	**1,080**	**–613**	**–18**	**81**	**391**	**24,236**	**29,207**	**2**	**29,209**

1) Total shares registered were 4,050 million.
2) Restricted capital was EUR 4,050m, unrestricted capital was EUR 25,157m.
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 31.8 million. The total holdings of own shares related to LTIP is 18.3 million.

EURm	Attributable to shareholders of Nordea Bank AB (publ)[2]								Non-controlling interests	Total equity
			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		
Balance at 1 Jan 2012	**4,047**	**1,080**	**–176**	**123**	**6**	—	**20,954**	**26,034**	**86**	**26,120**
Restatement due to changed accounting policy[5]	—	—	—	—	—	—	–475	–475	—	–475
Restated opening balance at 1 Jan 2012	**4,047**	**1,080**	**–176**	**123**	**6**	**—**	**20,479**	**25,559**	**86**	**25,645**
Net profit for the year	—	—	—	—	—	—	3,119	3,119	7	3,126
Items that may be reclassified subsequently to the income statement										
Currency translation differences during the year	—	—	409	—	—	—	—	409	—	409
Hedging of net investments in foreign operations:										
Valuation gains/losses during the year	—	—	–254	—	—	—	—	–254	—	–254
Tax on valuation gains/ losses during the year	—	—	45	—	—	—	—	45	—	45
Available for sale investments:										
Valuation gains/losses during the year	—	—	—	—	67	—	—	67	—	67
Tax on valuation gains/ losses during the year	—	—	—	—	–17	—	—	–17	—	–17
Cash flow hedges:										
Valuation gains/losses during the year	—	—	—	133	—	—	—	133	—	133
Tax on valuation gains/ losses during the year	—	—	—	–35	—	—	—	–35	—	–35
Transferred to the income statement during the year	—	—	—	–321	—	—	—	–321	—	–321
Tax on transfers to the income statement during the year	—	—	—	85	—	—	—	85	—	85
Items that may not be reclassified subsequently to the income statement										
Defind benefit plans:										
Remeasurement of defined benefit plans during the year	—	—	—	—	—	362	—	362	—	362
Tax on remeasurement of defined benefit plans during the year	—	—	—	—	—	–87	—	–87	—	–87
Other comprehensive income, net of tax	—	—	200	–138	50	275	—	387	—	387
Total comprehensive income	—	—	200	–138	50	275	3,119	3,506	7	3,513
Issued C-shares[3]	3	—	—	—	—	—	—	3	—	3
Repurchase of C-shares[3]	—	—	—	—	—	—	–3	–3	—	–3
Share-based payments	—	—	—	—	—	—	14	14	—	14
Dividend for 2011	—	—	—	—	—	—	–1,048	–1,048	—	–1,048
Purchases of own shares[4]	—	—	—	—	—	—	–31	–31	—	–31
Change in non-controlling interests	—	—	—	—	—	—	—	—	–84	–84
Other changes	—	—	—	—	—	—	—	—	–4	–4
Balance at 31 Dec 2012	**4,050**	**1,080**	**24**	**–15**	**56**	**275**	**22,530**	**28,000**	**5**	**28,005**

1) Total shares registered were 4,050 million.
2) Restricted capital was EUR 4,050m, unrestricted capital was EUR 23,950m.
3) Refers to the Long Term Incentive Programme (LTIP). LTIP 2012 was hedged by issuing 2,679,168 C-shares. The shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 20.3 million.
4) Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares were 26.9 million.
5) Related to the amended IAS 19. See Note G1 for more information.

Dividends per share

See Statement of changes in equity for the parent company, page 176.

Cash flow statement, Group – Total operations

EURm	2013	2012
Operating activities		
Operating profit	4,116	4,039
Profit for the year from discontinued operations, after tax	9	57
Adjustment for items not included in cash flow	4,492	3,199
Income taxes paid	–1,010	–662
Cash flow from operating activities before changes in operating assets and liabilities	**7,607**	**6,633**
Changes in operating assets		
Change in loans to central banks	–530	21,301
Change in loans to credit institutions	289	–135
Change in loans to the public	–14,511	–2,988
Change in interest-bearing securities	–5,045	–2,968
Change in financial assets pledged as collateral	–1,648	437
Change in shares	–5,918	–8,094
Change in derivatives, net	–2,234	3,017
Change in investment properties	–78	236
Change in other assets	4,351	2,982
Changes in operating liabilities		
Change in deposits by credit institutions	6,564	–19
Change in deposits and borrowings from the public	9,205	7,000
Change in liabilities to policyholders	–57	1,089
Change in debt securities in issue	6,585	1,665
Change in other liabilities	1,735	–10,402
Cash flow from operating activities	**6,315**	**19,754**
Investing activities		
Acquisition of associated undertakings	–8	–6
Sale of associated undertakings	4	3
Acquisition of property and equipment	–153	–141
Sale of property and equipment	33	27
Acquisition of intangible assets	–229	–177
Sale of intangible assets	1	2
Net investments in debt securities, held to maturity	930	1,047
Purchase/sale of other financial fixed assets	–6	19
Cash flow from investing activities	**572**	**774**
Financing activities		
Issued subordinated liabilities	—	1,530
Amortised subordinated liabilities	–500	–624
New share issue	—	3
Repurchase of own shares including change in trading portfolio	–57	–31
Dividend paid	–1,370	–1,048
Cash flow from financing activities	**–1,927**	**–170**
Cash flow for the year	**4,960**	**20,358**
Cash and cash equivalents at the beginning of year	42,808	22,606
Translation difference	–2,098	–156
Cash and cash equivalents at the end of year	45,670	42,808
Change	**4,960**	**20,358**

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year 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	2013	2012
Depreciation	220	240
Impairment charges	17	38
Loan losses	837	1,011
Unrealised gains/losses	2,180	–2,749
Capital gains/losses (net)	–18	–10
Change in accruals and provisions	55	354
Translation differences	407	–366
Change in bonus potential to policyholders, Life	1,046	582
Change in technical reserves, Life	1,543	2,935
Change in fair value of hedged items, assets/liabilities (net)	–1,608	1,267
Income tax expense, discontinued operations	4	21
Other	–191	–124
Total	**4,492**	**3,199**

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	2013	2012
Interest payments received	11,031	12,553
Interest expenses paid	5,360	6,437

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 2013	31 Dec 2012
Cash and balances with central banks	33,529	36,060
Loans to central banks, payable on demand	9,313	5,938
Loans to credit institutions, payable on demand	2,290	810
Assets held for sale	538	—
Total	**45,670**	**42,808**

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.

Dicontinued operations

The cash flow statements include cash flow attributable to total operations i.e. both continuing and discontinued operations. The discontinued operations consist of Nordea´s Polish operations, for more information see Note G1 and Note G44. The cash flows related to the discontinued operations consist of net cash flows from operating activities of EUR –15m (EUR 25m), net cash flow from investing activities of EUR –11m (EUR –8m) and net cash flows from financing activities of EUR 0m (EUR 0m).

Quarterly development, Group

EURm	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2013	2012
Net interest income	1,390	1,386	1,391	1,358	1,382	1,393	1,415	1,373	5,525	5,563
Net fee and commission income	703	652	664	623	682	595	603	588	2,642	2,468
Net result from items at fair value	333	346	416	444	442	377	492	463	1,539	1,774
Profit from associated undertakings accounted for under the equity method	21	14	9	35	33	23	14	23	79	93
Other income	22	28	10	46	31	24	22	23	106	100
Total operating income	**2,469**	**2,426**	**2,490**	**2,506**	**2,570**	**2,412**	**2,546**	**2,470**	**9,891**	**9,998**
General administrative expenses:										
Staff costs	–739	–732	–753	–754	–749	–738	–746	–756	–2,978	–2,989
Other expenses	–480	–441	–453	–461	–458	–457	–452	–441	–1,835	–1,808
Depreciation, amortisation and impairment charges of tangible and intangible assets	–64	–61	–50	–52	–88	–71	–61	–47	–227	–267
Total operating expenses	**–1,283**	**–1,234**	**–1,256**	**–1,267**	**–1,295**	**–1,266**	**–1,259**	**–1,244**	**–5,040**	**–5,064**
Profit before loan losses	**1,186**	**1,192**	**1,234**	**1,239**	**1,275**	**1,146**	**1,287**	**1,226**	**4,851**	**4,934**
Net loan losses	–180	–171	–186	–198	–241	–236	–203	–215	–735	–895
Operating profit	**1,006**	**1,021**	**1,048**	**1,041**	**1,034**	**910**	**1,084**	**1,011**	**4,116**	**4,039**
Income tax expense	–246	–257	–248	–258	–215	–226	–276	–253	–1,009	–970
Net profit for the period from continuing operations	**760**	**764**	**800**	**783**	**819**	**684**	**808**	**758**	**3,107**	**3,069**
Net profit for the period from discontinued operations, after tax	13	12	–29	13	23	4	13	17	9	57
Net profit for the period	**773**	**776**	**771**	**796**	**842**	**688**	**821**	**775**	**3,116**	**3,126**
Diluted earnings per share (DEPS), EUR – Total operations	0.19	0.19	0.19	0.20	0.21	0.17	0.21	0.19	0.77	0.78
DEPS, rolling 12 months up to period end, EUR – Total operations	0.77	0.79	0.77	0.79	0.78	0.76	0.69	0.66	0.77	0.78

5 year overview, Group

Income statement[1]

EURm	2013	2012	2011	2010	2009
Net interest income	5,525	5,563	5,456	5,159	5,281
Net fee and commission income	2,642	2,468	2,395	2,156	1,693
Net result from items at fair value	1,539	1,774	1,517	1,837	1,946
Profit from associated undertakings accounted for under the equity method	79	93	42	66	48
Other income	106	100	91	116	105
Total operating income	**9,891**	**9,998**	**9,501**	**9,334**	**9,073**
General administrative expenses:					
Staff costs	–2,978	–2,989	–3,113	–2,784	–2,724
Other expenses	–1,835	–1,808	–1,914	–1,862	–1,639
Depreciation, amortisation and impairment charges of tangible and intangible assets	–227	–267	–192	–170	–149
Total operating expenses	**–5,040**	**–5,064**	**–5,219**	**–4,816**	**–4,512**
Profit before loan losses	**4,851**	**4,934**	**4,282**	**4,518**	**4,561**
Net loan losses	–735	–895	–735	–879	–1,486
Operating profit	**4,116**	**4,039**	**3,547**	**3,639**	**3,075**
Income tax expense	–1,009	–970	–913	–976	–757
Net profit for the year from continuing operations	**3,107**	**3,069**	**2,634**	**2,663**	**2,318**
Net profit for the year from discontinued operations, after tax	9	57	—	—	—
Net profit for the year	**3,116**	**3,126**	**2,634**	**2,663**	**2,318**

Balance sheet[2]

EURm	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009
Cash and balances with central banks	33,529	36,060	3,765	10,023	11,500
Loans to central banks and credit institutions	22,512	18,574	51,865	15,788	18,555
Loans to the public	342,451	346,251	337,203	314,211	282,411
Interest-bearing securities and pledged instruments	96,889	94,596	92,923	91,743	80,339
Derivatives	70,992	118,789	171,943	96,825	75,422
Other assets	55,166	53,908	43,432	52,249	39,317
Assets held for sale	8,895	—	—	—	—
Total assets	**630,434**	**668,178**	**701,131**	**580,839**	**507,544**
Deposits by credit institutions	59,090	55,426	55,316	40,736	52,190
Deposits and borrowings from the public	200,743	200,678	190,092	176,390	153,577
Liabilities to policyholders	47,226	45,320	40,715	38,766	33,831
Debt securities in issue	185,602	183,908	178,028	151,578	130,519
Derivatives	65,924	114,203	167,390	95,887	73,043
Subordinated liabilities	6,545	7,797	6,503	7,761	7,185
Other liabilities	31,897	32,841	37,442	45,183	34,779
Liabilities held for sale	4,198	—	—	—	—
Equity	29,209	28,005	25,645	24,538	22,420
Total liabilities and equity	**630,434**	**668,178**	**701,131**	**580,839**	**507,544**

1) The comparative figures for 2012 (but not for 2009–2011) have been restated due to discontinued operations (Nordea's Polish operations), see Note G44 for more information.
2) The comparative figures for 2012 and for 2011 (but not for 2009–2010) have been restated due to the amendments to IAS 19 and forward starting bonds, see Note G1 for more information.

Ratios and key figures, Group

	2013	2012[2,3]	2011[2,3]	2010[2,3]	2009[2,3]
Basic earnings per share, EUR – Total operations	0.77	0.78	0.65	0.66	0.60
Diluted earnings per share, EUR – Total operations	0.77	0.78	0.65	0.66	0.60
Share price[1], EUR	9.78	7.24	5.98	8.16	7.10
Total shareholders' return, %	44.6	21.0	–24.4	3.7	78.6
Proposed/actual dividend per share, EUR	0.43	0.34	0.26	0.29	0.25
Equity per share[1], EUR	7.27	6.96	6.47	6.07	5.56
Potential shares outstanding[1], million	4,050	4,050	4,047	4,043	4,037
Weighted average number of diluted shares, million	4,020	4,026	4,028	4,022	3,846
Return on equity, % – Continuing operations	11.0	11.6	10.6	11.5	11.3
Assets under management[1], EURbn	233.3	218.3	187.4	191.0	158.1
Cost/income ratio, % – Continuing operations	51	51	55	52	50
Loan loss ratio, basis points	21	26	23	31	56
Core tier 1 capital ratio, excluding transition rules[1], %	14.9	13.1	11.2	10.3	10.3
Tier 1 capital ratio, excluding transition rules[1], %	15.7	14.3	12.2	11.4	11.4
Total capital ratio, excluding transition rules[1], %	18.1	16.2	13.4	13.4	13.4
Core tier 1 capital ratio[1], %	11.0	10.2	9.2	8.9	9.3
Tier 1 capital ratio[1], %	11.7	11.2	10.1	9.8	10.2
Total capital ratio[1], %	13.4	12.7	11.1	11.5	11.9
Core tier 1 capital[1], EURm	23,112	21,961	20,677	19,103	17,766
Tier 1 capital[1], EURm	24,444	23,953	22,641	21,049	19,577
Risk-weighted assets, including transition rules[1], EURbn	209	215	224	215	192
Number of employees (full-time equivalents)[1] – Continuing operations	29,429	29,491	33,068	33,809	33,347
Risk-adjusted profit, EURm – Continuing operations	3,351	3,313	2,714	2,622	2,786
Economic profit, EURm – Continuing operations	1,080	889	1,145	936	1,334
Economic capital[1], EURbn – Total operations	22.8	23.8	17.7	17.5	16.7
Economic capital[1], EURbn – Continuing operations	21.9	22.8	—	—	—
EPS, risk-adjusted, EUR – Continuing operations	0.77	0.77	0.67	0.65	0.72
RAROCAR, % – Continuing operations	14.8	13.9	15.5	15.0	17.3
MCEV, EURm	4,700	3,762	2,714	3,655	3,244

1) End of the year.
2) 2012 (but not 2009-2011) restated due to discontinued operations (Nordea's Polish operations), see Note G1 for more information.
3) The comparative figures for 2012 and for 2011 (but not for 2009–2010) have been restated due to the amendments to IAS 19, see Note G1 for more information.

Business definitions

These definitions apply to the descriptions in the Annual Report.

Allowances in relation to impaired loans Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.

Basic earnings per share Net profit for the year divided by the weighted average number of outstanding shares, non-controlling interests excluded.

Capital base Capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans, after deduction of the carrying amount of the shares in wholly owned insurance companies and the potential deduction for expected shortfall.

Cost of equity (%) Required return by investors on the Nordea share, measured as the long risk free euro rate plus required average risk premium to invest in equities multiplied by Beta, which reflects the Nordea share's volatility and correlation with market volatility.

Cost of equity in EUR is defined as Cost of equity (%) times Economic capital. The Cost of equity is set by management once a year as a parameter to manage risk appetite and investment level.

Cost/income ratio Total operating expenses divided by total operating income.

Diluted earnings per share Net profit for the year divided by the weighted average number of outstanding shares after full dilution, non-controlling interests excluded.

Economic capital (EC) Internal estimate of required capital and measures the capital required to cover unexpected losses in the course of its business with a certain probability. EC uses advanced internal models to provide a consistent measurement for Credit Risk, Market Risk, Operational Risk, Business Risk and Life Insurance Risk arising from activities in Nordea's various business areas.

The aggregation of risks across the group gives rise to diversification effects resulting from the differences in risk drivers and the improbability that unexpected losses occur simultaneously.

Economic profit Deducting Cost of equity from Risk-adjusted profit.

Equity per share Equity as shown on the balance sheet after full dilution and non-controlling interests excluded divided by the number of shares after full dilution.

Expected losses Normalised loss level of the individual loan exposure over a business cycle as well as various portfolios.

Impairment rate, gross Individually assessed impaired loans before allowances divided by total loans before allowances.

Impairment rate, net Individually assessed impaired loans after allowances divided by total loans before allowances.

Loan loss ratio Net loan losses (annualised) divided by 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).

Price to Book Nordea's stock market value relative to its book value of total equity.

RAROCAR, % (Risk-adjusted return on capital at risk), Risk-adjusted profit relative to Economic capital.

Return on equity Net profit for the year excluding non-controlling interests as a percentage of average equity for the year. Average equity including net profit for the year and dividend until paid, non-controlling interests excluded.

Risk-adjusted profit Total income minus total operating expenses, minus Expected losses and standard tax (24 % 2013). In addition, Risk-adjusted profit excludes major non-recurring items.

Risk-weighted assets Total assets and off-balance-sheet items valued on the basis of the credit and market risks, as well as operational risks of the Group's undertakings, in accordance with regulations governing capital adequacy, excluding assets in insurance companies, carrying amount of shares which have been deducted from the capital base and intangible assets.

Tier 1 capital Proportion of the capital base, which includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, deferred tax assets, intangible assets in the banking operations and half of the expected shortfall deduction, – the negative difference between expected losses and provisions. Subsequent to the approval of the supervisory authorities, Tier 1 capital also includes qualified forms of subordinated loans (Tier 1 capital contributions and hybrid capital loans).

The Core tier 1 capital constitutes the Tier 1 capital excluding hybrid capital loans.

Tier 1 capital ratio Tier 1 capital as a percentage of risk-weighted assets. The Core tier 1 ratio is calculated as Core tier 1 capital as a percentage of risk-weighted assets.

Total allowance rate Total allowances divided by total loans before allowances.

Total allowances in relation to impaired loans (provisioning ratio) Total allowances divided by impaired loans before allowances.

Total capital ratio Capital base as a percentage of risk-weighted assets.

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

G1 Accounting policies

Content for Note G1

1. Basis for presentation

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC), as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the recommendation RFR 1 "Supplementary Accounting Rules for Groups" and UFR statements issued by the Swedish Financial Reporting Board as well as the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54, and 2013:2) have also been applied.

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 5 February 2014 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 20 March 2014.

2. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report, except for the change to the basis for recognising actuarial gains/losses on defined benefit pension plans, the presentation and measurement of discontinued operations and disposal groups held for sale and the presentation of forward starting bonds. These changes are further described below.

The new standard IFRS 13 "Fair Value Measurement" was implemented 1 January 2013 but has not had any significant impact on the measurement of assets and liabilities in Nordea. IFRS 13 clarifies how to measure fair value but does not change the requirements regarding which items should be measured at fair value. In addition IFRS 13 requires additional disclosures about fair value measurements. The additional disclosures required by IFRS 13 are presented in Note G42 "Assets and liabilities at fair value ".

IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" have been amended as regards offsetting of financial assets and financial liabilities. Nordea implemented these changes in 2013 (IAS 32 early adopted). The amendments intend to clarify the criteria for offsetting and to add disclosures. Nordea's principles for offsetting are already in accordance with the clarified requirements and therefore there was no impact from the amendments in IAS 32. The additional disclosures required by IFRS 7 are presented in Note G43 "Financial instruments set off on balance or subject to netting agreements".

In 2013 the IASB published a narrow scope amendment to IAS 39 "Financial Instruments: Recognition and Measurement". Nordea implemented these changes in 2013 (early adopted). The amendment allows hedge accounting to be continued if a derivative designated as a hedging instrument is replaced with a new hedging instrument, where a clearing party replaces the original counterparty, as a consequence of laws or regulations. The amendment has not had any significant impact on the financial statements in Nordea.

IAS 19 "Employee Benefits"

The amended IAS 19 "Employee Benefits" was implemented 1 January 2013.

The amended standard has had an impact on the financial statements mainly related to defined benefit pension plans. The amended IAS 19 states that actuarial gains/losses shall be recognised immediately in equity through other comprehensive income, which leads to higher volatility in equity compared to the earlier so called "corridor approach". Consequently no actuarial gains/losses are recognised in the income statement, compared with the earlier rules where actuarial gains/losses outside the corridor were amortised through the income statement. The amended IAS 19 furthermore states that the expected return on plan assets shall be recognised using a return rate equal to the discount rate used when measuring the pension obligation. This has led to higher pension expenses in the income statement as Nordea previously expected a higher return than the discount rate. Any difference between the actual return and the expected return is a part of the actuarial gains/losses recognised immediately in equity through other comprehensive income without recycling to the income statement.

The comparative figures on the balance sheet have been restated accordingly and are disclosed in the below table. The impact on the comparative figures in the income statement was not significant and the income statement has therefore not been restated. The impact on the income statement 2013 was not significant.

G1 Accounting policies

EURm	31 Dec 2012 New policy	31 Dec 2012 Old policy	1 Jan 2012 New policy	1 Jan 2012 Old policy
Net retirement benefit obligations	327	47	732	102
Net deferred tax liabilities	710	779	694	849
Other reserves[1]	340	76	-47	-47
Retained earnings	22,530	23,005	20,479	20,954

1) Impact through "Other comprehensive income". The direct impact from defined benefit plans was EUR 275m at 31 December 2012, which is slightly offset by FX translation differences of EUR 11m arising during the year.

At transition 1 January 2013 the negative impact on equity was EUR 211m, after special wage tax and income tax (EUR 280m before income tax) and the core tier 1 capital was reduced by EUR 258m, including the impact from changes in deferred tax assets.

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

The amended IAS 19 also requires additional disclosures which are presented in Note G33 "Retirement benefit obligations", where also more information on the different defined benefit pension plans can be found.

Discontinued operations and disposal groups held for sale
Discontinued operations consist of Nordea's Polish operations as further described in Note G44 "Discontinued operations and disposal groups held for sale". These operations have been classified as discontinued operations as they represent a major line of business and geographical area and as the carrying amount will be recovered through a sale transaction. The net result from discontinued operations, including the net result for the year recognised on the measurement at fair value less costs to sell, is presented as a single amount after net profit for the period from continuing operations. Comparative figures are restated.

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. Comparative figures are not restated.

Forward starting bonds
Bonds aquired/issued under non-regular way purchase terms, i.e. so called forward starting bonds, were prevsiously recognised on the balance sheet as "Interest-bearing securities"/"Debt securities in issue", three days before settlement with a corresponding settlement liability/receivable, recognised in "Other liabilities"/"Other assets". As from 1 January 2013, these bonds are recognised on the balance sheet on settlement date. The instruments continue to be recognised as derivatives between trade date and settlement date. The comparative figures on the balance sheet have been restated accordingly and are disclosed in the below table.

EURm	31 Dec 2012 New policy	31 Dec 2012 Old policy	1 Jan 2012 New policy	1 Jan 2012 Old policy
Interest-bearing securities	86,626	94,939	84,550	92,373
Other assets	15,554	16,372	12,210	19,425
Debt securities in issue	183,908	184,340	178,028	179,950
Other liabilities	24,773	33,472	30,252	43,368

3. Changes in IFRSs not yet applied by Nordea

IFRS 9 "Financial instruments" (Phase 1)
In 2009 the IASB published a new standard on financial instruments containing requirements for financial assets. Requirements for financial liabilities were added to this standard in 2010. The standard is the first step in the replacement of IAS 39 "Financial Instruments: Recognition and Measurement" and this first phase covers the classification and measurement of financial assets and liabilities. The effective date has been postponed from the earlier communicated date 1 January 2015, without any new effective date communicated. Earlier application is permitted. The EU commission has not yet endorsed this standard and is not expected to do so until all phases of IFRS 9 have been finalised. IFRS 9 "Financial Instruments" (Phase I) is not expected to have a significant impact on Nordea's income statement and balance sheet as the mixed measurement model will be maintained. Significant reclassifications between fair value and amortised cost or impact on the capital adequacy and large exposures are not expected, but this is naturally dependent on the financial instruments on Nordea's balance sheet at transition and the outcome of the final standard. It is expected that changes will be made to the standard before the standard becomes effective.

Nordea has, due to the fact that the standard is not yet endorsed by the EU commission and as changes before the effective date are likely, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IFRS 9 "Financial Instruments" (Phase 3)
The IASB have during 2013 amended IFRS 9 "Financial Instruments" and added new requirements for general hedge accounting, so called one-to-one hedges (Phase 3).

The main change 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 statement, capital adequacy or large exposures.

IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in Other Entities", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"
The IASB has published three new standards relating to consolidation, IFRS 10, IFRS 11 and IFRS 12, as well as amended IAS 27 and IAS 28. The effective date for these standards and amendments is as from 1 January 2013, but earlier application is permitted. The EU commission endorsed these standards and amendments during 2012.

G1 Accounting policies

In contrast to IFRS, the EU commission requires the standards to be applied for annual periods beginning on or after 1 January 2014. Nordea will apply these standards as from 1 January 2014.

Nordea's assessment is that IFRS 10 "Consolidated Financial Statements" will not have any significant impact on Nordea's income statement or balance sheet at transition. In future periods Nordea may have to consolidate some mutual funds, which can have an impact on the balance sheet and on equity if those entities hold Nordea shares that will have to be eliminated in the Nordea Group. It is not expected that mutual funds will be consolidated for capital adequacy purposes and there would consequently not be any impact on the capital adequacy or large exposures.

It is not expected that IFRS 11 will have any significant impact on Nordea, while IFRS 12 is expected to add disclosures.

Annual improvements to IFRS

The IASB has published minor amendments to IFRSs by issuing "Annual Improvements to IFRSs, 2010-2012 Cycle" and "Annual Improvements to IFRSs, 2011-2013 Cycle". Most of the amendments are effective for annual periods beginning on or after 1 July 2014, but earlier application is permitted. The EU commission is expected to endorse these amendments during the third quarter 2014. Nordea´s assessment is that the new requirements will not have any significant impact on Nordea´s financial statements, capital adequacy or large exposures.

IFRIC 21 "Levies"

The IASB has published IFRIC 21 "Levies". The interpretation is effective for annual periods beginning on or after 1 January 2014. The EU commission expects to endorse IFRIC 21 in the beginning of 2014. Nordea will apply IFRIC 21 as from 1 January 2014, if endorsed by the EU commission.

IFRIC 21 is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IFRIC 21 clarifies that if a levy is triggered by operating as a bank at the end of the reporting period, the liability for the levy is not recognised prior to that date. The assessment is that the new interpretation will not have any significant impact on Nordea's financial statements, capital adequacy or large exposures.

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 translations of assets and liabilities denominated in foreign currencies
- the valuation of deferred tax assets
- claims in civil lawsuits.

Fair value measurement of certain financial instruments

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

- The choice of valuation techniques.
- The determination of when quoted prices fail to represent fair value (including the judgement of whether markets are active).
- The construction of fair value adjustments in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk.
- The judgement of which market parameters that are observable.

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

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

In all of these instances, decisions are based upon professional judgement in accordance with Nordea's accounting and valuation policies. In order to ensure proper governance, Nordea has a Group Valuation Committee that on an on-going basis reviews critical judgements that are deemed to have a significant impact on fair value measurements.

The fair value of financial assets and liabilities measured at fair value using a valuation technique, level 2 and 3 in the fair value hierarchy, was EUR 217,626m (EUR 246,986m) and EUR 153,315m (EUR 185,506m) respectively at the end of the year.

G1 Accounting policies

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

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 2,421m (EUR 2,656m) 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 367,782m (EUR 367,673m) 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 are also subject to estimation uncertainty. The fixing of these parameters at year-end is disclosed in Note G33 "Retirement benefit obligations" together with a description of the sensitivity to changes in assumptions.

Actuarial calculations of insurance contracts

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

A valuation of insurance liabilities includes estimations and assumptions, both financial and actuarial. One of the important financial assumptions is the interest rate used for discounting future cash flows. Other important actuarial assumptions are those on mortality and disability, which affect the size and timing of the future cash flows. The financial and actuarial assumptions are, to a large extent, stipulated in local legislation and therefore not under Nordea's discretion. Also assumptions about future administrative and tax expenses have an impact on the calculation of policyholder liabilities.

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

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

Investment properties are measured at fair value. As there normally are no active markets for investment properties, the fair values are estimated based on discounted cash flow models. These models are based on assumptions on current cash flows, market interest rates and current yield requirements.

The carrying amounts of investment property were EUR 3,524m (EUR 3,408m) at the end of the year. See Note G23 "Investment property" for more information on amounts and parameters used in these models.

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

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

The central district properties in Finland, Norway and Sweden that Nordea has divested are leased back. The duration of the lease agreement was initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, nor any economic benefit from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets' economic life. As a result, Nordea has classified these leases as operating leases. This judgement is a critical judgement that has a significant impact on the carrying amounts in the financial statement. The carrying amount of these properties at the time of disposal was EUR 1.5bn.

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

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

When reporting consolidated financial statements, the parent company Nordea Bank AB (publ) has been assessed to have two functional currencies, SEK and EUR, based on the different activities. The functional currency of the normal 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 62m (EUR 266m) at the end of the year.

Claims in civil lawsuits
Within the framework of the normal business operations, Nordea faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently, none of the current disputes are considered likely to have any significant adverse effect on Nordea or its financial position. See also Note G32 "Provisions" and Note G37 "Contingent liabilities".

5. Principles of consolidation

Consolidated entities
The consolidated financial statements include the accounts of the parent company Nordea Bank AB (publ), and those entities that the parent company controls. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All Group undertakings are consolidated using the acquisition method, except for the forming of Nordea in 1997–98 when the holding in Nordea Bank Finland Plc was consolidated using the pooling method. Under the acquisition method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the group undertaking's assets and assumes its liabilities and contingent liabilities. The Group's acquisition cost is established in a purchase price allocation analysis. In such analysis, the cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for the identifiable net assets acquired. Costs directly attributable to the business combination are expensed.

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

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

When the aggregate of the consideration transferred in a business combination and the amount recognised for non-controlling interest exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is recognised immediately in the income statement.

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

Intra-group transactions and balances between the consolidated group undertakings are eliminated.

The Group undertakings are included in the consolidated accounts as from the date on which control is transferred to Nordea and are no longer consolidated as from the date on which control ceases.

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In the consolidation process the reporting from the group undertakings is adjusted to ensure consistency with the IFRS principles applied by Nordea.

Investments in associated undertakings
The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where Nordea has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control over those policies. Investments within Nordea's investment activities, which are classified as a venture capital organisation within Nordea, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39. Further information on the equity method is disclosed in section 6 "Recognition of operating income and impairment".

Profits from companies accounted for under the equity method are reported post-taxes in the income statement. Consequently, the tax expense related to these profits is not included in the income tax expense for Nordea.

Internal transactions, in the income statement, between Nordea and its associated undertakings are not eliminated. Nordea does not have any sales of assets to or from associated undertakings.

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

Nordea does not consolidate SPEs' assets and liabilities beyond its control. In order to determine whether Nordea controls a SPE or not, Nordea has to make judgements about risks and rewards and assess the ability to make operational decisions for the SPE in question. When assessing whether Nordea shall consolidate a SPE, a range of factors are evaluated. These factors include whether the activities of the SPE are being in substance conducted on Nordea's behalf or if Nordea has in substance the decision making powers, the rights to obtain the majority of the benefits or the majority of the residual- or ownership risks. Nordea consolidates all SPEs, where Nordea has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that Nordea does not have significant risks or rewards in connection to these assets and liabilities.

Nordea has created a number of SPEs to allow clients to invest in assets invested in by the SPEs. Some SPEs invest in tradable financial instruments, such as shares and bonds (mutual funds). Other SPEs invest in structured credit products or acquire assets from customers of Nordea. Nordea is generally the investment manager and has sole discretion about investments and other administrative decisions. Typically, Nordea will receive service and commission fees in connection to the creation of the SPEs, or because it acts as investment manager, custodian or in some other function. This in itself does not constitute a beneficial interest triggering consolidation. In some SPEs Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these SPEs Nordea has a beneficial interest and retains the majority of the risks and rewards, which is why these SPEs are consolidated. Note P21 "Investments in group undertakings" lists the major group undertakings in the Nordea Group, including consolidated SPEs.

Currency translation of foreign entities
The consolidated financial statements are prepared in euro (EUR), the presentation currency of the parent company Nordea Bank AB (publ). The current method is used when translating the financial statements of foreign entities into EUR from their functional currency. The assets and liabilities of foreign entities have been translated at the closing rates, while items in the income statement and statement of comprehensive income are translated at the average exchange rate for the year. Translation differences are accounted for in other comprehensive income and are accumulated in the translation reserve in equity.

Goodwill and fair value adjustments arising from the acquisition of group undertakings are treated as items in the same functional currency as the cash generating unit to which they belong and are also translated at the closing rate.

Information on the most important exchange rates is disclosed in the separate section 27 "Exchange rates".

6. Recognition of operating income and impairment

Net interest income
Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation. The effective interest includes fees considered to be an integral part of the effective interest rate of a financial instrument (generally fees received as compensation for risk). The effective interest rate equals the rate that discounts the contractual future cash flows to the carrying amount of the financial asset or financial liability.

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

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

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

Net fee and commission income
Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are

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recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan, as well as other fees received as payments for certain acts, are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

Commission expenses are normally transaction based and recognised in the period when the services are received.

Income from issued financial guarantees and expenses from bought financial guarantees, including fees paid to state guarantees, are amortised over the duration of the instruments and classified as "Fee and commission income" and "Fee and commission expense" respectively.

Net result from items at fair value

Realised and unrealised gains and losses on financial instruments measured at fair value through profit or loss are recognised in the item "Net result from items at fair value".

Realised and unrealised gains and losses derive from:

- Shares/participations and other share-related instruments
- Interest-bearing securities and other interest-related instruments
- Other financial instruments, including credit derivatives as well as commodity instruments/derivatives
- Foreign exchange gains/losses
- Investment properties, which include realised and unrealised income, for instance revaluation gains and losses. This line also includes realised results from disposals as well as the running property yield stemming from the holding of investment properties.

Interest income and interest expense related to all balance sheet items in Markets and Nordea Life & Pensions, including the net funding of the operations in Markets, are classified as "Net result from items at fair value".

Also the ineffective portion of cash flow hedges and net investment hedges as well as recycled gains and losses on financial instruments classified into the category Available for sale are recognised in "Net result from items at fair value".

This item also includes realised gains and losses from financial instruments measured at amortised cost, such as interest compensation received and realised gains/losses on buy-backs of issued own debt.

"Net result from items at fair value" includes also losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale. However, the fair value adjustments of credit risk on loans granted in accordance with the Danish mortgage finance law (see section 13 "Financial instruments" and Note G42 "Assets and liabilities 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" together with losses from financial guarantees (including

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state guarantees in Denmark). Also the fair value adjustments of credit risk on loans granted in accordance with the Danish mortgage finance law (see section 13 "Financial instruments" and Note G42 "Assets and liabilities at fair value") are reported under "Net loan losses". Losses are reported net of any collateral and other credit enhancements. Nordea's accounting policies for the calculation of impairment losses on loans can be found in section 14 "Loans to the public/credit institutions".

Counterparty losses on instruments classified into the category Financial assets at fair value through profit or loss, including credit derivatives but apart from loans held at fair value as described above, as well as impairment on financial assets classified into the category Available for sale are reported under "Net result from items at fair value".

Impairment of securities held as financial non-current assets

Impairment on investments in interest-bearings securities, classified into the categories Loans and receivables or Held to maturity, and on investments in associated undertakings are classified as "Impairment of securities held as financial non-current assets" in the income statement. The policies covering impairment of financial assets classified into the categories Loans and receivables and Held to maturity are disclosed in section 13 "Financial instruments" and section 14 "Loans to the public/credit institutions".

Investments in associated undertakings are assessed for impairment annually. If observable indicators (loss events) indicate that an associated undertaking is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associate is compared with the recoverable amount (higher of value in use and fair value less cost to sell) and the carrying amount is written down to the recoverable amount if required.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

7. Income recognition life insurance

Premiums received, and repayments to policyholders, related to the saving part of the life insurance contracts are reported as increases or decreases of liabilities to policyholders. See further information in section 19 "Liabilities to policyholders".

The total income from life insurance mainly consists of the following components:

- Cost result
- Insurance risk result
- Risk and performance margin
- Investment return on additional capital in life insurance

The result from these components is, except for the cost result and the risk and performance margin relating to Unit Linked and Investment contracts, included in "Net result from items at fair value".

The cost result is the result of expense loading from policyholders and is included in the item "Fee and commission income", together with the risk and performance margin relating to Unit Linked and Investment contracts. The related expenses are included in the items "Fee and commission expense" and "Operating expenses". The policyholder's part of a positive or negative cost result (profit sharing) is included in the note line "Change in technical provisions, Life" within Note G5 "Net result from items at fair value".

The insurance risk result consists of income from individual risk products and from unbundled life insurance contracts as well as Health and personal accident insurance. The risk premiums are amortised over the coverage period as the provisions are reduced when insurance risk is released. A large part of the unbundled risk result from traditional life insurance is subject to profit sharing, which means that the policyholders receive a part of a net income or a net deficit. The risk income and the risk expenses are presented gross on the lines "Insurance risk income, Life" and "Insurance risk expense, Life" in Note G5 "Net result from items at fair value". The policyholder's part of the result is included in the line "Change in technical provisions, Life" in the note.

Gains and losses derived from investments in Nordea Life & Pensions are split on the relevant lines in Note G5 "Net result from items at fair value" as for any other 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" in Note G5 "Net result from items at fair value" includes:

- Investment returns on assets held to cover liabilities to policyholders (including liabilities from traditional life insurance, unit linked insurance and investment contracts), individually transferred to policyholders' accounts according to the contracts.
- Additional bonus (discretionary participation feature) to policyholders concerning traditional life insurance contracts or any other transfers to the policyholders to cover a periodical deficit between the investment result and any agreed minimum benefit to the policyholders.
- Risk and performance margin regarding traditional life insurance products according to local allocation rules in each Nordea Life & Pensions unit and according to contracts with policyholders. The recognition of a risk and performance margin in the income statement is mainly conditional on a positive result for traditional life insurance contracts. Risk and performance margins not possible to recognise in the current period due to poor investment results, can, in some countries, partly or wholly be deferred to years with higher returns.
- The policyholders' part of the cost- and risk result regarding traditional life insurance contracts or unit linked contracts.

The note line "Change in collective bonus potential, Life" in Note G5 "Net result from items at fair value" relates only to traditional life insurance contracts. The line includes policyholders' share of investment returns not yet individualised. The line includes also additional bonus (discretionary participation feature) and amounts needed to cover a periodical deficit between the investment result and any minimum benefits to the policyholders.

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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 13 "Financial instruments", as well as Note G45 "Transferred assets and obtained collaterals".

9. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates. The parent company Nordea Bank AB (publ) uses two functional currencies, SEK and EUR for reporting in consolidated accounts, based on the different activities in the underlying business.

Foreign currency is defined as any currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the item "Net result from items at fair value".

Translation differences on financial instruments that are designated hedging instruments in a hedge of a net investment in a group undertaking are recognised in other comprehensive income, to the extent the hedge is effective. This is performed in order to offset the translation differences affecting other comprehensive income when consolidating the group undertaking into Nordea. Any ineffectiveness is recognised in the income statement in the item "Net result from items at fair value".

10. Hedge accounting

Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities. The EU carve out macro hedging enables a group of derivatives (or proportions thereof) to be viewed in combination and designated as the hedging instrument and removes some of the limitations in fair value hedge accounting relating to hedging core deposits and under-hedging strategies.

Nordea uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments as well as to hedge the exposure to variability in future cash flows and the exposure to net investments in foreign operations.

There are three forms of hedge accounting:

- Fair value hedge accounting
- Cash flow hedge accounting
- Hedges of net investments

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.

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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 G42 "Assets and liabilities at fair value" provides a breakdown of fair values of financial instruments measured on the basis of:
- quoted prices in active markets for the same instrument (level 1),
- valuation technique using observable data (level 2), and
- valuation technique using non-observable data (level 3).

The valuation models applied by Nordea are consistent with accepted economic methodologies for pricing financial instruments and incorporate the factors that market participants consider when setting a price.

New valuation models are subject to approval by a Model Risk Management Committee and all models are reviewed on a regular basis.

For further information, see Note G42 "Assets and liabilities at fair value".

12. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:
- The central bank is domiciled in a country where Nordea is operating under a banking licence
- The balance is readily available at any time

Cash and cash equivalents are financial instruments classified into the category Loans and receivables, see section 13 "Financial instruments".

Loans to credit institutions payable on demand are also recognised as "Cash and cash equivalents" in the cash flow statement together with instruments with central banks that can be resold immediately.

13. Financial instruments

Classification of financial instruments

Each financial instrument has been classified into one of the following categories:

Financial assets:
- Financial assets at fair value through profit or loss:
  - Held for trading
  - Designated at fair value through profit or loss (fair value option)
- Loans and receivables
- Held to maturity
- Available for sale

Financial liabilities:
- Financial liabilities at fair value through profit or loss:
  - Held for trading
  - Designated at fair value through profit or loss (fair value option)
- Other financial liabilities

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured on the balance sheet and how changes in its value are recognised. In Note G41 "Classification of financial instruments" the classification of the financial instruments on Nordea's balance sheet into different categories is presented.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. All changes in fair values are recognised directly in the income statement in the item "Net result from items at fair value".

The category consists of two sub-categories; Held for trading and Designated at fair value through profit or loss (fair value option).

The sub-category Held for trading mainly contains derivative instruments that are held for trading purposes, interest-bearing securities and shares within Markets and Treasury. It also contains trading liabilities such as short-selling positions and lending in reverse repurchase agreements.

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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) are held at fair value and to avoid an accounting mismatch also the related assets are held at fair value. This is valid also for insurance contracts (defined in section 19 "Liabilities to policyholders") where the assets are generally held at fair value to reduce an accounting mismatch with the liabilities to policyholders that are generally measured at fair value.

Nordea also applies the fair value option on certain financial assets and financial liabilities related to Markets. The classification stems from that Markets is managing and measuring its financial assets and liabilities at fair value. Consequently, the majority of financial assets and financial liabilities in Markets are classified into the categories Financial assets/Financial liabilities at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 14 "Loans to the public/credit institutions".

Held to maturity

Financial assets that Nordea has chosen to classify into the category Held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that Nordea has the positive intent and ability to hold to maturity. Financial assets classified into the category Held to maturity are initially recognised on the balance sheet at the acquisition price, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

If more than an insignificant amount of the Held to maturity portfolio is sold or transferred the Held to maturity category is tainted, except for if the sale or transfer either occur close to maturity, after substantially all of the original principal is already collected, or due to an isolated non-recurring event beyond the control of Nordea.

Nordea assesses at each reporting date whether there is any objective evidence that the asset is impaired. If there is such evidence, an impairment loss is recorded. The loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows and is recognised as "Impairment of securities held as financial non-current assets" in the income statement. See section 14 "Loans to the public/credit institutions" for more information on the identification and measurement of objective evidence of impairment, which is applicable also for interest-bearings securities classified into the category Held to maturity.

Available for sale

Financial instruments classified into the category Available for sale are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised in the fair value reserve in equity through other comprehensive income. Interest is recognised in the item "Interest income" and foreign exchange effects and impairment losses in the item "Net result from items at fair value" in the income statement.

When an instrument classified into the category Available for sale is disposed of, the fair value changes that previously have been accumulated in the fair value reserve (related to Available for sale investments) in other comprehensive income are removed from equity and recognised in the income statement in the item "Net result from items at fair value".

Financial assets classified into the category Available for sale are assessed at least annually in order to determine any need for impairment losses. If there is objective evidence of impairment, the accumulated loss that has been recognised in other comprehensive income is removed from equity and recognised as "Net result from items at fair value" in the income statement. The amount of the accumulated loss that is recycled from equity is the difference between the asset's acquisition cost and current fair value. For equity investments a prolonged or significant decline in the fair value, compared to the acquisition cost, is considered to be objective evidence of impairment. Objective evidence of impairment for a debt instrument is rather connected to a loss event, such as an issuer's financial difficulty.

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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".

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.

14. Loans to the public/credit institutions
Financial instruments classified as "Loans to the public/credit institutions" (including loans to central banks) on the balance sheet and into the category Loans and receivables are measured at amortised cost (see also the separate section 8 "Recognition and derecognition of financial instruments on the balance sheet" as well as Note G41 "Classification of financial instruments").

Nordea monitors loans as described in the separate section on Risk, Liquidity and Capital management. Loans attached to individual customers or groups of customers are identified as impaired if the impairment tests indicate an objective evidence of impairment.

Also interest-bearings securities classified into the categories Loans and receivables and Held to maturity are held at amortised cost and the description below is valid also for the identification and measurement of impairment on these assets. Possible impairment losses on interest-

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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.

The collective assessment is performed through a netting principle, i.e. when rated engagements are up-rated due to estimated increases in cash flows, this improvement will be netted against losses on loans that are down-rated due to estimated decreases in cash-flows. Netting is only performed within groups with similar risk characteristics where Nordea assesses that the customers’ future cash flows are insufficient to serve the loans in full.

Impairment loss
If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows (discounted with 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

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protection of claims are reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea's own use, is reported together with other investment properties.

At initial recognition, all assets taken over for protection of claims are recognised at fair value and the possible difference between the carrying amount of the loan and the fair value of the assets taken over is recognised as "Net loan losses". The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified into the categories Available for sale or Designated at fair value through profit or loss (fair value option) (see section 13 "Financial instruments") and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line "Net result from items at fair value".

Any change in value, after the initial recognition of the asset taken over, is presented in the income statement in line with the Group's presentation policies for the appropriate asset. "Net loan losses" in the income statement is, after the initial recognition of the asset taken over, consequently not affected by any subsequent remeasurement of the asset.

15. Leasing

Nordea as lessor

Finance leases

Nordea's leasing operations mainly comprise finance leases. A finance lease is reported as a receivable from the lessee in the balance sheet item "Loans to the public" at an amount equal to the net investment in the lease. The lease payment, excluding cost of services, is recorded as repayment of principal and interest income. The income allocation is based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of the finance lease.

Operating leases

Assets subject to operating leases on the balance sheet are reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straight-line basis over the lease term and classified as "Net interest income". The depreciation of the leased assets is calculated on the basis of Nordea's depreciation policy for similar assets and reported as "Depreciation, amortisation and impairment charges of tangible and intangible assets" in the income statement.

Nordea as lessee

Finance leases

Finance leases are recognised as assets and liabilities on the balance sheet at the amount equal to the fair value, or if lower, the present value of the minimum lease payments of the leased assets at the inception of the lease. The assets are reported in accordance with the nature of the assets. Lease payments are apportioned between finance charge and reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease also gives rise to a depreciation expense for the leased asset. The depreciation policy is consistent with that of the assets in own use. Impairment testing of leased assets is performed following the same principles as for similar owned assets.

Operating leases

Operating leases are not recognised on Nordea's balance sheet. For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of Nordea's benefit. The original lease terms normally range between 3 to 25 years.

Operating leasing is mainly related to office premises contracts and office equipment contracts normal to the business.

The central district properties in Finland, Norway and Sweden that Nordea has divested are leased back. The duration of the lease agreements was initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, nor any economic benefits from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets' economic life. These leases are thus classified as operating leases. The rental expense for these premises is recognised on the basis of the time-pattern of Nordea's economic benefit which differs from the straight-line basis and better resembles an ordinary rental arrangement.

Embedded leases

Agreements can contain a right to use an asset in return for a payment, or a series of payments, although the agreement is not in the legal form of a leasing contract. If applicable, these assets are separated from the contract and accounted for as leased assets.

16. Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. The assets are under Nordea's control, which means that Nordea has the power and rights to obtain the future economic benefits flowing from the underlying resource. The intangible assets in Nordea mainly consist of goodwill, IT-development/computer software and customer related intangible assets.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is not recognised as a separate asset, but included in "Investments in associated undertakings". Goodwill is tested annually

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for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill cannot be reversed in subsequent periods. Goodwill related to associated undertakings is not tested for impairment separately, but included in the total carrying amount of the associated undertakings. The policies covering impairment testing of associated undertakings is disclosed in section 6 "Recognition of operating income and impairment".

IT-development/Computer software

Costs associated with maintaining computer software programs are expensed as incurred. Costs directly associated with major software development investments, with a useful life of three years or more and the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and overhead expenditures directly attributable to preparing the asset for use. Computer software includes also acquired software licenses not related to the function of a tangible asset.

Amortisation is calculated on a straight-line basis over the useful life of the software, generally a period of 3 to 10 years.

Customer related intangible assets

In business combinations a portion of the purchase price is normally allocated to a customer related intangible asset, if the asset is identifiable and under Nordea's control. An intangible asset is identifiable if it arises from contractual or legal rights, or could be separated from the entity and sold, transferred, licenced, rented or exchanged. The asset is amortised over its useful life, generally over 10 years.

Impairment

Goodwill is not amortised but tested for impairment annually irrespective of any indications of impairment. Impairment testing is also performed more frequently if required due to any indication of impairment. The impairment charge is calculated as the difference between the carrying amount and the recoverable amount.

At each balance sheet date, all intangible assets with definite useful lives are reviewed for indications of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the intangible asset is fully recoverable.

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates largely independent cash flows in relation to other assets. For goodwill, the cash generating units are defined as the operating segments. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a rate based on the long-term risk free interest rate plus a risk premium (post tax). If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See Note G20 "Intangible assets" for more information on the impairment testing.

17. Property and equipment

Property and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment comprise its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Property and equipment is depreciated on a straight-line basis over the estimated useful life of the assets. The estimates of the useful life of different assets are reassessed on a yearly basis. Below follows the current estimates:

Buildings	30–75 years
Equipment	3–5 years
Leasehold improvements	Changes within buildings the shorter of 10 years and the remaining leasing term. New construction the shorter of the principles used for owned buildings and the remaining leasing term. Fixtures installed in leased properties are depreciated over the shorter of 10–20 years and the remaining leasing term.

At each balance sheet date, Nordea assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any impairment loss is recognised.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

18. Investment property

Investment properties are primarily properties held to earn rent and/or capital appreciation. The majority of the properties in Nordea are attributable to Nordea Life & Pensions. Nordea applies the fair value model for subsequent measurement of investment properties. The best evidence of a fair value is normally given by quoted prices in an active market for similar 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.

An insurance contract is defined as "a contract under which one party (the insurer) accepts significant insurance

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risks from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder".

Investment contracts are contracts with policyholders that have the legal form of insurance contracts but where the insurance risk transfer has been assessed to be insignificant.

The insurance risk is generally calculated as the risk sum payable as a percentage of the reserve behind the contract at the beginning of the contract period. It is Nordea's assessment that a risk percentage of five or higher is a significant insurance risk.

The contracts can be divided into the following classes:

- Insurance contracts:
  - Traditional life insurance contracts with and without discretionary participation feature
  - Unit-Linked contracts with significant insurance risk
  - Health and personal accident
- Investment contracts:
  - Investment contracts with discretionary participation feature
  - Investment contracts without discretionary participation feature

Insurance contracts

The measurement principles under local GAAP have been maintained consequently resulting in a non-uniform accounting policies method on consolidation.

Traditional life insurance provisions represent consolidated provisions for all the companies in Nordea Life & Pensions, including companies in Sweden, Norway, Finland, Denmark, Poland, Luxembourg, Isle of Man, Estonia and Lithuania.

In Denmark, Sweden and Finland the measurements are prepared by calculating the present value of future benefits, to which the policyholders are entitled. The calculation includes assumptions about market consistent discounting rates as well as expenses and life risk. The discount rate is based on the liabilities' current term. In Denmark, the provision, in addition, includes bonus potential on paid policies and on future premiums.

In Norway the provisions are mainly calculated on the basis of a prospective method. The discount rate used is equal to the original tariff rates and assumptions about expenses and risk.

The accounting policy for each company is based on the local structure of the business and is closely related to solvency rules and national regulation concerning profit sharing and other requirements about collective bonus potential.

Unit-Linked contracts represent life insurance provisions relating to Unit-Linked policies written either with or without an investment guarantee. Unit-Linked contracts classified as insurance contracts include the same insurance risk elements as traditional insurance contracts. These contracts are mainly recognised and measured at fair value on the basis of:

- the fair value of the assets linked to the Unit-Linked contracts, and
- the estimated present value of the insurance risk which is calculated in the same way as traditional insurance contracts considering the impact on every risk element included in the cash flows.

Health and personal accident provisions include premium reserves and claims outstanding. This item is recognised and measured on deferred basis in the same way as general insurance contracts.

Investment contracts

Investment contracts are contracts with policyholders, which do not transfer sufficient insurance risk to be classified as insurance contracts.

However, investment contracts with discretionary participation features are, in line with IFRS 4, accounted for as insurance contracts using local accounting principles. Nordea Life & Pension has only a small number of these contracts.

Investment contracts without discretionary participation features are recognised and measured at fair value in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", equal to fair value of the assets linked to these contracts. These assets are classified into the category Designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Discretionary participating features (DPF)

Some traditional life insurance contracts and investment contracts include a contractual right for the policyholder to receive significant benefits in addition to guaranteed benefits. Nordea has discretion to pay these additional benefits as bonus on risk result, expense result and interest rate. These DPF-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" and/or "Change in collective bonus potentials, Life", depending on whether the investment result is allocated or not. Both the mentioned lines are included on the balance sheet line "Liabilities to policyholders".

Liability adequacy test

The adequacy of insurance provisions is assessed at each reporting date to ensure that the carrying amount of the liabilities is higher than the best estimate of future cash flows discounted with current interest rates. If needed, additional provisions are accounted for and recognised in the income statement.

20. Taxes

The item "Income tax expense" in the income statement comprises current- and deferred income tax. The income tax expense is recognised in the income statement, except to the extent the tax effect relates to items recognised in other comprehensive income or directly in equity, in

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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, 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 are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note G33 "Retirement benefit obligations").

When establishing the present value of the obligatio and the fair value of any plan assets, actuarial gains and losses may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The actuarial gains and losses are recognised immediately in equity through other comprehensive income.

G1 Accounting policies

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.

G1 Accounting policies

The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights/Performance Share II are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

Social security costs are also allocated over the vesting period, in accordance with statement UFR 7 issued by the Swedish Financial Reporting Board: "IFRS 2 and social security contributions for listed enterprises". The provision for social security costs is reassessed on each reporting date to ensure that the provision is based on the rights' fair value at the reporting date.

For more information see Note G7 "Staff costs".

Cash-settled programmes
Nordea has to defer payment of variable salaries under Nordic FSA's regulations and general guidelines, 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.

Shareholders with significant influence
Shareholders with significant influence are shareholders that have the power to participate in the financial and operating decisions of Nordea but do not control those policies.

Group undertakings
For the definition of group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the Nordea Group is found in Note P21 "Investments in group undertakings".

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing. These transactions are eliminated in the consolidated accounts.

Associated undertakings
For the definition of Associated undertakings see section 5 "Principles of consolidation".

Further information on the associated undertakings included in the Nordea Group is found in Note G19 "Investments in associated undertakings".

Key management personnel
Key management personnel includes the following positions:
- The Board of Directors
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM)

For information about compensation, pensions and other transactions with key management personnel, see Note G7 "Staff costs".

Other related parties
Other related parties comprise close family members to individuals in key management personnel. Other related parties also include companies significantly influenced by key management personnel in Nordea Group as well as companies significantly influenced by close family members to these key management personnel. Other related parties also include Nordea's pension foundations.

Information concerning transactions between Nordea and other related parties is found in Note G48 "Related-party transactions".

27. Exchange rates

EUR 1 = SEK	Jan–Dec 2013	Jan–Dec 2012
Income statement (average)	8.6524	8.7052
Balance sheet (at end of period)	8.8591	8.5820
EUR 1 = DKK		
Income statement (average)	7.4579	7.4438
Balance sheet (at end of period)	7.4593	7.4610
EUR 1 = NOK		
Income statement (average)	7.8091	7.4758
Balance sheet (at end of period)	8.3630	7.3483
EUR 1 = PLN		
Income statement (average)	4.1969	4.1836
Balance sheet (at end of period)	4.1543	4.0740
EUR 1 = RUB		
Income statement (average)	42.3269	39.9253
Balance sheet (at end of period)	45.3246	40.3295

G2 Segment reporting

Operating segments

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.

Compared with the 2012 Annual Report changes in the basis of segmentation have been made following the divestment of Nordea's Polish operations. The divested operations are excluded from the reporting to the Chief Operating Decision Maker (CODM) and are consequently not part of the segment reporting in Note G2. The impact from the divested operations can be found in Note G44. Comparative figures have been restated accordingly.

The main business area Wealth Management has in addition been separated from Other operating segments and further broken down on reportable operating segments. Comparative figures have been restated accordingly.

Reportable Operating segments

Retail Banking conducts a full service banking operation and offers a wide range of products. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic markets (Retail Banking Nordic) as well as 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.

Income statement 2013, EURm	Retail Banking	Wholesale Banking	Wealth Management	Group Corporate Centre	Other Operating segments	Total operating segments	Reconciliation	Total Group
Net interest income	3,859	1,150	133	360	44	5,546	–21	5,525
Net fee and commission income	1,523	576	577	–10	0	2,666	–24	2,642
Net result from items at fair value	331	917	355	57	–6	1,654	–115	1,539
Profit from associated undertakings accounted for under the equity method	35	—	—	0	0	35	44	79
Other income	66	3	25	9	–1	102	4	106
Total operating income	**5,814**	**2,646**	**1,090**	**416**	**37**	**10,003**	**–112**	**9,891**
– of which internal transactions[1]	–1,619	–295	27	1,933	–46	—	—	—
Staff costs	–1,379	–800	–489	–224	–7	–2,899	–79	–2,978
Other expenses	–1,672	–78	–127	–1	–2	–1,880	45	–1,835
Depreciation, amortisation and impairment charges of tangible and intangible assets	–104	–36	–20	–47	0	–207	–20	–227
Total operating expenses	**–3,155**	**–914**	**–636**	**–272**	**–9**	**–4,986**	**–54**	**–5,040**
Profit before loan losses	**2,659**	**1,732**	**454**	**144**	**28**	**5,017**	**–166**	**4,851**
Net loan losses	–498	–262	–3	0	0	–763	28	–735
Operating profit	**2,161**	**1,470**	**451**	**144**	**28**	**4,254**	**–138**	**4,116**
Income tax expense	–566	–387	–107	–33	–14	–1,107	98	–1,009
Net profit for the year from continuing operations	**1,595**	**1,083**	**344**	**111**	**14**	**3,147**	**–40**	**3,107**
Balance sheet 31 Dec 2013, EURbn								
Loans to the public[2]	224	61	9	—	—	294	48	342
Deposits and borrowings from the public[2]	110	43	11	—	—	164	37	201

G2 Segment reporting, cont.

Income statement, 2012 EURm	Retail Banking	Wholesale Banking	Wealth Management	Group Corporate Centre	Other Operating segments	Total operating segments	Recon-ciliation	Total Group
Net interest income	3,832	1,170	134	417	23	5,576	–13	5,563
Net fee and commission income	1,519	542	435	–13	0	2,483	–15	2,468
Net result from items at fair value	292	1,065	426	83	2	1,868	–94	1,774
Profit from associated undertakings accounted for under the equity method	41	—	—	–1	0	40	53	93
Other income	64	12	24	96	0	196	–96	100
Total operating income	**5,748**	**2,789**	**1,019**	**582**	**25**	**10,163**	**–165**	**9,998**
– of which internal transactions[1]	–2,100	–386	32	2,562	–108	—	—	—
Staff costs	–1,384	–792	–473	–215	–6	–2,870	–119	–2,989
Other expenses	–1,697	–102	–127	–36	–6	–1,968	160	–1,808
Depreciation, amortisation and impairment charges of tangible and intangible assets	–108	–39	–25	–56	0	–228	–39	–267
Total operating expenses	**–3,189**	**–933**	**–625**	**–307**	**–12**	**–5,066**	**2**	**–5,064**
Profit before loan losses	**2,559**	**1,856**	**394**	**275**	**13**	**5,097**	**–163**	**4,934**
Net loan losses	–614	–315	–2	0	0	–931	36	–895
Operating profit	**1,945**	**1,541**	**392**	**275**	**13**	**4,166**	**–127**	**4,039**
Income tax expense	–556	–442	96	–61	–4	–1,159	189	–970
Net profit for the year from continuing operations	**1,389**	**1,099**	**296**	**214**	9	**3,007**	**62**	**3,069**
Balance sheet 31 Dec 2012, EURbn								
Loans to the public[2]	224	66	8	—	—	298	48	346
Deposits and borrowings from the public[2]	109	46	11	—	—	166	35	201

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

	Retail Banking Nordic[1]		Retail Banking Baltic[2]		Retail Banking Other[3]		Total Retail Banking	
Income statement, EURm	2013	2012	2013	2012	2013	2012	2013	2012
Net interest income	3,822	3,704	130	120	–93	8	3,859	3,832
Net fee and commission income	1,498	1,489	43	43	–18	–13	1,523	1,519
Net result from items at fair value	339	306	–3	–1	–5	–13	331	292
Profit from associated undertakings accounted for under the equity method	32	37	0	0	3	4	35	41
Other income	33	18	1	2	32	44	66	64
Total operating income	**5,724**	**5,554**	**171**	**164**	**–81**	**30**	**5,814**	**5,748**
– of which internal transactions	–1,558	–1,968	–44	–51	–17	–81	–1,619	–2,100
Staff costs	–984	–986	–25	–24	–370	–374	–1,379	–1,384
Other expenses	–1,981	–1,990	–59	–52	368	345	–1,672	–1,697
Depreciation, amortisation and impairment charges of tangible and intangible assets	–46	–43	–1	–2	–57	–63	–104	–108
Total operating expenses	**–3,011**	**–3,019**	**–85**	**–78**	**–59**	**–92**	**–3,155**	**–3,189**
Profit before loan losses	**2,713**	**2,535**	**86**	**86**	**–140**	**–62**	**2,659**	**2,559**
Net loan losses	–447	–563	–40	–29	–11	–22	–498	–614
Operating profit	**2,266**	**1,972**	**46**	**57**	**–151**	**–84**	**2,161**	**1,945**
Income tax expense	–585	–559	–15	–13	34	16	–566	–556
Net profit for the year from continuing operations	**1,681**	**1,413**	**31**	**44**	**–117**	**–68**	**1,595**	**1,389**
Balance sheet, EURbn								
Loans to the public	217	217	7	7	—	—	224	224
Deposits and borrowings from the public	107	106	3	3	—	—	110	109

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.

G2 Segment reporting, cont.

Break-down of Wholesale Banking

Income statement, EURm	Corporate & Institutional Banking 2013	Corporate & Institutional Banking 2012	Shipping, Offshore & Oil Services 2013	Shipping, Offshore & Oil Services 2012	Nordea Bank Russia 2013	Nordea Bank Russia 2012	Capital Markets unallocated 2013	Capital Markets unallocated 2012	Wholesale Banking Other[1] 2013	Wholesale Banking Other[1] 2012	Total Wholesale Banking 2013	Total Wholesale Banking 2012
Net interest income	710	695	278	292	243	206	4	9	–85	–32	1,150	1,170
Net fee and commission income	573	557	58	64	14	16	–79	–96	10	1	576	542
Net result from items at fair value	354	403	33	28	13	8	510	625	7	1	917	1,065
Other income	0	1	0	0	0	3	2	2	1	6	3	12
Total operating income	**1,637**	**1,656**	**369**	**384**	**270**	**233**	**437**	**540**	**–67**	**–24**	**2,646**	**2,789**
– of which internal transactions	–211	–318	–84	–101	–43	–52	133	124	–90	–39	–295	–386
Staff costs	–42	–40	–26	–26	–72	–69	–445	–453	–215	–204	–800	–792
Other expenses	–448	–449	–40	–43	–33	–32	230	212	213	210	–78	–102
Depreciation, amortisation and impairment charges of tangible and intangible assets	0	0	0	0	–7	–6	–1	–1	–28	–32	–36	–39
Total operating expenses	**–490**	**–489**	**–66**	**–69**	**–112**	**–107**	**–216**	**–242**	**–30**	**–26**	**–914**	**–933**
Profit before loan losses	**1,147**	**1,167**	**303**	**315**	**158**	**126**	**221**	**298**	**–97**	**–50**	**1,732**	**1,856**
Net loan losses	–172	–68	–98	–241	8	–6	—	—	0	0	–262	–315
Operating profit	**975**	**1,099**	**205**	**74**	**166**	**120**	**221**	**298**	**–97**	**–50**	**1,470**	**1,541**
Income tax expense	–256	–272	–65	–72	–37	–30	–53	–74	24	6	–387	–442
Net profit for the year from continuing operations	**719**	**827**	**140**	**2**	**129**	**90**	**168**	**224**	**–73**	**–44**	**1,083**	**1,099**
Balance sheet, EURbn												
Loans to the public	41	46	13	13	7	7	—	—	—	—	61	66
Deposits and borrowings from the public	37	39	4	5	2	2	—	—	—	—	43	46

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 2013	Private Banking 2012	Asset Management 2013	Asset Management 2012	Life & Pensions unallocated 2013	Life & Pensions unallocated 2012	Wealth Management Other[1] 2013	Wealth Management Other[1] 2012	Total Wealth Management 2013	Total Wealth Management 2012
Net interest income	131	127	1	1	0	0	1	6	133	134
Net fee and commission income	484	405	145	124	–53	–87	1	–7	577	435
Net result from items at fair value	133	132	0	4	222	289	0	1	355	426
Other income	4	10	10	8	10	8	1	–2	25	24
Total operating income	**752**	**674**	**156**	**137**	**179**	**210**	**3**	**–2**	**1,090**	**1,019**
– of which internal transactions	20	25	0	0	1	0	6	7	27	32
Staff costs	–171	–164	–115	–118	–130	–120	–73	–71	–489	–473
Other expenses	–237	–233	7	16	38	27	65	63	–127	–127
Depreciation, amortisation and impairment	–6	–5	0	0	–11	–14	–3	–6	–20	–25
Total operating expenses	**–414**	**–402**	**–108**	**–102**	**–103**	**–107**	**–11**	**–14**	**–636**	**–625**
Profit before loan losses	**338**	**272**	**48**	**35**	**76**	**103**	**–8**	**–16**	**454**	**394**
Net loan losses	–3	–2	—	—	—	—	—	—	–3	–2
Operating profit	**335**	**270**	**48**	**35**	**76**	**103**	**–8**	**–16**	**451**	**392**
Income tax expense	–80	–66	–12	–9	–18	–26	3	5	–107	–96
Net profit for the year from continuing operations	**255**	**204**	**36**	**26**	**58**	**77**	**–5**	**–11**	**344**	**296**
Balance sheet, EURbn										
Loans to the public	9	8	—	—	—	—	—	—	9	8
Deposits and borrowings from the public	11	11	—	—	—	—	—	—	11	11

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

G2 Segment reporting, cont.

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.

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	
	2013	2012	2013	2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Total Operating segments	10,003	10,163	4,254	4,166	294	298	164	166
Group functions[1]	3	10	–114	–85	—	—	—	—
Unallocated items	21	41	43	–28	59	40	42	31
Eliminations	–9	–186	—	—	—	—	—	—
Differences in accounting policies[2]	–127	–30	–67	–14	–11	8	–5	4
Total	**9,891**	**9,998**	**4,116**	**4,039**	**342**	**346**	**201**	**201**

1) Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources, Board of Directors and Group Executive Management.
2) 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	2013	2012
Banking products	6,131	6,239
Capital Markets products	2,193	2,361
Savings products & Asset management	875	739
Life & Pensions	476	493
Other	216	166
Total	**9,891**	**9,998**

Banking products consists of three different product types. Account products includes account based products such as lending, deposits, cards and Netbank services. Transaction products consist of cash management as well as trade and project finance services. Financing products includes asset based financing through leasing, hire purchase and factoring as well as sales to finance partners such as dealers, vendors and retailers.

Capital Markets products contains financial instruments, or arrangements for financial instruments, that are available in the financial marketplace, including currencies, commodities, stocks and bonds.

Savings products & Asset management includes Investment funds, Discretionary Management, Portfolio Advice, Equity Trading and Pension Accounts. Investment Funds is a bundled product where the fund company invest in stocks, bonds, derivatives or other standardised products on behalf of the fund's shareholders. Discretionary Management is a service providing the management of an investment portfolio on behalf of the customer and Portfolio Advise is a service provided to support the customers' investment decisions.

Life & Pensions includes life insurance and pension products and services.

Geographical information

	Total operating income, EURm		Assets, EURbn	
	2013	2012	31 Dec 2013	31 Dec 2012
Sweden	2,125	2,246	147	145
Finland	1,604	1,792	72	69
Norway	1,993	1,944	82	91
Denmark	3,218	3,133	242	271
Baltic countries	178	212	10	10
Russia	193	180	5	5
Other	580	491	72	77
Total	**9,891**	**9,998**	**630**	**668**

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	2013	2012
Interest income		
Loans to credit institutions	60	111
Loans to the public	9,102	10,343
Interest-bearing securities	751	861
Other interest income	691	624
Interest income	**10,604**	**11,939**

G3 Net interest income, cont.

Interest expense		
Deposits by credit institutions	–122	–218
Deposits and borrowings from the public	–1,439	–1,909
Debt securities in issue	–3,705	–3,964
Subordinated liabilities	–340	–355
Other interest expenses[1]	527	70
Interest expense	**–5,079**	**–6,376**
Net interest income	**5,525**	**5,563**

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 8,347m (EUR 9,559m). Interest expenses from financial instruments not measured at fair value through profit or loss amounts to EUR –4,376m (EUR –5,147m).

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

Net interest income

EURm	2013	2012
Interest income	10,333	11,634
Leasing income[1]	271	305
Interest expense	–5,079	–6,376
Total	**5,525**	**5,563**

1) Of which contingent leasing income amounts to EUR 114m (EUR 148m). 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.

G4 Net fee and commission income

EURm	2013	2012
Asset management commissions	1,000	832
Life insurance	350	285
Brokerage, securities issues and corporate finance	296	289
Custody and issuers services	124	118
Deposits	50	51
Total savings related commissions	**1,820**	**1,575**
Payments	417	409
Cards	508	482
Total payment commissions	**925**	**891**
Lending	510	457
Guarantees and documentary payment	187	219
Total lending related to commissions	**697**	**676**
Other commission income	132	116
Fee and commission income	**3,574**	**3,258**
Savings and investments	–322	–269
Payments	–90	–90
Cards	–259	–236
State guarantee fees	–132	–89
Other commission expenses	–129	–106
Fee and commission expense	**–932**	**–790**
Net fee and commission income	**2,642**	**2,468**

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 543m (EUR 483m).

G4 Net fee and commission income, cont.

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 1,646m (EUR 1,407m). The corresponding amounts for fee expenses is EUR –72m (EUR –57m).

G5 Net result from items at fair value

EURm	2013	2012
Shares/participations and other sharerelated instruments	2,630	1,635
Interest-bearing securities and other interest-related instruments	238	2,637
Other financial instruments	90	482
Foreign exchange gains/losses	876	234
Investment properties	145	135
Change in technical provisions, Life[1]	–1,519	–2,895
Change in collective bonus potential, Life	–978	–546
Insurance risk income, Life	202	181
Insurance risk expense, Life	–145	–89
Total	**1,539**	**1,774**

Net result from categories of financial instruments[2]

EURm	2013	2012
Available for sale assets, realised	–6	—
Financial instruments designated at fair value through profit or loss	40	40
Financial instruments held for trading[3]	318	1,203
Financial instruments under fair value hedge accounting	73	36
– of which net gains/losses on hedging instruments	–1,404	1,076
– of which net gains/losses on hedged items	1,477	–1,040
Financial assets measured at amortised cost[4]	13	29
Financial liabilities measured at amortised cost	–26	–23
Foreign exchange gains/losses excluding currency hedges	914	210
Other	–5	–1
Financial risk income, net Life[1]	161	188
Insurance risk income, net Life	57	92
Total	**1,539**	**1,774**

1) Premium income amounts to EUR 2,278m (EUR 2,601m).
2) The figures disclosed for Life (financial risk income and insurance risk income) are disclosed on gross basis, ie before eliminations of intra-group transactions.
3) Of which amortised deferred day one profits amounts to EUR 12m (EUR 12m).
4) Of which EUR 13m (EUR 21m) related to instruments classified into the category “Loans and receivables” and EUR 0m (EUR 8m) related to instruments classified into the category “Held to maturity”.

G6 Other operating income

EURm	2013	2012
Income from real estate	5	10
Disposal of tangible and intangible assets	18	13
Other	83	77
Total	**106**	**100**

G7 Staff costs

EURm	2013	2012
Salaries and remuneration (specification below)[1]	–2,287	–2,277
Pension costs (specification below)	–222	–239
Social security contributions	–387	–399
Other staff costs	–82	–74
Total	**–2,978**	**–2,989**
Salaries and remuneration		
To executives[2]		
– Fixed compensation and benefits	–18	–19
– Performance-related compensation	–12	–8
– Allocation to profit-sharing	0	–1
Total	**–30**	**–28**
To other employees	–2,257	–2,249
Total	**–2,287**	**–2,277**

1) Of which allocation to profit-sharing 2013 EUR 45m (EUR 63m) consisting of a new allocation of EUR 46m (EUR 67m) and a release related to prior years of EUR 1m (EUR 4m).
2) 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 301 (300) positions.

EURm	2013	2012
Pension costs[1]		
Defined benefits plans (Note G33)[2]	–50	–50
Defined contribution plans	–172	–189
Total	**–222**	**–239**

1) Pension cost for executives as defined in footnote 2 above, amounts to EUR 5m (EUR 6m) and pension obligations to EUR 45m (EUR 49m).
2) Excluding social security contributions. Including social security contributions EUR 61m (EUR 66m).

Additional disclosures on remuneration under Nordic FSAs' regulations and general guidelines

The qualitative disclosures under these regulations can be found in the separate section on remuneration in the Board of Directors' Report, while the quantitative disclosures will be published in a separate report on Nordea's homepage (www.nordea.com) one week before the Annual General Meeting on 20 March 2014.

Remuneration to the Board of Directors, CEO and Group Executive Management

Board remuneration

The Annual General Meeting (AGM) 2013 decided to increase the remuneration for the Board of Directors (the Board) by on average 3%. The remuneration was EUR 252,000 (unchanged) for the Chairman, EUR 108,100 for the Vice Chairman and EUR 77,900 for other members and the annual remuneration for committee work was EUR 20,750 for the chairman of the committee and EUR 14,700 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 pension commitments to one Board member previously employed by Nordea.

Remuneration to the Board of Directors[1]

EUR	2013	2012
Chairman of the Board:		
Björn Wahlroos	267,264	267,115
Vice Chairman of the Board:		
Marie Ehrling	125,765	115,207
Other Board members[2]:		
Stine Bosse[3]	21,655	89,240
Peter F Braunwalder[4]	91,945	66,483
Elisabeth Grieg[5]	70,291	—
Svein Jacobsen	97,445	92,971
Tom Knutzen	91,945	89,240
Lars G Nordström	91,945	89,240
Sarah Russell	91,945	89,240
Kari Stadigh	97,445	92,971
Total	**1,047,645**	**991,707**

1) The Board remuneration consists of a fixed annual fee and a fixed annual fee for committee work. These are accounted for in SEK and translated into EUR based on the average exchange rate each year.
2) Employee representatives excluded.
3) Resigned as member of the Board as from the Annual General Meeting (AGM) 2013.
4) New member of the Board as from the AGM 2012.
5) New member of the Board as from the AGM 2013.

Salary and benefits

Chief Executive Officer (CEO)

The fixed salary, GEM Executive Incentive Programme (GEM EIP) and contract terms for the CEO are proposed by the Board Remuneration Committee (BRC) and approved by the Board. GEM EIP 2013, which is based on agreed, specific targets, can amount to a maximum of 100% of the fixed salary. The GEM EIP is further described in the separate section on remuneration in the Board of Directors' report and below.

The fixed salary was increased with 2.5% to SEK 11,031,563 (EUR 1,274,970) as from 1 January 2013, which was announced at the AGM 2013. For 2013 the CEO has earned GEM EIP which, together with the fixed salary, is in accordance with Nordea's remuneration guidelines approved by the AGM 2013. The CEO took part of the previous Long Term Incentive Programmes (LTIP) as described in the separate section on remuneration in the Board of Directors' report and below. Benefits for the CEO include primarily car and housing.

Group Executive Management (GEM)

The BRC prepares alterations in salary levels and outcome of GEM EIP as well as other changes in the remuneration package for members of GEM, for resolution by the Board. GEM EIP 2013, which is based on agreed, specific targets, can amount to a maximum of 100% of the fixed salary.

As for the CEO, GEM members took part of the previous LTIPs. Benefits include primarily car and/or housing.

G7 Staff costs, cont.

Remuneration to the Chief Executive Officer and Group Executive Management

	Fixed salary		GEM Executive Incentive Programme[1]	Variable Salary Part[1]	Long Term Incentive Programme[2]		Benefits		**Total**	
EUR	2013	2012	2013	2012	2013	2012	2013	2012	**2013**	**2012**
Chief Executive Officer (CEO):										
Christian Clausen[3]	1,274,970	1,236,330	831,280	383,262	—	450,546	81,645	57,653	**2,187,895**	**2,127,791**
Group Executive Management (GEM):										
6 (7) individuals excluding CEO[4]	4,450,178	5,248,832	2,748,761	1,560,348	—	1,736,731	290,739	264,791	**7,489,678**	**8,810,702**
Total	**5,725,148**	**6,485,162**	**3,580,041**	**1,943,610**	**—**	**2,187,277**	**372,384**	**322,444**	**9,677,573**	**10,938,493**

1) CEO and members of GEM were until 2012 offered a Variable Salary Part (VSP) and a 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 2013 is expensed in full in 2013 but paid out over a five year deferral period 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.
2) The comparative figure for the Long Term Incentive Programmes (LTIP) has been restated to the initial fair value of the LTIP 2012 (further defined in the table "Long Term Incentive Programme" below). The expense recognised in the income statement for LTIPs is disclosed separately in the table "Long Term Incentive Programme" below. The CEO and members of GEM have a conditional right to a maximum 114,867 matching shares, 229,735 performance shares I and 114,867 performance shares II in LTIP 2011 and 157,978 matching shares, 473,934 performance shares I and 157,978 performance shares II in LTIP 2012. Rights in LTIP 2010 are fully vested and consequently not conditional. The outcome is due to remuneration regulations from the Swedish FSA 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 73 and below for more details.
3) The CEO's salary is paid in SEK and converted to EUR based on the average exchange rate each year. The increase in fixed salary 2013 is in accordance with the salary increase communicated at the AGM 2013 of 2.5% and also due to exchange rate effects. Benefits are included at taxable values less salary reductions.
4) GEM members are included for the period they have been appointed. Benefits are included at taxable values. One new GEM member was appointed in March 2013 and two members resigned in January and March 2013. Termination benefits amounted to EUR 1.5m and are excluded from the table above.

Long Term Incentive Programme

	Staff cost[1]		Initial fair value[2]	
EUR	2013	2012	2013	2012
Chief Executive Officer (CEO):				
Christian Clausen	349,817	277,292	—	450,546
Group Executive Management (GEM):				
6 (7) Individuals excluding CEO	1,021,443	1,170,473	—	1,736,731
Total	**1,371,260**	**1,447,765**	**—**	**2,187,277**

1) The expense recognised in the income statement (the IFRS 2 expense) is calculated in accordance with IFRS 2 "Share-based Payment". The full expected expense from the programmes is recognised as the vesting requirements are fulfilled over three years starting when the agreement is entered into. LTIP 2010 was expensed until May 2013, LTIP 2011 will be expensed until May 2014 and LTIP 2012 until May 2015. GEM members are included for the period they have been appointed.
2) The initial fair value (grant value) is defined as the fair value per right multiplied with the number of rights that were initially expected to vest. LTIP 2012 is consequently, in the table above, reported in 2012. In 2013 Nordea replaced LTIP with the GEM EIP and there is consequently no amount to disclose for 2013. See below for more information on the valuation of the LTIPs.

Pension

Chief Executive Officer (CEO)

The CEO's retirement age has, as announced at the AGM 2013, been removed from the employment agreement. The CEO is covered by a defined benefit plan up to the age of 60. The pension amounts to 50% of the pensionable income, defined as the fixed salary, for life. The maximum pensionable income is 200 Swedish Income Base Amounts. The pension obligation is fully funded, meaning that it is covered in full by plan assets. At age 60 the pension risk is transferred to the CEO. Pension payments are to be made in accordance with local legislations and pension insurance conditions. From age 60 the CEO will have a defined contribution plan.

Group Executive Management (GEM)

The pension agreements vary due to local country practices.

GEM members are entitled to retire with pension at the age of 60, 62, 65 or 70. Pension agreements are defined benefit plans, defined contribution plans or a combination of such plans.

Two members have defined benefit plans not based on collective agreements. One of these defined benefit plans provides retirement pension amounting to 50% of pensionable income for life from age 62, including national pension benefits. The second defined benefit plan not based on a collective agreement provides a retirement pension from age 60, including both national pension benefits and previously earned pension. The retirement pension benefit in this plan decreased from 70% to 66% of pensionable income for future earnings as from 1 January 2011. Two members have pensions in accordance with the Swedish collective agreement, one in BTP1 (defined contribution plan) and one in BTP2 (defined benefit plan), with complementing defined contribution plans on top of the collective agreement. Three members have defined contribution plans only. Fixed salary is pensionable income for all GEM-members. Variable salary part/GEM EIP is included for one member.

G7 Staff costs, cont.

Pension expense and pension obligation

	2013		2012	
EUR	Pension expense[5]	Pension obligation[6]	Pension expense[5]	Pension obligation[6]
Board members[1]:				
Lars G Nordström	—	363,280	—	402,250
Chief executive officer (CEO):				
Christian Clausen[2]	807,988	12,440,440	843,527	12,151,364
Group Executive Management (GEM):				
6 (7) individuals excluding CEO[3]	1,799,215	5,502,372	2,108,905	5,337,679
Former Chairman of the Board and CEOs:				
Vesa Vainio and Thorleif Krarup[4]	—	16,916,203	—	18,132,111
Total	**2,607,203**	**35,222,295**	**2,952,432**	**36,023,404**

1) Employee representatives excluded. The pension obligation is in accordance with the collective pension agreement BTP and earned during the employment period.
2) The reason behind the decrease in pension expense is changes in the actuarial assumptions. New pension rights earned in 2013 have had an increasing impact on the pension obligation, while changes in actuarial assumptions and exchange rates have had a decreasing impact on the pension obligation.
3) Members of GEM included for the period they have been appointed. The decrease in pension expense 2013 is mainly due to that there is one member of GEM less compared with 2012. The pension obligation is the obligation towards the members of GEM as of 31 December. The increase in the pension obligation is due to new pension rights earned in 2013, to some extent offset by changes in actuarial assumptions and exchange rates. Termination benefits amounted to EUR 0.4m and are excluded from the table above.
4) The pension obligation for Vesa Vainio and Thorleif Krarup is mainly due to pension rights earned in, and funded by, banks forming Nordea.
5) 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 853,782 (EUR 1,094,953) relates to defined contribution agreements.
6) 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.

Notice period and severance pay

In accordance with their employment contracts CEO and four GEM members have a notice period of 12 months and a severance pay equal to 12 months' salary to be reduced by the salary the executive receives as a result of any other employment during these 12 months. The CEO is not entitled to severance pay if leaving Nordea after the age of 60.

Two GEM members are entitled to 6 months' salary during the notice period, and with regard to severance pay 18 months' salary to be reduced by the salary they receive as a result of any other employment during these 18 months.

Loans to key management personnel

Loans to key management personnel, as defined in Note G1 section 26, amount to EUR 8m (EUR 6m). Interest income on these loans amounts to EUR 0m (EUR 0m).

For key management personnel who are employed by Nordea the same credit terms apply as for other employees, except for key management personnel in Denmark whose loans are granted on terms based on market conditions. In Norway the employee interest rate for loans is 100 basis points lower than the best corresponding interest rate for external customers, with a cap on the loan amount of 3 times salary grade 55 plus NOK 100,000. In Finland the employee interest rate for loans corresponds to Nordea's funding cost with a margin of 10 basis points up to EUR 400,000, and 30 basis points on the part that exceeds EUR 400,000. In Sweden the employee interest rate on fixed- and variable interest rate loans is 215 basis points lower than the corresponding interest rate for external customers (with a lower limit of 150 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.

G7 Staff costs, cont.

Long Term Incentive Programmes

	2013			2012		
Conditional rights LTIP 2012	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of the year	1,264,437	3,176,540	1,264,437	—	—	—
Granted	46,646[1]	117,074[1]	46,646[1]	1,270,410	3,188,486	1,270,410
Forfeited	–50,331	–129,317	–50,331	–5,973	–11,946	–5,973
Outstanding at end of year	**1,260,752**	**3,164,297**	**1,260,752**	**1,264,437**	**3,176,540**	**1,264,437**
– of which currently exercisable	—	—	—	—	—	—
Conditional rights LTIP 2011						
Outstanding at the beginning of year	971,195	1,942,391	971,195	950,056	1,900,112	950,056
Granted	36,064[1]	72,128[1]	36,064[1]	35,599[1]	71,199[1]	35,599[1]
Forfeited	–32,513	–65,026	–32,513	–14,460	–28,920	–14,460
Outstanding at end of year	**974,746**	**1,949,493**	**974,746**	**971,195**	**1,942,391**	**971,195**
– of which currently exercisable	—	—	—	—	—	—
Rights LTIP 2010						
Outstanding at the beginning of year	871,028	1,742,056	871,028	889,163	1,778,326	889,163
Forfeited	–18,373	–841,222	–487,322	–18,135	–36,270	–18,135
Allotted	–672,726	–710,738	–302,735	—	—	—
Outstanding at end of year	**179,929**	**190,096**	**80,971**	**871,028**	**1,742,056**	**871,028**
– of which currently exercisable	—	—	—	—	—	—
Rights LTIP 2009	A-rights	B-C-rights	D-rights	A-rights	B-C-rights	D-rights
Outstanding at the beginning of year	101,905	107,537	34,304	316,498	306,340	119,944
Forfeited	—	—	—	–11,962	–11,962	–11,962
Exercised[2]	–101,905	–107,537	–34,304	–202,631	–186,841	–73,678
Outstanding at end of year	**—**	**—**	**—**	**101,905**	**107,537**	**34,304**
– of which currently exercisable	—	—	—	101,905	107,537	34,304

1) Granted rights are compensation for dividend on the underlying Nordea share during the year.
2) Weighted average share price during the exercise period amounts to EUR 8.63 (EUR 6.88).

Participation in the Long Term Incentive Programmes (LTIPs) requires that the participants take direct ownership by investing in Nordea shares.

	LTIP 2012			LTIP 2011		
	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price	—	—	—	—	—	—
Grant date	13 May 2012	13 May 2012	13 May 2012	13 May 2011	13 May 2011	13 May 2011
Vesting period	36 months	36 months	36 months	36 months	36 months	36 months
Contractual life	36 months	36 months	36 months	36 months	36 months	36 months
Allotment	April/May 2015	April/May 2015	April/May 2015	April/May 2014	April/May 2014	April/May 2014
Fair value at grant date	EUR 6.31[1]	EUR 6.31[1]	EUR 2.28[1]	EUR 7.61[1]	EUR 7.61[1]	EUR 2.75[1]

	LTIP 2010			LTIP 2009		
	Matching Share	Performance Share I	Performance Share II	A-rights	B-C-rights	D rights
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price	—	—	—	EUR 0.51	EUR 0.12	EUR 0.12
Grant date	13 May 2010	13 May 2010	13 May 2010	14 May 2009	14 May 2009	14 May 2009
Vesting period	36 months	36 months	36 months	24 months	24 months	24 months
Contractual life	36 months	36 months	36 months	48 months	48 months	48 months
Allotment/First day of exercise	April/May 2013	April/May 2013	April/May 2013	29 April 2011	29 April 2011	29 April 2011
Fair value at grant date	EUR 6.75	EUR 6.75	EUR 2.45	EUR 4.66	EUR 5.01	EUR 1.75

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.

Conditions and requirements
For each ordinary share the participants lock in to the LTIPs, they are granted a conditional A-right/Matching Share to acquire or receive ordinary shares based on continued employment, with certain exemptions, and the conditional B-D-rights/ Performance Share I and II to acquire or receive additional ordinary shares also based on fulfilment of certain performance conditions. The performance conditions for B- and C-rights and for Performance Share I comprise a target growth in risk adjusted profit per share (RAPPS) or a target in risk- adjusted return on capital at risk (RAROCAR). Should the reported earnings per share (EPS) be lower than a predetermined level the participants are not entitled to exercise any B- or C-rights or Performance Share I. The performance conditions for D-rights and Performance Share II are market related and comprise growth in total shareholder return (TSR) in comparison with a peer group's TSR or a target in RAROCAR and in P/B-ranking compared to a peer group.

When the performance conditions are not fulfilled in full, the rights that are no longer exercisable are shown as forfeited in the previous tables, together with shares forfeited due to participants leaving the Nordea Group.

The exercise price, where applicable, for the ordinary shares is adjusted for dividends, however never adjusted below a predetermined price. Furthermore the profit for each right is capped.

	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009[1]
Service condition, A-D-rights/Matching Share/Performance Share I and II	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the two year vesting period.
Performance condition, B-rights/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%.	Compound Annual Growth Rate in RAPPS from year 2009 (base year) to and including year 2012. Full allotment was obtained if the Compound Annual Growth Rate amounted to or exceeded 9%.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 8% or more.
EPS knock out, B-rights/Performance Share I	—	Average reported EPS for 2011–2013 lower than EUR 0.26.	Average reported EPS for 2010–2012 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.26.
Performance condition, C-rights	—	—	—	Increase in RAPPS 2010 compared to 2009. Full right to exercise was obtained if RAPPS increased by 8% or more.
EPS knock out, C-rights	—	—	—	Reported EPS for 2010 lower than EUR 0.26
Performance condition, D-rights/Performance Share II	RAROCAR during the period 2012 up to and including 2014 and P/B-ranking year-end 2014 compared to a peer group. Full 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.	TSR during 2010–2012 in comparison with a peer group. Full allotment was obtained if Nordea was ranked number 1–5.	TSR during 2009–2010 in comparison with a peer group. Full right to exercise was obtained if Nordea was ranked number 1.
Cap	The market value of the allotted shares is capped to the participants' annual salary for year-end 2011.	The market value of the allotted shares is capped to the participants' annual salary for year-end 2010.	The market value of the allotted shares is capped to the participants' annual salary for year-end 2009.	The profit per A-D-right is capped to EUR 9.59 per right.

G7 Staff costs, cont.

	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009[1]
Dividend compensation	The number of Matching Shares and Performance Shares will be adjusted for dividends on the underlying Nordea share during the vesting period, as if assuming that each dividend was used to immediately invest in additional Nordea shares.	The number of Matching Shares and Performance Shares will be adjusted for dividends on the underlying Nordea share during the vesting period, as if assuming that each dividend was used to immediately invest in additional Nordea shares.	—	The exercise price was adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.

1) RAPPS for the financial year 2008 and 2009, EPS knock out and the cap were in 2009 adjusted due to the financial effects of the new rights issue in 2009.

Fair value calculations

The fair value is measured through the use of generally accepted valuation models with the following input factors:

	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009
Weighted average share price	EUR 6.70	EUR 8.39	EUR 6.88	EUR 5.79
Right life	3.0 years	3.0 years	3.0 years	2.5 years
Deduction of expected dividends	No	No	No	Yes
Risk free rate	Not applicable	Not applicable	Not applicable	1.84%
Expected volatility	Not applicable	Not applicable	Not applicable	29.00%

Expected volatility is based on historical values. 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 fair value calculations are also based on estimated early exercise behaviour during the programmes' exercise windows, however only applicable for LTIP 2009.

The value of the D-rights/Performance Share II are based on market related conditions and fulfilment of the TSR, RAROCAR and P/B targets have been taken into consideration when calculating the rights' fair value at grant date. When calculating the impact from the market conditions it has been assumed that all possible outcomes have equal possibilities. Also the caps in each programme have been taken into consideration when calculating the rights' fair value at grant. The adjustment to fair value is approximately 2–3% of the weighted average share price.

Expenses for equity-settled share-based payment programmes[1]

EURm	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009
Expected expense for the whole programme	–19	–22	–14	–11
Maximum expense for the whole programme	–31	–25	–14	–11
Total expense during 2013	–6	–7	–3	—
Total expense during 2012	–4	–6	–2	—

1) All amounts excluding social security contribution.

When calculating the expected expense an expected annual employee turnover of 5% has been used. The expected expense is recognised over the vesting period of 36 months (LTIP 2012, LTIP 2011, LTIP 2010) and 24 months (LTIP 2009).

G7 Staff costs, cont.

Cash-settled share-based payment transactions

Nordea operates share-linked deferrals on parts of variable compensation for certain employee categories, indexed with Nordea Total Shareholder Returns (TSR) and either vesting after three years or vesting in equal instalments over a three to five year period. Since 2011 Nordea also operates TSR-linked retention on part of variable compensation for certain employee categories. 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 has during 2013 introduced the Executive Incentive Programme 2013 ("EIP 2013") 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 rewards 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 2013 is paid no earlier than autumn 2017. 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 2013 is offered instead of Nordea's LTIP and VSP for the invited employees. The allocation of the EIP 2013 is decided during spring 2014, and a reservation of EUR 31m excl. social costs is made 2013. 80% of the allocated amount will be subject to TSR-indexation.

The below table only includes deferred amounts indexed with Nordea TSR. EIP will be 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	2013	2012
Opening balance	21	10
Deferred/earned during the year	15	11
TSR indexation during the year	9	4
Payments during the year[1]	–15	–4
Translation differences	–2	0
Closing balance	**28**	**21**

1) There have been no adjustments due to forfeitures in 2013.

Average number of employees – Continuing operations

	Total		Men		Women	
	2013	2012	2013	2012	2013	2012
Full-time equivalents						
Denmark	8,250	8,545	4,512	4,329	3,738	4,216
Finland	7,116	7,312	1,863	1,889	5,253	5,423
Sweden	6,881	7,102	3,083	3,148	3,798	3,954
Norway	3,280	3,343	1,767	1,788	1,513	1,555
Russia	1,454	1,520	469	525	985	995
Poland	503	307	114	70	389	237
Estonia	468	475	102	103	366	372
Latvia	443	462	132	137	311	325
Luxembourg	424	423	261	260	163	163
Lithuania	340	365	101	111	239	254
United States	113	101	56	49	57	52
United Kingdom	69	69	45	40	24	29
Singapore	67	65	19	23	48	42
Germany	48	49	20	29	28	20
Other countires	27	27	11	10	16	17
Total average	**29,483**	**30,165**	**12,555**	**12,511**	**16,928**	**17,654**
Total number of employees (FTEs), end of period	**29,429**	**29,491**				

Gender distribution

In the parent company´s Board of Directors 67% (67%) were men and 33% (33%) were women. In the Board of Directors of the Nordea Group companies, 78% (84%) were men and 22% (16%) were women. The corresponding numbers for Other executives were 69% (67%) men and 31% (33%) women. Internal Boards consist mainly of management in Nordea.

G8 Other expenses

EURm	2013	2012
Information technology	–671	–631
Marketing and representation	–116	–117
Postage, transportation, telephone and office expenses	–192	–220
Rents, premises and real estate	–373	–399
Other	–483	–441
Total	**–1,835**	**–1,808**

Auditors' fees – Total operations

EURm	2013	2012
KPMG		
Auditing assignments	–7	–7
Audit-related services	–1	–1
Tax advisory services	0	0
Other assignments	–5	–2
Total	**–13**	**–10**

G9 Depreciation, amortisation and impairment charges of tangible and intangible assets

EURm	2013	2012
Depreciation/amortisation		
Property and equipment (Note G21)		
Equipment	–91	–101
Intangible assets (Note G20)		
Computer software	–89	–104
Other intangible assets	–30	–24
Total	**–210**	**–229**
Impairment charges		
Intangible assets (Note G20)		
Computer software	–17	–38
Total	**–17**	**–38**
Total	**–227**	**–267**

G10 Net loan losses

EURm	2013	2012
Divided by class		
Loans to credit institutions	1	–1
– of which provisions	0	–5
– of which reversals	1	4
Loans to the public	–748	–901
– of which provisions	–1,131	–1,392
– of which write-offs	–709	–642
– of which allowances to cover write-offs	508	452
– of which reversals	508	603
– of which recoveries	76	78
Off-balance sheet items[1]	12	7
– of which provisions	–25	–43
– of which reversals	37	50
Total	**–735**	**–895**
Specification		
Changes of allowance accounts on the balance sheet	–599	–784
– of which Loans, individually assessed[2]	–574	–908
– of which Loans, collectively assessed[2]	–48	117
– of which Off-balance sheet items, individually assessed[1]	16	13
– of which Off-balance sheet items, collectively assessed[1]	7	–6
Changes directly recognised in the income statement	–136	–111
– of which realised loan losses, individually assessed	–204	–189
– of which realised recoveries, individually assessed	68	78
Total	**–735**	**–895**

1) Included in Note G32 Provisions as "Transfer risk, off-balance" and "Individually assessed guarantees and other commitments".
2) Included in Note G13 Loans and impairment.

G11 Taxes

Income tax expense

EURm	2013	2012
Current tax	–927	–974
Deferred tax	–31	4
Bank tax in Finland[1]	–51	—
Total	**–1,009**	**–970**

1) The Finnish bank tax was introduced in 2013 and is based on risk weighted assets rather than income.

Current and deferred tax recognised in Other comprehensive income		
Deferred tax assets due to hedging of net investments in foreign operations	–102	45
Deferred tax relating to available for sale investments	–6	–17
Deferred tax relating to cash flow hedges	–1	50
Deferred tax relating to defined benefit plans	–39	–87
Total	**–148**	**–9**

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate of Sweden (excluding bank tax in Finland) as follows:

EURm	2013	2012
Profit before tax	4,116	4,039
Tax calculated at a tax rate of 22.0% (26.3%)	–906	–1,062
Effect of different tax rates in other countries	–123	29
Income from associated undertakings	17	15
Tax-exempt income	38	59
Non-deductible expenses	–32	–39
Adjustments relating to prior years	35	–27
Utilization of non-capitalized tax losses carry-forwards from previous periods	2	0
Change of tax rate[1]	33	73
Not creditable foreign taxes	–22	–18
Tax charge	**–958**	**–970**
Average effective tax rate	23%	24%

1) Due to change of corporate tax rate in Denmark, Finland and Norway (2012: change of corporate tax rate in Sweden).

Deferred tax

	Deferred tax assets		Deferred tax liabilities	
EURm	2013	2012	2013	2012
Deferred tax related to:				
Tax losses carry-forward	50	18	—	—
Untaxed reserves	—	—	1	36
Loans to the public	19	19	430	465
Shares	—	—	3	19
Derivatives	10	26	155	19
Intangible assets	0	0	72	80
Property and equipment	7	6	2	0
Investment property	0	—	155	177
Retirement benefit assets/obligations	25	75	52	36
Hedging of net investments in foreign operations	3	109	—	—
Liabilities/provisions	52	81	169	212
Netting between deferred tax assets and liabilities	–104	–68	–104	–68
Total	**62**	**266**	**935**	**976**

G11 Taxes, cont.

EURm	2013	2012
Movements in deferred tax assets/liabilities (net)		
Amount at beginning of year (net)	–710	–694
Deferred tax relating to items recognised in Other comprehensive income	–148	–9
Translation differences	17	–13
Acquisitions and others	–1	–3
Deferred tax in discontinued operations	—	5
Deferred tax in the income statement	–31	4
Amount at end of year (net)	**–873**	**–710**

EURm	2013	2012
Unrecognised deferred tax assets		
Unused tax losses carry-forward with no expire date	45	53
Total	**45**	**53**

G12 Earnings per share

	Total operations		Continuing operations		Discontinued operations	
	2013	2012	2013	2012	2013	2012
Earnings:						
Profit attributable to shareholders of Nordea Bank AB (publ) (EURm)	3,116	3,119	3,107	3,062	9	57
Number of shares (in millions):						
Number of shares outstanding at beginning of year	4,050	4,047	4,050	4,047	4,050	4,047
Average number of issued C-shares[1]	—	2	—	2	—	2
Average number of repurchased own C-shares[1]	—	–2	—	–2	—	–2
Average number of own shares	–31	–23	–31	–23	–31	–23
Basic weighted average number of shares outstanding	**4,019**	**4,024**	**4,019**	**4,024**	**4,019**	**4,024**
Adjustment for diluted weighted average number of additional ordinary shares outstanding[1]	1	2	1	2	1	2
Diluted weighted average number of shares outstanding	**4,020**	**4,026**	**4,020**	**4,026**	**4,020**	**4,026**
Basic earnings per share, EUR	0.77	0.78	0.77	0.77	0.00	0.01
Diluted earnings per share, EUR	0.77	0.78	0.77	0.77	0.00	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 31 Dec 2013	Central banks and credit institutions 31 Dec 2012	The public[1] 31 Dec 2013	The public[1] 31 Dec 2012	Total 31 Dec 2013	Total 31 Dec 2012
Loans, not impaired	22,515	18,578	338,703	342,190	361,218	360,768
Impaired loans	24	24	6,540	6,881	6,564	6,905
– of which performing	—	—	3,909	4,023	3,909	4,023
– of which non-performing	24	24	2,631	2,858	2,655	2,882
Loans before allowances	**22,539**	**18,602**	**345,243**	**349,071**	**367,782**	**367,673**
Allowances for individually assessed impaired loans	–24	–24	–2,373	–2,376	–2,397	–2,400
– of which performing	—	—	–1,372	–1,332	–1,372	–1,332
– of which non-performing	–24	–24	–1,001	–1,044	–1,025	–1,068
Allowances for collectively assessed impaired loans	–3	–4	–419	–444	–422	–448
Allowances	**–27**	**–28**	**–2,792**	**–2,820**	**–2,819**	**–2,848**
Loans, carrying amount	**22,512**	**18,574**	**342,451**	**346,251**	**364,963**	**364,825**

1) Finance leases, where Nordea Group is a lessor, are included in Loans to the public, see Note G22 Leasing.

Reconciliation of allowance accounts for impaired loans[1]

EURm	Central banks and credit institutions Individually assessed	Central banks and credit institutions Collectively assessed	Central banks and credit institutions Total	The public Individually assessed	The public Collectively assessed	The public Total	Total Individually assessed	Total Collectively assessed	Total Total
Opening balance at 1 Jan 2013	**–24**	**–4**	**–28**	**–2,376**	**–444**	**–2,820**	**–2,400**	**–448**	**–2,848**
Provisions	0	0	0	–957	–174	–1,131	–957	–174	–1,131
Reversals	0	1	1	383	125	508	383	126	509
Changes through the income statement	**0**	**1**	**1**	**–574**	**–49**	**–623**	**–574**	**–48**	**–622**
Reclassified to assets held for sale	—	—	—	60	14	74	60	14	74
Allowances used to cover write-offs	—	—	—	508	—	508	508	0	508
Reclassification	—	—	—	–42	42	0	–42	42	0
Translation differences	0	0	0	51	18	69	51	18	69
Closing balance at 31 Dec 2013	**–24**	**–3**	**–27**	**–2,373**	**–419**	**–2,792**	**–2,397**	**–422**	**–2,819**
Opening balance at 1 Jan 2012	**–26**	**–2**	**–28**	**–1,866**	**–577**	**–2,443**	**–1,892**	**–579**	**–2,471**
Provisions	0	–5	–5	–1,313	–125	–1,438	–1,313	–130	–1,443
Reversals	1	3	4	367	244	611	368	247	615
Changes through the income statement	**1**	**–2**	**–1**	**–946**	**119**	**–827**	**–945**	**117**	**–828**
Allowances used to cover write-offs	—	—	—	453	—	453	453	0	453
Reclassification	0	—	0	–21	21	0	–21	21	0
Translation differences	1	0	1	4	–7	–3	5	–7	–2
Closing balance at 31 Dec 2012	**–24**	**–4**	**–28**	**–2,376**	**–444**	**–2,820**	**–2,400**	**–448**	**–2,848**

1) See Note G10 Net loan losses.

Allowances and provisions

EURm	Central banks and credit institutions 31 Dec 2013	Central banks and credit institutions 31 Dec 2012	The public 31 Dec 2013	The public 31 Dec 2012	Total 31 Dec 2013	Total 31 Dec 2012
Allowances for items on the balance sheet	–27	–28	–2,792	–2,820	–2,819	–2,848
Provisions for off balance sheet items	–10	–16	–51	–68	–61	–84
Total allowances and provisions	**–37**	**–44**	**–2,843**	**–2,888**	**–2,880**	**–2,932**

G13 Loans and impairment, cont.

Key ratios[1]

	31 Dec 2013	31 Dec 2012
Impairment rate, gross, basis points	178	188
Impairment rate, net, basis points	113	123
Total allowance rate, basis points	77	77
Allowances in relation to impaired loans, %	37	35
Total allowances in relation to impaired loans, %	43	41
Non-performing loans, not impaired, EURm	418	614

1) For definitions, see Business definitions on page 89.

G14 Interest-bearing securities

EURm	31 Dec 2013	31 Dec 2012
State and sovereigns	21,422	20,827
Municipalities and other public bodies	2,490	5,486
Mortgage institutions	32,481	27,677
Other credit institutions	23,931	24,928
Corporates	6,095	4,820
Corporates sub-investment grade	445	794
Other	450	2,094
Total	**87,314**	**86,626**

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 2013	31 Dec 2012
Interest-bearing securities	9,544	7,964
Shares	31	6
Total	**9,575**	**7,970**

For information on transferred assets and reverse repos, see Note G45.

G16 Shares

EURm	31 Dec 2013	31 Dec 2012
Shares	12,164	11,984
Fund units, equity related	11,329	8,871
Fund units, interest related	9,809	7,279
Total	**33,302**	**28,134**
– of which Financial instruments pledged as collateral (Note G15)	31	6
Total	**33,271**	**28,128**

G17 Derivatives and Hedge accounting

31 Dec 2013, EURm	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	48,038	43,270	3,943,615
FRAs	16	18	50,590
Futures and forwards	206	210	1,155,477
Options	8,397	7,904	567,809
Total	**56,657**	**51,402**	**5,717,491**
Equity derivatives			
Equity swaps	86	151	5,381
Futures and forwards	3	5	733
Options	618	645	16,189
Total	**707**	**801**	**22,303**
Foreign exchange derivatives			
Currency and interest rate swaps	9,467	10,203	749,352
Currency forwards	472	510	84,848
Options	185	149	21,116
Total	**10,124**	**10,862**	**855,316**
Credit derivatives			
Credit Default Swaps (CDS)	1,337	1,361	60,888
Total	**1,337**	**1,361**	**60,888**
Commodity derivatives			
Swaps	105	92	2,125
Futures and forwards	12	10	762
Options	27	11	1,038
Total	**144**	**113**	**3,925**
Other derivatives			
Options	13	14	430
Other	21	13	1,948
Total	**34**	**27**	**2,378**
Total derivatives held for trading	**69,003**	**64,566**	**6,662,301**
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	1,573	583	96,020
Options	0	5	1,574
Total	**1,573**	**588**	**97,594**
Foreign exchange derivatives			
Currency and interest rate swaps	416	770	18,563
Total	**416**	**770**	**18,563**
Total derivatives used for hedge accounting	**1,989**	**1,358**	**116,157**
– of which cash flow hedges	530	843	21,899[1]
– of which fair value hedges	1,417	493	105,502[1]
– of which net investment hedges	42	22	9,455
Total derivatives	**70,992**	**65,924**	**6,778,458**

1) Some cross currency interest rate swaps are used both as fair value hedges and cash flow hedges and the nominal amounts are reported on both lines.

Periods when hedged cashflows are expected to occur and when they are expected to affect the income statement

31 Dec 2013, EURm	<1 year	1–3 years	3–5 years	5–10 years	10 years
Cash inflows (assets)	67	—	—	—	65
Cash outflows (liabilities)	6,013	9,399	14,943	10,736	1,623
Net cash outflows	**5,946**	**9,399**	**14,943**	**10,736**	**1,558**

G17 Derivatives and Hedge accounting, cont.

31 Dec 2012, EURm	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	89,774	84,279	3,707,415
FRAs	21	29	24,998
Futures and forwards	585	559	1,438,612
Options	12,163	12,147	450,396
Other	15	0	1,177
Total	**102,558**	**97,014**	**5,622,598**
Equity derivatives			
Equity swaps	93	107	4,705
Futures and forwards	16	13	395
Options	514	448	12,711
Total	**623**	**568**	**17,811**
Foreign exchange derivatives			
Currency and interest rate swaps	10,593	13,345	792,777
Currency forwards	505	893	91,048
Options	202	212	26,329
Other	0	0	242
Total	**11,300**	**14,450**	**910,396**
Credit derivatives			
Credit Default Swaps (CDS)	637	655	47,052
Total	**637**	**655**	**47,052**
Commodity derivatives			
Swaps	493	433	5,694
Futures and forwards	5	26	599
Options	30	28	1,524
Total	**528**	**487**	**7,817**
Other derivatives			
Swaps	—	8	426
Options	11	6	233
Other	49	14	1,924
Total	**60**	**28**	**2,583**
Total derivatives held for trading	**115,706**	**113,202**	**6,608,257**
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	2,281	594	58,816
Options	0	0	1,042
Total	**2,281**	**594**	**59,858**
Foreign exchange derivatives			
Currency and interest rate swaps	802	407	8,871
Total	**802**	**407**	**8,871**
Total derivatives used for hedge accounting	**3,083**	**1,001**	**68,729**
Total derivatives	**118,789**	**114,203**	**6,676,986**

G18 Fair value changes of the hedged items in portfolio hedge of interest rate risk

EURm Assets	31 Dec 2013	31 Dec 2012
Carrying amount at beginning of year	–711	–215
Changes during the year		
Revaluation of hedged items	926	–506
Translation differences	–12	10
Carrying amount at end of year	**203**	**–711**

Liabilities		
Carrying amount at beginning of year	1,940	1,274
Changes during the year		
Revaluation of hedged items	–169	625
Translation differences	–37	41
Carrying amount at end of year	**1,734**	**1,940**

The carrying amount at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset respectively a liability. When the hedged item is an asset, the change in the fair value of the hedged item is presented within assets and when the hedged item is a liability, the change is presented as a liability.

G19 Investments in associated undertakings

EURm	31 Dec 2013	31 Dec 2012
Acquisition value at beginning of year	596	603
Acquisitions during the year	8	6
Sales during the year	–4	–4
Share in earnings[1]	86	67
Dividend received	–62	–42
Translation differences	17	–34
Acquisition value at end of year	**641**	**596**
Accumulated impairment charges at beginning of year	–11	–12
Accumulated impairment charges on sales during the year	—	1
Reversed impairment charges during the year	1	—
Reclassifications	–1	0
Accumulated impairment charges at end of year	**–11**	**–11**
Total	**630**	**585**

1) Share in earnings

EURm	2013	2012
Profit from companies accounted for under the equity method	79	93
Portfolio hedge, Eksportfinans ASA	–7	–36
Associated undertakings in Life, reported as Net result from items at fair value	14	10
Share in earnings	**86**	**67**

Nordea's share of the associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2013	31 Dec 2012
Total assets	5,069	6,975
Total liabilities	4,067	5,734
Operating income	588	455
Operating profit	78	98

Nordea has issued contingent liabilities of EUR 1,052m (EUR 731m) on behalf of associated undertakings.

G19 Investments in associated undertakings, cont.

31 Dec 2013	Registration number	Domicile	Carrying amount 2013, EURm	Carrying amount 2012, EURm	Voting power of holding %
Eksportfinans ASA	816521432	Oslo	184	129	23
Ejendomspartnerskabet af 1/7 2003	27134971	Ballerup	197	193	49
Suomen Luotto-osuuskunta	0201646–0	Helsinki	25	46	27
LR Realkredit A/S	26045304	Copenhagen	10	13	39
Realia Holding Oy	2106796-8	Helsinki	20	20	25
Samajet Nymøllevej 59–91	24247961	Ballerup	21	20	25
E-nettet Holding A/S	28308019	Copenhagen	2	2	20
Hovedbanens Forretningscenter K/S	16301671	Ballerup	15	14	50
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	9	9	33
Axel IKU Invest A/S	24981800	Copenhagen	—	1	33
Automatia Pankkiautomaatit Oy	0974651–1	Helsinki	8	8	33
KIFU-AX II A/S	25893662	Copenhagen	0	3	25
Bankernas Kontantservice A/S	33077599	Copenhagen	1	3	20
Bluegarden A/S (former Multidata Holding A/S)	27226027	Ballerup	3	0	29
Samejet Lautruphøj I/S	50857859	Ballerup	6	6	50
Nets Holding A/S	27225993	Ballerup	108	99	21
NF Fleet Oy	2006935–5	Espoo	3	2	20
Upplysningscentralen UC AB	556137–5113	Stockholm	3	3	26
Bankomat AB (former BAB Bankernas Automatbolag AB)	556817–9716	Stockholm	5	6	20
Other			10	8	
Total			**630**	**585**	

G20 Intangible assets

EURm	31 Dec 2013	31 Dec 2012
Goodwill allocated to cash generating units[1]		
Retail Banking Norway	847	958
Retail Banking Denmark	590	590
Retail Banking Sweden	231	237
Retail Banking Poland	—	66
Life & Pensions	309	310
Banking Russia	247	277
Shipping, Offshore & Oil services	197	218
Goodwill, total	**2,421**	**2,656**
Other intangible assets		
Computer software	757	694
Other intangible assets	68	75
Other intangible assets, total	**825**	**769**
Intangible assets, total	**3,246**	**3,425**

1) Excluding goodwill in associated undertakings.

Goodwill		
Acquisition value at beginning of year	2,657	2,576
Reclassification to assets held for sale	–65	—
Translation differences	–170	81
Acquisition value at end of year	**2,422**	**2,657**
Accumulated impairment charges at beginning of year	–1	–1
Accumulated impairment charges at end of year	**–1**	**–1**
Total	**2,421**	**2,656**

G20 Intangible assets, cont.

EURm	31 Dec 2013	31 Dec 2012
Computer software		
Acquisition value at beginning of year	1,041	854
Acquisitions during the year	191	171
Sales/disposals during the year	–4	–1
Reclassifications	–12	0
Translation differences	–32	17
Acquisition value at end of year	**1,184**	**1,041**
Accumulated amortisation at beginning of year	–305	–195
Amortisation according to plan for the year	–89	–106
Accumulated amortisation on sales/disposals during the year	3	0
Reclassifications	2	0
Translation differences	9	–4
Accumulated amortisation at end of year	**–380**	**–305**
Accumulated impairment charges at beginning of year	–42	–8
Impairment charges during the year	–17	–38
Reclassifications	9	4
Translation differences	3	0
Accumulated impairment charges at end of year	**–47**	**–42**
Total	**757**	**694**
Other intangible assets		
Acquisition value at beginning of year	215	216
Reclassification to assets held for sale	–13	—
Acquisitions during the year	13	6
Sales/disposals during the year	–3	–11
Reclassifications	–14	–2
Translation differences	6	6
Acquisition value at end of year	**204**	**215**
Accumulated amortisation at beginning of year	–136	–117
Reclassification to assets held for sale	10	—
Amortisation according to plan for the year	–30	–24
Accumulated amortisation on sales/disposals during the year	3	9
Reclassifications	15	1
Translation differences	3	–5
Accumulated amortisation at end of year	**–135**	**–136**
Accumulated impairment charges at beginning of year	–4	–4
Reclassification to assets held for sale	3	—
Accumulated impairment charges at end of year	**–1**	**–4**
Total	**68**	**75**

Impairment test

A cash generating unit, defined as the operating segment, is the basis for the goodwill impairment test.

The impairment test is performed for each cash generating unit by comparing the carrying amount of the net assets, including goodwill, with the recoverable amount. The recoverable amount is the value in use and is estimated based on discounted cash flows. Due to the long-term nature of the investments, cash 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 2.5% (2.5%) has been used for all Nordic cash generating units. For cash generating units in Poland and Russia, 4.0% (3.0%) and 4.5% (4.5%) have been used. Growth rates are based on historical data, updated to reflect the current situation.

Cash flows include normalised loan losses.

The derived cash flows are discounted at a rate based on the market's long-term risk-free rate of interest and yield requirements. The post-tax discount rate used for the impairment test 2013 is 8.5% (8.5%), which equals a pre-tax rate of 11.3% (11.3%). For operations in Poland, an additional risk premium of 170 (150) basis points has been applied and for Russia an additional risk premium of 250 (225) basis points has been applied.

The impairment tests conducted in 2013 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, except for the Life business in Poland. An increase in the discount rate by 1 percentage point would result in an impairment of EUR 11m and a decrease in the growth rate by 1 percentage point would result in an impairment of EUR 6m in Life Poland.

G21 Property and equipment

EURm	31 Dec 2013	31 Dec 2012
Equipment	366	401
Land and buildings	65	73
Total	**431**	**474**
Equipment		
Acquisition value at beginning of year	1,022	960
Reclassified to assets held for sale	–50	—
Acquisitions during the year	140	139
Through mergers	–2	—
Sales/disposals during the year	–79	–59
Reclassifications	–49	–47
Translation differences	–29	29
Acquisition value at end of year	**953**	**1,022**
Accumulated depreciation at beginning of year	–619	–551
Reclassified to assets held for sale	29	—
Through mergers	1	—
Accumulated depreciation on sales/disposals during the year	60	43
Reclassifications	15	13
Depreciations according to plan for the year	–91	–110
Translation differences	22	–14
Accumulated depreciation at end of year	**–583**	**–619**
Accumulated impairment charges at beginning of year	–2	–12
Reclassification	1	10
Impairment charges during the year	–3	—
Accumulated impairment charges at end of year	**–4**	**–2**
Total	**366**	**401**
Land and buildings		
Acquisition value at beginning of year	82	81
Reclassified to assets held for sale	–10	—
Acquisitions during the year	1	1
Sales/disposals during the year	–1	–1
Reclassifications	0	–1
Translation differences	–4	2
Acquisition value at end of year	**68**	**82**
Accumulated depreciation at beginning of year	–9	–9
Reclassified to assets held for sale	6	—
Accumulated depreciation at end of year	**–3**	**–9**
Total	**65**	**73**

G22 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 2013	31 Dec 2012
Gross investments	7,751	7,986
Less unearned finance income	–343	–464
Net investments in finance leases	**7,408**	**7,522**
Less unguaranteed residual values accruing to the benefit of the lessor	–73	–81
Present value of future minimum lease payments receivable	**7,335**	**7,441**
Accumulated allowance for uncollectible minimum lease payments receivable	10	5

As of 31 December 2013 the gross investment and the net investment by remaining maturity was distributed as follows:

	31 Dec 2013	
EURm	Gross Investment	Net Investment
2014	1,829	1,801
2015	1,908	1,792
2016	1,557	1,512
2017	826	795
2018	599	566
Later years	1,032	942
Total	**7,751**	**7,408**

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 2013
2014	8
2015	6
2016	4
2017	2
2018	0
Later years	0
Total	**20**

Nordea as a lessee

Finance leases

Nordea has only to a minor extent entered into finance lease agreements. The carrying amount of assets subject to finance leases amounts to EUR 27m (EUR 30m).

Operating leases

Nordea has entered into operating lease agreements for premises and office equipment.

Leasing expenses during the year, EURm	31 Dec 2013	31 Dec 2012
Leasing expenses during the year	–250	–246
– of which minimum lease payments	–227	–240
– of which contingent rents	–23	–6
Leasing income during the year regarding sublease payments	8	7

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

EURm	31 Dec 2013
2014	194
2015	150
2016	118
2017	102
2018	87
Later years	389
Total	**1,040**

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 16m.

G23 Investment property

Movement in the balance sheet

EURm	31 Dec 2013	31 Dec 2012
Carrying amount at beginning of year	3,408	3,644
Acquisitions during the year	504	116
Sales/disposals during the year	–219	–181
Net gains or losses from fair value adjustments	–40	–48
Transfers/reclassifications during the year	–5	–3
Translation differences	–124	–120
Carrying amount at end of year	**3,524**	**3,408**

Amounts recognised in the income statement[1]

EURm	2013	2012
Rental income	236	244
Direct operating expenses that generate rental income	–45	–59
Direct operating expenses that did not generate rental income	–8	–2

1) Together with fair value adjustments included in Net result from items at fair value.

The method applied when calculating fair value is a rate of return calculation, based on internal models. As a supplement to these values, appraisals were obtained from independent external valuers for parts of the investment property.

Approximately 80% of the investment properties are valued using internal models based on a rate of return calculation. For the remaining 20% of the investment properties, appraisals were obtained from independent external valuers.

Geographical information

31 Dec 2013, EURm	Carrying amount
Denmark	1,674
Norway	899
Finland	690
Sweden	76
Other	185
Total	**3,524**

Yield requirements, average	Denmark	Norway	Finland	Sweden
Department stores, multistorey, car parks and hotels	7.6%	6.4%	6.0%	6.8%
Office buildings	6.1%	6.5%	6.5%	—
Apartment buildings	5.8%	6.1%	5.3%	4.3%
Other	—	7.3%	7.8%	6.5%

G24 Other assets

EURm	31 Dec 2013	31 Dec 2012
Claims on securities settlement proceeds	2,977	5,299
Cash/margin receivables	6,122	7,810
Other	1,965	2,445
Total	**11,064**	**15,554**

G25 Prepaid expenses and accrued income

EURm	31 Dec 2013	31 Dec 2012
Accrued interest income	1,123	1,302
Other accrued income	477	451
Prepaid expenses	783	806
Total	**2,383**	**2,559**

G26 Deposits by credit institutions

EURm	31 Dec 2013	31 Dec 2012
Central banks	12,632	8,699
Banks	30,699	30,647
Other credit institutions	15,759	16,080
Total	**59,090**	**55,426**

G27 Deposits and borrowings from the public

EURm	31 Dec 2013	31 Dec 2012
Deposits from the public	172,331	182,061
Borrowings from the public	28,412	18,617
Total	**200,743**	**200,678**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included. Portfolio schemes in Nordea Bank Danmark A/S of EUR 4,302m (EUR 3,891m) are also included in Deposits.

G28 Liabilities to policyholders

EURm	31 Dec 2013	31 Dec 2012
Traditional life insurance provisions	20,613	23,399
– of which guaranteed provisions	20,520	23,266
– of which non-guaranteed provisions	93	133
Unit-linked insurance provisions	9,321	7,169
– of which guaranteed provisions	290	285
– of which non-guaranteed provisions	9,031	6,884
Insurance claims provision	420	463
Provisions, Health & personal accident	238	259
Total insurance contracts	**30,592**	**31,290**
Investment contracts	13,737	12,106
– of which guaranteed provisions	3,431	3,786
– of which non-guaranteed provisions	10,306	8,320
Collective bonus potential	2,897	1,924
Total	**47,226**	**45,320**

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 2013, EURm	Traditional life insurance provisions	Unit–linked insurance provisions	Insurance claims provisions	Provisions, Health & personal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/bonus potentials, beginning of year	**23,399**	**7,169**	**463**	**259**	**12,106**	**1,924**	**45,320**
Gross premiums written	1,090	1,571	—	—	3,615	—	6,276
Reclassification to liabilities held for sale	–6	–188	–13	–4	–305	—	–516
Transfers	363	–345	—	—	–484	—	–466
Addition of interest/investment return	523	413	—	—	1,119	—	2,055
Claims and benefits	–2,377	–641	–24	–4	–1,866	—	–4,912
Expense loading including addition of expense bonus	–113	–64	—	—	–83	—	–260
Change in provisions/bonus potential	0	0	—	–9	—	1,027	1,018
Other	–1,593	1,445	—	—	7	–12	–153
Translation differences	–673	–39	–6	–4	–372	–42	–1,136
Provisions/bonus potentials, end of year	**20,613**	**9,321**	**420**	**238**	**13,737**	**2,897**	**47,226**
Provision relating to bonus schemes/ discretionary participation feature:	99%				20%		

31 Dec 2012, EURm	Traditional life insurance provisions	Unit–linked insurance provisions	Insurance claims provisions	Provisions, Health & personal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/bonus potentials, beginning of year	**23,572**	**4,899**	**428**	**277**	**10,226**	**1,313**	**40,715**
Gross premiums written	1,833	1,112	—	—	2,582	—	5,527
Transfers	–1,055	1,135	—	—	–166	—	–86
Addition of interest/investment return	573	580	—	—	1,157	—	2,310
Claims and benefits	–2,373	–513	30	–34	–1,744	—	–4,634
Expense loading including addition of expense bonus	–82	–47	—	—	–85	—	–214
Change in provisions/bonus potential	—	—	—	13		584	597
Other	711	–16	—	—	–100	4	599
Translation differences	220	19	5	3	236	23	506
Provisions/bonus potentials, end of year	**23,399**	**7,169**	**463**	**259**	**12,106**	**1,924**	**45,320**
Provision relating to bonus schemes/ discretionary participation feature:	98%				25%		

G28 Liabilities to policyholders, cont.

Insurance risks
Insurance risk is described in the "Risk, Liquidity and Capital management" section of the Board of Directors' Report. Additional quantitative information is found below.

Life insurance risk and market risks in the Life insurance operations

	31 Dec 2013		31 Dec 2012	
Sensitivites EURm	Effect on policyholders	Effect on Nordea's own account	Effect on policyholders	Effect on Nordea's own account
Mortality – increased living with 1 year	–179.9	–76.7	–149.3	–130.5
Mortality – decreased living with 1 year	252.5	–0.5	270.9	9.4
Disability – 10% increase	–27.0	–21.7	–24.2	–14.1
Disability – 10% decrease	43.6	5.3	35.8	0.1
50 bp increase in interest rates	–415.5	12.2	–486.1	4.0
50 bp decrease in interest rates	517.1	–12.2	369.6	–4.4
12% decrease in all share prices	–1,027.3	–42.5	–844.8	–9.1
8% decrease in property value	–241.1	–2.1	–192.5	–30.8
8% loss on counterparts	–24.1	–1.1	–67.1	–0.2

Liabilities to policyholders divided in guarantee levels (technical interest rate)

31 Dec 2013, EURm	Non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	19,429	3,885	12,166	8,048	143	43,671

31 Dec 2012, EURm	Non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	15,336	4,081	13,186	9,568	503	42,674

Risk profiles on insurance

Product	Risk types	Material effect
Traditional	– Mortality	Yes
	– Disability	Yes
	– Return guarantees	Yes
Unit-Link	– Mortality	Yes
	– Disability	Yes
	– Return guarantees	No
Health and personal accident	– Mortality	No
	– Disability	Yes
	– Return guarantees	No
Financial contract	– Mortality	No
	– Disability	No
	– Return guarantees	No

G29 Debt securities in issue

EURm	31 Dec 2013	31 Dec 2012
Certificates of deposit	16,329	18,627
Commercial papers	35,975	38,524
Bond loans	133,208	126,649
Other	90	108
Total	**185,602**	**183,908**

G30 Other liabilities

EURm	31 Dec 2013	31 Dec 2012
Liabilities on securities settlement proceeds	2,458	7,758
Sold, not held, securities	10,995	6,136
Accounts payable	186	225
Cash/margin payables	5,867	5,787
Other	5,231	4,867
Total	**24,737**	**24,773**

G31 Accrued expenses and prepaid income

EURm	31 Dec 2013	31 Dec 2012
Accrued interest	1,999	2,185
Other accrued expenses	1,331	1,330
Prepaid income	347	388
Total	**3,677**	**3,903**

G32 Provisions

EURm	31 Dec 2013	31 Dec 2012
Reserve for restructuring costs	89	109
Transfer risk, off-balance	12	19
Individually assessed guarantees and other commitments	49	65
Tax	2	132
Other	25	64
Total	**177**	**389**

EURm	Restructuring	Transfer risk	Guarantees/ commitments	Tax	Other	Total
At beginning of year	109	19	65	132	64	389
Reclassified to liabilities held for sale	–5	—	—	—	—	–5
New provisions made	18	4	21	4	7	54
Provisions utilised	–26	—	–10	–133	–13	–182
Reversals	–4	–11	–26	—	–30	–71
Reclassifications	–1	—	—	—	–2	–3
Translation differences	–2	0	–1	–1	–1	–5
At end of year	**89**	**12**	**49**	**2**	**25**	**177**

Provisions for restructuring costs amounts to EUR 89m and covers termination benefit (EUR 83m) and other provisions mainly related to redundant premises (EUR 6m). The restructuring activities have mainly been launched to reach the anticipated cost efficiency and profitability, and as a part of this Nordea plans to reduce the number of employees, partly through close down of branches. The majority of the provision is expected to be used during 2014-2015. As with any other provision there is an uncertainty around timing and amount, which is expected to decrease as the plan is being executed.

Provision for Transfer risk of EUR 12m is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note G13. Provision for transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed guarantees and other commitments amounted to EUR 49m.

Provision for legal disputes amounts to EUR 13m (EUR 8m expected to be settled 2014) and other provisions to EUR 12m (EUR 4m expected to be settled 2014).

G33 Retirement benefit obligations

EURm	31 Dec 2013	31 Dec 2012
Defined benefit plans, net	13	327
Total	**13**	**327**

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 is 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 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 follows 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 follows 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 assumption. 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
2013				
Discount rate[2]	3.75%	4.00%	3.50%	3.50%
Salary increase	2.50%	3.00%	2.50%	2.50%
Inflation	1.50%	2.00%	1.50%	2.00%
2012				
Discount rate[2]	3.50%	4.00%	3.50%	3.50%
Salary increase	2.50%	3.00%	3.00%	2.50%
Inflation	1.50%	2.00%	2.00%	2.00%

1) The assumptions disclosed for 2013 have an impact on the liability calculation by year-end 2013, while the assumptions disclosed for 2012 are used for calculating the pension expense in 2013.

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 Pension Benefit Obligation (PBO) %	Swe	Nor	Fin	Den
Discount rate – Increase 50bps	–7.1%	–6.7%	–6.3%	–4.9%
Discount rate – Decrease 50bps	8.0%	7.6%	7.2%	5.3%
Salary increase – Increase 50bps	2.3%	2.4%	0.4%	5.4%
Salary increase – Decrease 50bps	–1.5%	–2.1%	–0.4%	–5.0%
Inflation – Increase 50bps	7.1%	6.1%	4.3%	—
Inflation – Decrease 50bps	–6.2%	–5.6%	–4.0%	—

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 enables the reader 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 2012 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 PBO in Denmark.

G33 Retirement benefit obligations, cont.

Net retirement benefit liabilities/assets

EURm	Swe 2013	Nor 2013	Fin 2013	Den 2013	Total 2013	Total 2012
Obligations	1,368	829	818	115	3,130	3,452
Plan assets	1,412	650	927	128	3,117	3,125
Net liability(–)/asset(+)	**44**	**–179**	**109**	**13**	**–13**	**–327**
– of which retirement benefit liabilities	119	179	25	11	334	469
– of which retirement benefit assets	163	—	134	24	321	142

Changes in the obligation

EURm	Swe 2013	Nor 2013	Fin 2013	Den 2013	Total 2013	Total 2012
Opening balance	1,496	945	894	117	3,452	3,580
Current service cost	27	19	3	0	49	64
Interest cost	51	33	30	4	118	124
Pensions paid	–74	–38	–42	–8	–162	–165
Past service cost and settlements	–2	–3	–1	—	–6	–36
Remeasurement from changes in demographic assumptions	—	4	–1	1	4	0
Remeasurement from changes in financial assumptions	–54	—	–48	—	–102	–187
Remeasurement from experience adjustments	–4	–8	–15	1	–26	30
Translation differences	–45	–115	–2	0	–162	120
Change in provision for SWT/SSC[1]	–27	–8	—	—	–35	–78
Closing balance	**1,368**	**829**	**818**	**115**	**3,130**	**3,452**

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 years in Sweden, 14 years in Norway, 14 years in Finland and 11 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.

Changes in the fair value of plan assets

EURm	Swe 2013	Nor 2013	Fin 2013	Den 2013	Total 2013	Total 2012
Opening balance	1,404	673	916	132	3,125	2,848
Interest income (calculated using the discount rate)	49	26	31	5	111	106
Pensions paid	—	–19	–42	–8	–69	–72
Settlements	—	–1	1	—	0	–4
Contributions by employer	12	45	10	—	67	18
Remeasurement (actual return less interest income)	–8	12	13	–1	16	142
Translation differences	–45	–86	–2	0	–133	87
Closing balance	**1,412**	**650**	**927**	**128**	**3,117**	**3,125**

Asset composition

The combined return on assets in 2013 was 4.1% (8.7%). Main drivers were positive returns on equities, credit investment and real estate whereas sovereign bonds subtracted from the result. At the end of the year the equity exposure in pension funds/foundations represented 25% (21%) of total assets.

G33 Retirement benefit obligations, cont.

Asset composition in funded schemes	Swe 2013	Nor 2013	Fin 2013	Den 2013	Total 2013	Total 2012
Bonds	73%	52%	58%	82%	65%	67%
– sovereign	35%	41%	37%	46%	38%	51%
– covered bonds	25%	11%	5%	36%	17%	8%
– corporate bonds	13%	—	16%	—	10%	8%
– issued by Nordea entities	—	11%	—	25%	3%	1%
– with quoted market price in an active market	73%	52%	58%	82%	65%	67%
Equity	25%	26%	27%	17%	25%	21%
– domestic	8%	7%	9%	17%	8%	7%
– european	7%	8%	8%	—	7%	6%
– US	6%	7%	6%	—	6%	5%
– emerging	4%	4%	4%	—	4%	3%
– with quoted market price in an active market	25%	26%	27%	17%	25%	21%
Real estate[1]	—	14%	13%	—	7%	7%
– occupied by Nordea	—	—	4%	—	1%	1%
Cash and cash equivalents	2%	8%	2%	1%	3%	5%

1) The geographical location of the real estate follows the geographical location of the relevant pension plan.

The Group expects to contribute EUR 51m to its defined benefit plans in 2014.

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 61m (EUR 66m). 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, EURm	Swe 2013	Nor 2013	Fin 2013	Den 2013	Total 2013	Total 2012
Current service cost	27	19	3	0	49	64
Net interest	2	7	–1	–1	7	18
Past service cost and settlements	–2	–2	–2	—	–6	–32
SWT/SSC[1]	8	3	—	—	11	16
Pension cost on defined benefit plans (expense+/income–)	**35**	**27**	**0**	**–1**	**61**	**66**

1) Cost related to special wage tax (SWT) in Sweden and social security contribution (SSC) in Norway.

Compared with the pension cost 2012, excluding past service cost, the pension cost has decreased in 2013. Mainly as a consequence of the change of actuarial assumptions at the end of 2012.

Recognised in other comprehensive income, EURm	Swe 2013	Nor 2013	Fin 2013	Den 2013	Total 2013	Total 2012
Remeasurement from changes in demographic assumptions	—	4	–1	1	4	0
Remeasurement from changes in financial assumptions	–54	—	–48	—	–102	–187
Remeasurement from experience adjustments	–4	–8	–15	1	–26	30
Remeasurement of plan assets (actual return less interest income)	8	–12	–13	1	–16	–142
SWT/SSC[1]	–13	–2	—	—	–15	–63
Pension cost on defined benefit plans (expense+/income–)	**–63**	**–18**	**–77**	**3**	**–155**	**–362**

1) Cost related to special wage tax (SWT) in Sweden and social security contribution (SSC) in Norway.

G33 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 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 2013 is 2% 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 62. Total premiums paid in 2013 amounts to EUR 2m. Payments to the plan during 2013 covered 2,958 employees. The premium rate for 2014 will be 2.2% 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 2014 amounts to EUR 2.7m.

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 35m (EUR 36m) 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 2013 were EUR 2m (EUR 2m). Complete information concerning key management personnel is disclosed in Note G7.

G34 Subordinated liabilities

EURm	31 Dec 2013	31 Dec 2012
Dated subordinated debenture loans	4,107	5,160
Undated subordinated debenture loans	574	666
Hybrid capital loans	1,864	1,971
Total	**6,545**	**7,797**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans and hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

G35 Assets pledged as security for own liabilities

EURm	31 Dec 2013	31 Dec 2012
Assets pledged for own liabilities		
Lease agreements	—	77
Securities etc[1]	19,944	20,753
Loans to the public	128,766	110,964
Other assets pledged	25,708	28,130
Total	**174,418**	**159,924**
The above pledges pertain to the following liabilities		
Deposits by credit institutions	9,892	12,300
Deposits and borrowings from the public	11,681	9,029
Derivatives	5,990	8,044
Debt securities in issue	92,176	86,653
Other liabilities and commitments	20,203	21,241
Total	**139,942**	**137,267**

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 G45, 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.

G36 Other assets pledged

EURm	31 Dec 2013	31 Dec 2012
Other assets pledged[1]		
Securities etc.	7,412	10,281
Other assets pledged	55	63
Total	**7,467**	**10,344**

1) Collaterals 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 accounted for under this item.

Securities etc. includes interest-bearing securities pledged as security for payment settlements within the central banks and clearing institutions. The terms and conditions require day to day security and relate to liquidity intraday/over night. Other assets pledged relate to pledged deposits.

G37 Contingent liabilities

EURm	31 Dec 2013	31 Dec 2012
Guarantees		
– Loan guarantees	3,560	4,016
– Other guarantees	15,409	14,828
Documentary credits	1,831	2,231
Other contingent liabilities	70	82
Total	**20,870**	**21,157**

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. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are off-balance sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

Nordea Bank AB (publ) has undertaken, in relation to certain individuals and on certain conditions, to be responsible for the potential payment liability against them in their capacity as managing directors or board member in group undertakings to Nordea Bank AB (publ).

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age. For further disclosures, see Note G7.

Legal proceedings

Within the framework of the normal business operations, the Group faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently, none of the current disputes are considered likely to have any significant adverse effect on the Group or its financial position.

G38 Commitments

EURm	31 Dec 2013	31 Dec 2012
Future payment obligations	422	545
Credit commitments[1]	78,332	84,914
Other commitments	845	749
Total	**79,599**	**86,208**

1) Including unutilised portion of approved overdraft facilities of EUR 44,053m (EUR 45,796m).

Reverse repurchase agreements are recognised on and derecognised from the balance sheet on settlement date. Nordea has as per 31 December 2013 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 2013. The net impact on the balance sheet is minor. These instruments have not been disclosed as commitments.

For information about derivatives, see Note G17 and about reverse repos, see Note G45.

G39 Insurance activities

Operating profit, insurance

EURm	2013	2012
Operating income[1]		
Fee and commission income	400	335
Fee and commission expense	–134	–124
Net fee and commission income	**266**	**211**
Net result on items at fair value	219	279
Operating income	**485**	**490**
Operating expenses		
Staff costs	–123	–117
Other expenses	–82	–79
Depreciation, amortisation and impairment charges of tangible and intangible assets	–11	–14
Total operating expenses	**–216**	**–210**
Operating profit, insurance	**269**	**280**

1) Before allocations and elimination of intra-group transactions.

Operating profit, insurance

EURm	2013	2012
Technical result		
Premiums written	6,375	5,149
Investment income, investment contracts	1,120	1,136
Investment income, insurance contracts	1,583	2,470
Other technical income	126	128
Claims paid	–4,912	–4,278
Change in technical provisions, investment contracts	–2,374	–1,766
Change in technical provisions, insurance contracts	–286	–1,667
Change in collective bonus potential	–1,046	–582
Operating expenses	–341	–331
Technical result	**245**	**259**
Non-technical investment income	24	21
Operating profit	**269**	**280**

Balance sheet

EURm	31 Dec 2013	31 Dec 2012
Assets		
Cash and balances with central banks	0	1
Loans to the public	0	571
Loans to credit institutions	1,686	1,802
Interest bearing securities	23,243	25,405
Shares and participations	23,292	19,096
Derivatives	692	752
Participating interests	240	234
Intangible assets	324	332
Tangible assets	23	27
Investment property	3,367	3,261
Deferred tax assets	8	16
Current tax assets	2	—
Retirement benefit assets	—	7
Other assets	490	559
Prepaid expenses and accrued income	204	545
Assets held for sale	673	—
Total assets	**54,244**	**52,608**
– of which intra-group transactions	4,245	4,973
Liabilities		
Deposits by credit institutions and central banks	2,992	1,999
Deposits and borrowings from the public	0	387
Liabilities to Life insurance policyholders	47,226	45,320
Derivatives	516	518
Current tax liabilities	106	65
Other liabilities	330	1,652
Accrued expenses and deferred income	140	212
Deferred tax liabilities	251	294
Provisions	3	6
Retirement benefit obligation	11	8
Subordinated liabilities	515	530
Liabilities held for sale	646	—
Total liabilities	**52,736**	**50,991**
Equity	**1,508**	**1,617**
Total liabilities and equity	**54,244**	**52,608**
– of which intra-group transactions	2,907	3,294

G40 Capital adequacy

Capital adequacy is a measure of the financial strength of a bank, usually expressed as a ratio of capital to assets. There is now a worldwide capital adequacy standard (Basel II) drawn up by the Basel Committee on Banking Supervision. Within the EU, the capital adequacy requirements are outlined in the CRD.

Over the years, amendments have been made to the first version of the CRD regulation. The amendments were implemented at the end of 2010 and 2011 and strengthened the large exposure regime, increased the quality of the capital base and added stricter securitisation regulation. The final version of the Capital Requirement Directive (CRD IV) and Capital Requirement Regulation (CRR) which was published in June 2013, 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. The Directive will be implemented through national law whitin all EU countries during 2014 , while the Regulation will be applicable in all EU countries from 1 January 2014.

The Basel II framework is built on three Pillars:

- Pillar I – requirements for the calculation of RWA and capital requirements
- Pillar II – rules for the Supervisory Review Process (SRP), including the Internal Capital Adequasy 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 buiness environment in order to assess the adequacy of capitalisation and to determine an internal capital requirements reflecting the risks of the institution.

The ICAAP is a continuous process which increases awareness of capital requirements and exposure to material risks throughout the organisation, both in the business area and legal entity dimensions. Stress tests are important drivers of risk awareness, looking at capital and risk from a firm-wide perspective on a regular basis and on an ad-hoc basis for specific areas or segments. The process includes a regular dialogue with supervisory authorities, rating agencies and other external stakeholders with respect to capital management, measurement and mitigation techniques used.

Nordea's capital levels continue to be adequate to support the risks taken, both from an internal perspective as well as from the perspective of supervisors. Heading into 2014, Nordea will continue to closely follow the development of the new capital requirement regime as well as maintain its open dialouge with the supervisory authorities.

The disclosures in this note cover the Nordea Financial Group as defined on page 148. The comparative figures have not been restated for IAS 19. All disclosures are made for total operations.

Bridge between IFRS equity and core tier 1 capital

EURm	31 Dec 2013	31 Dec 2012
Balance sheet equity	29,209	28,216
Adjustment NLP & AFS	–859	–949
Subtotal	**28,350**	**27,267**
Dividend	–1,734	–1,370
Goodwill	–2,176	–2,346
Intangible assets	–811	–748
Deferred taxes	–68	–201
Cash Flow hedges	19	16
Shortfall deduction (50%)	–369	–554
Deduction for investments in credit institutions (50%)	–99	–103
Core tier 1 capital	**23,112**	**21,961**

Items included in the capital base

EURm	31 Dec 2013	31 Dec 2012
Tier 1 capital		
Paid-up capital	4,050	4,050
Share premium	1,080	1,080
Eligible capital	**5,130**	**5,130**
Reserves	20,120	19,028
Minority interests	2	5
Income from current year	3,116	3,120
Eligible reserves	**23,238**	**22,153**
Core tier 1 capital (before deductions)	**28,368**	**27,283**
Subordinated capital loans	**1,949**	**1,992**
Deductions for investments in insurance companies (50%)	–616	—
Proposed/actual dividend	–1,734	–1,370
Deferred tax assets	–68	–201
Intangible assets	–2,987	–3,094
Deductions for investments in credit institutions	–99	–103
IRB provisions shortfall (–)	–369	–554
Deductions	**–5,873**	**–5,322**
Tier 1 capital (net after deductions)	**24,444**	**23,953**
– of which hybrid capital	1,949	1,992
– of which deductions for investments in insurance companies (50%)	–616	—
– of which core tier 1 capital (net of deductions)	23,112	21,961
Tier 2 capital		
Undated sudordinated loans	682	708
Dated sudordinated loans	4,107	4,676
Other additional own funds	81	56
Tier 2 capital (before deductions)	**4,870**	**5,440**
Deductions for investments in credit institutions	–99	–103
IRB provisions excess (+)/shortfall (–)	–369	–554
Deductions	**–468**	**–657**
Tier 2 capital (net after deductions)	**4,402**	**4,783**
Deductions for investments in insurance companies (50%)	–616	–1,236
Pension assets in excess of related liabilities	–190	–226
Capital base	**28,040**	**27,274**

G40 Capital adequacy, cont.

Core tier 1 capital and tier 1 capital

Core tier 1 capital is defined as eligible capital including eligible reserves, net of regulatory required deductions made directly to core tier 1 capital. The capital recognised as core tier 1 capital holds the ultimate characteristics for loss absorbance defined from a going concern perspective and represents the most subordinated claim in the event of liquidation. The tier 1 capital is defined as core tier 1 capital and capital of the same or close to the character of eligible capital and eligible reserves. Tier 1 capital can include a limited component of undated subordinated capital loans.

Eligible capital and eligible reserves

Paid up capital is the share capital contributed by shareholders, including the share premium paid. Eligible reserves consist primarily of retained earnings, other reserves, minority interests and income from current year. Retained earnings are earnings from previous years reported via the income statement. Other reserves are related to revaluation and translation reserves referred to acquisitions and associated companies under the equity method. The equity interests of minority shareholdings in companies that are fully consolidated in the financial group are also included. Positive income from current year is included as eligible capital after verification by the external auditors, however negative income must be deducted. Repurchased own shares or own shares temporary included in trading portfolios are deducted from eligible reserves.

Tier 1 instruments comprise only 8% of tier 1 capital in Nordea; that is, the predominant share of tier 1 capital consists of capital considered as of the highest quality.

Tier 1 instruments subject to limits

The inclusion of undated subordinated loans in tier 1 capital is restricted and repurchase can normally not take place until five years after original issuance of the instrument.

Undated subordinated loans may be repaid only upon decision by the Board of Directors in Nordea and with the permission of the Swedish FSA. Further, there are restrictions related to step-up conditions, order of priority, and interest payments under constraint conditions. Currently, the inclusion of undated subordinated capital as a component of tier 1 capital is limited by regulation to 50% net of relevant deductions. For the tier 1 loans, conditions specify appropriation in order to avoid being obliged to enter into liquidation. To the extent that may be required to avoid liquidation, the principal amounts of tier 1 loans (together with accrued interest) would be written down and converting such amount into a conditional capital contribution.

Tier 2 capital

Tier 2 capital must be subordinated to depositors and general creditors of the bank. It cannot be secured or covered by a guarantee of the issuer or related entity or include any other arrangement that legally or economically enhances the seniority of the claim vis-a`-vis depositors and other bank creditors.

Tier 2 subordinated loans

Tier 2 capital consists mainly of subordinated debt. Tier 2 capital includes two different types of subordinated loan capital; undated loans and dated loans. According to the regulation, tier 2 capital may not exceed tier 1 capital and dated tier 2 loans must not exceed 50% of tier 1 capital. The limits are set net of deductions.

The basic principle for subordinated debt in the capital base is the order of priority in case of a default or bankruptcy situation. Under such conditions, the holder of the subordinated loan would be repaid after other creditors, but before shareholders. The share of outstanding loan amount possible to include in the tier 2 capital related to dated loans is reduced if the remaining maturity is less than five years.

During 2013 Nordea called EUR 500m of its tier 2 loan. As of year-end, Nordea held EUR 4.1bn in dated subordinated loans and EUR 0.7bn in undated subordinated loans.

The table below shows the carrying outstanding amounts of undated and dated loans included in the capital base. Call date is where the issuer has the legal right to redeem outstanding loan amounts according the terms of agreement. The loans and the principles for time-reductions follow Swedish legislation. The carrying amounts in the table may deviate from capital amounts used in the capital base due to swap arrangements and adjustments for maturities.

Other tier 2 capital

Other additional funds consists of adjustment to valuation differences in available for sale equities transferred to core additional own funds. Unrealised gains from equity holdings classified as available for sale securities can according to regulation only be included in tier 2 capital.

G40 Capital adequacy, cont.

Dated and undated loans

Dated loans, tier 2

Issuer	Carrying amount EURm	Capital base 31 Dec 2013	Start	Maturity	Call date	Step-up
Nordea Bank AB	899	899	2011	May 2021		N
Nordea Bank AB	747	747	2012	Feb 2022	Feb 2017	N
Nordea Bank AB	996	996	2010	Mar 2020		N
Nordea Bank AB	747	747	2010	Mar 2021		N
Nordea Bank AB	718	718	2012	Sep 2022		N
Total dated loans	**4,107**	**4,107**				

Undated loans, tier 1

Issuer	Carrying amount EURm	Capital base 31 Dec 2013	Start	Maturity	Call date	Step-up
Nordea Bank AB	361	386	2009	n/a	Mar 2015	Y
Nordea Bank AB	361	361	2009	n/a	Mar 2015	Y
Nordea Bank AB	435	484	2005	n/a	Apr 2015	Y
Nordea Bank AB	138	145	2005	n/a	Mar 2035	Y
Nordea Bank AB	69	73	2005	n/a	Oct 2035	Y
Nordea Bank AB	500	500	2004	n/a	Mar 2014[1]	N
Total undated loans, tier 1	**1,864**	**1,949**				

Undated loans, tier 2

Issuer	Carrying amount EURm	Capital base 31 Dec 2013	Start	Maturity	Call date	Step-up
Nordea Bank Norway ASA	145	145	1986	n/a	May 2014[1]	N
Nordea Bank Finland Plc	360	468	2004	n/a	Jul 2014	Y
Nordea Bank Finland Plc	69	69	1999	n/a	Feb 2029	Y
Total undated loans, tier 2	**574**	**682**				

Total	**6,545**	**6,738**

1) First call date has passed.

G40 Capital adequacy, cont.

Capital requirements and RWA

EURm	31 Dec 2013 Capital requirement	31 Dec 2013 Basel II RWA	31 Dec 2012 Capital requirement	31 Dec 2012 Basel II RWA
Credit risk	**10,376**	**129,705**	**11,627**	**145,340**
IRB foundation	8,965	112,061	9,764	122,050
– of which corporate	6,787	84,844	7,244	90,561
– of which institutions	468	5,848	671	8,384
– of which retail SME	104	1,298	915	11,439
– of which retail mortgage	862	10,772	721	9,007
– of which retail other	622	7,778	101	1,264
– of which other	122	1,521	112	1,395
Standardised	1,411	17,644	1,863	23,290
– of which sovereign	34	428	34	426
– of which institution	49	611	47	583
– of which corporate	301	3,768	732	9,160
– of which retail	862	10,776	860	10,752
– of which other	165	2,061	190	2,369
Market risk	**700**	**8,753**	**506**	**6,323**
– of which trading book, Internal Approach	410	5,131	312	3,897
– of which trading book, Standardised Approach	186	2,321	138	1,727
– of which banking book, Standardised Approach	104	1,301	56	699
Operational risk	**1,344**	**16,796**	**1,298**	**16,229**
Standardised	1,344	16,796	1,298	16,229
Sub total	**12,420**	**155,254**	**13,431**	**167,892**
Adjustment for transition rules				
Additional capital requirement according to transition rules	4,318	53,969	3,731	46,631
Total	**16,738**	**209,223**	**17,162**	**214,523**

Capital requirements for market risk, 31 December 2013

EURm	Trading book, IA RWA	Trading book, IA Capital requirement	Trading book, SA RWA	Trading book, SA Capital requirement	Banking book, SA RWA	Banking book, SA Capital requirement	Total RWA	Total Capital requirement
Interest rate risk[1]	1,667	133	1,796	144	—	—	3,463	277
Equity risk	160	13	276	22	—	—	436	35
Foreign exchange risk	243	19	—	—	1,301	104	1,544	123
Commodity risk	—	—	249	20	—	—	249	20
Diversification effect	–1,061	–85	—	—	—	—	–1,061	–85
Stressed Value-at-Risk	2,698	216	—	—	—	—	2,698	216
Incremental Risk Charge	1,003	80	—	—	—	—	1,003	80
Comprehensive Risk Charge	421	34	—	—	—	—	421	34
Total	**5,131**	**410**	**2,321**	**186**	**1,301**	**104**	**8,753**	**700**

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

The Nordea Group may transfer capital within its legal entities without material restrictions. International transfers of capital between legal entities are normally possible after approval by the local regulator and are of importance in governing the capital position of the Group. The guarantee schemes introduced within the EU in 2008 limit the transferability of capital under certain circumstances, which serves to impact cross-border financial groups. No such restrictions were however directly affecting Nordea as per end of 2013.

More Capital Adequacy information for the Group can be found in the Capital management section page 63 and in the Pillar III report.

G40 Capital adequacy, cont.

Specification over group undertakings consolidated/deducted from the Nordea Financial Group, 31 December 2013

Group undertakings included in the Nordea Financial Group	Number of shares	Carrying amount EURm	Voting power of holding	Domicile	Consolidation method
Nordea Bank Finland Plc	1,030,800,000	5,959	100%	Helsinki	Purchase method
Nordea Finance Finland Ltd			100%	Espoo	Purchase method
Nordea Bank Danmark A/S	50,000,000	4,010	100%	Copenhagen	Purchase method
Nordea Finans Danmark A/S			100%	Høje Taastrup	Purchase method
Nordea Kredit Realkreditaktieselskab			100%	Copenhagen	Purchase method
Fionia Asset Company A/S			100%	Copenhagen	Purchase method
Nordea Bank Norge ASA	551,358, 576	2,733	100%	Oslo	Purchase method
Nordea Eiendomskreditt AS			100%	Oslo	Purchase method
Nordea Finans Norge AS			100%	Oslo	Purchase method
Privatmegleren AS			100%	Oslo	Purchase method
Nordea Bank Polska S.A.	55,061,403	343	99.2%	Gdynia	Purchase method
OOO Promyshlennaya Companiya Vestcon	4,601,942,680	659	100%	Moscow	Purchase method
OJSC Nordea Bank			100%	Moscow	Purchase method
Nordea Hypotek AB (publ)	100,000	1,998	100%	Stockholm	Purchase method
Nordea Fonder AB	15,000	242	100%	Stockholm	Purchase method
Nordea Bank S.A.	999,999	455	100%	Luxembourg	Purchase method
Nordea Finans Sverige AB (publ)	1,000,000	124	100%	Stockholm	Purchase method
Nordea Funds Ltd	3,350	174	100%	Helsinki	Purchase method
Nordea Ejendomsinvestering A/S	1,000	29	100%	Copenhagen	Purchase method
Nordea IT Polska S.p. z.o.o	100	40	100%	Warzaw	Purchase method
Nordea Investment Management AB	12,600	237	100%	Stockholm	Purchase method
Nordea Life Holding AB	1,000	719	100%	Stockholm	Purchase method
Other companies		1			Purchase method
Total included in the capital base		**17,723**			

Group undertakings deducted from the capital base	Carrying amount EURm	Voting power of holding	Domicile
Nordea Life Holding AB, including debt from parent company	1,233	100%	Stockholm
Total group undertakings deducted from the capital base	**1,233**		

Over 10% investments in credit institutions deducted from the capital base, including debt from group undertakings			
Eksportfinans ASA	184	23%	Oslo
NF Fleet Oy	3	20%	Espoo
LR Realkredit A/S	10	39%	Copenhagen
Other	1		
Total investments in credit institutions deducted from the capital base[1]	**198**		

1) Other associated undertakings are consolidated using the equity method.

G41 Classification of financial instruments

31 Dec 2013, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Assets held for sale	Total
Assets									
Cash and balances with central banks	33,529	—	—	—	—	—	—	—	33,529
Loans to central banks	11,014	—	755	—	—	—	—	—	11,769
Loans to credit institutions	4,281	—	5,851	611	—	—	—	—	10,743
Loans to the public	250,026	—	39,159	53,266	—	—	—	—	342,451
Interest-bearing securities	—	5,359	35,326	18,627	—	28,002	—	—	87,314
Financial instruments pledged as collateral	—	—	9,575	—	—	—	—	—	9,575
Shares	—	—	9,909	23,358	—	4	—	—	33,271
Derivatives	—	—	69,045	—	1,947	—	—	—	70,992
Fair value changes of the hedged items in portfolio hedge of interest rate risk	203	—	—	—	—	—	—	—	203
Investments in associated undertakings	—	—	—	—	—	—	630	—	630
Intangible assets	—	—	—	—	—	—	3,246	—	3,246
Property and equipment	—	—	—	—	—	—	431	—	431
Investment property	—	—	—	—	—	—	3,524	—	3,524
Deferred tax assets	—	—	—	—	—	—	62	—	62
Current tax assets	—	—	—	—	—	—	31	—	31
Retirement benefit assets	—	—	—	—	—	—	321	—	321
Other assets	4,057	—	—	6,122	—	—	885	—	11,064
Prepaid expenses and accrued income	1,886	—	20	—	—	—	477	—	2,383
Assets held for sale	—	—	—	—	—	—	—	8,895	8,895
Total	**304,996**	**5,359**	**169,640**	**101,984**	**1,947**	**28,006**	**9,607**	**8,895**	**630,434**

31 Dec 2013, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Liabilities held for sale	Total
Liabilities							
Deposits by credit institutions	23,064	2,743	—	33,283	—	—	59,090
Deposits and borrowings from the public	26,743	5,804	—	168,196	—	—	200,743
Liabilities to policyholders	—	13,737	—	—	33,489	—	47,226
Debt securities in issue	6,955	35,121	—	143,526	—	—	185,602
Derivatives	64,588	—	1,336	—	—	—	65,924
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	1,734	—	—	1,734
Current tax liabilities	—	—	—	—	303	—	303
Other liabilities	10,996	5,867	—	5,747	2,127	—	24,737
Accrued expenses and prepaid income	29	427	—	1,890	1,331	—	3,677
Deferred tax liabilities	—	—	—	—	935	—	935
Provisions	—	—	—	—	177	—	177
Retirement benefit liabilities	—	—	—	—	334	—	334
Subordinated liabilities	—	—	—	6,545	—	—	6,545
Liabilities held for sale	—	—	—	—	—	4,198	4,198
Total	**132,375**	**63,699**	**1,336**	**360,921**	**38,696**	**4,198**	**601,225**

G41 Classification of financial instruments, cont.

31 Dec 2012, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	36,060	—	—	—	—	—	—	36,060
Loans to central banks	7,207	—	798	—	—	—	—	8,005
Loans to credit institutions	2,911	—	6,683	975	—	—	—	10,569
Loans to the public	266,996	—	26,120	53,135	—	—	—	346,251
Interest-bearing securities	755	6,497	36,214	20,762	—	22,398	—	86,626
Financial instruments pledged as collateral	—	—	7,970	—	—	—	—	7,970
Shares	—	—	8,950	19,168	—	10	—	28,128
Derivatives	—	—	115,706	—	3,083	—	—	118,789
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–711	—	—	—	—	—	—	–711
Investments in associated undertakings	—	—	—	—	—	—	585	585
Intangible assets	—	—	—	—	—	—	3,425	3,425
Property and equipment	—	—	—	—	—	—	474	474
Investment property	—	—	—	—	—	—	3,408	3,408
Deferred tax assets	—	—	—	—	—	—	266	266
Current tax assets	—	—	—	—	—	—	78	78
Retirement benefit assets	—	—	—	—	—	—	142	142
Other assets	6,742	—	—	7,810	—	—	1,002	15,554
Prepaid expenses and accrued income	2,083	—	—	25	—	—	451	2,559
Total	**322,043**	**6,497**	**202,441**	**101,875**	**3,083**	**22,408**	**9,831**	**668,178**

31 Dec 2012, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	17,320	2,538	—	35,568	—	55,426
Deposits and borrowings from the public	16,919	7,381	—	176,378	—	200,678
Liabilities to policyholders	—	12,106	—	—	33,214	45,320
Debt securities in issue	7,572	30,864	—	145,472	—	183,908
Derivatives	113,202	—	1,001	—	—	114,203
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	1,940	—	1,940
Current tax liabilities	—	—	—	—	391	391
Other liabilities	6,136	5,787	—	10,408	2,442	24,773
Accrued expenses and prepaid income	—	470	—	2,103	1,330	3,903
Deferred tax liabilities	—	—	—	—	976	976
Provisions	—	—	—	—	389	389
Retirement benefit liabilities	—	—	—	—	469	469
Subordinated liabilities	—	—	—	7,797	—	7,797
Total	**161,149**	**59,146**	**1,001**	**379,666**	**39,211**	**640,173**

Loans designated at fair value through profit or loss

EURm	31 Dec 2013	31 Dec 2012
Carrying amount	53,877	54,110
Maximum exposure to credit risk	53,877	54,110
Carrying amount of credit derivatives used to mitigate the credit risk	—	—

G41 Classification of financial instruments, cont.

Financial assets and liabilities designated at fair value through profit or loss

Changes in fair values of financial liabilities attributable to changes in credit risk

The financial liabilities designated at fair value through profit or loss exposed to changes in credit risk are issued bonds in the Danish group undertaking Nordea Kredit Realkreditaktieselskab, EUR 35,121m (EUR 30,864m), the funding of the Markets operation, EUR 14,841m (EUR 16,176m) and investment contracts in Life, EUR 13,737m (EUR 12,106m). The funding of Markets is generally of such a short term nature that the effect of changes in own credit risk is not significant. The value of the investment contracts in Life is directly linked to the assets in the contracts and there is consequently no effect from changes in own credit risk in these contracts.

The fair value of bonds issued by Nordea Kredit Realkreditaktieselskab increased by EUR 16m (increased EUR 89m) in 2013 due to changes in own credit risk. The cumulative change since designation is a decrease of EUR 596m (decrease EUR 626m). The method used to estimate the amount of changes in fair value attributable to changes in market conditions is based on relevant benchmark interest rates, which are the average yields on Danish and German (EUR) government bonds.

For the issued mortgage bonds a change in the liability's credit risk and price will have a corresponding effect on the value of the loans. The reason is that a change in the price of the bonds will be offset by the opposite change in the value of the prepayment option of the loan.

Changes in fair values of financial assets attributable to changes in credit risk

Lending designated at fair value through profit or loss exposed to changes in credit risk consist of lending in the Danish group undertaking Nordea Kredit Realkreditaktieselskab, EUR 48,829m (EUR 48,091m) and lending in the Markets operation, EUR 5,048m (EUR 6,019m). The fair value of lending in Nordea Kredit Realkreditaktieselskab increased by EUR 9m (decreased EUR 119m) in 2013 due to changes in credit risk. The cumulative change since designation is a decrease of EUR 160m (decrease EUR 169m). The method used to estimate the amount of change in the fair value attributable to changes in credit risk is simular to the incurred loss impairment model for amortised cost assets under IAS 39. The lending in Markets is generally of such a short term nature (mainly overnight deposits) that the effect of changes in credit risk is not significant. Also instruments classified as "Other assets" and "Prepaid expenses and accrued income" are of such a short-term nature that the impact from changes in credit risk is not significant.

Comparison of carrying amount and contractual amount to be paid at maturity

2013, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	63,699	63,037

2012, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	59,146	57,906

Liabilities to policyholders have no fixed maturities and there is no fixed amount to be paid. The amount disclosed to be paid at maturity has been set to the carrying amount.

G42 Assets and liabilities at fair value

Fair value of financial assets and liabilities

	31 Dec 2013		31 Dec 2012	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	33,529	33,529	36,060	36,060
Loans	365,166	365,166	364,114	364,370
Interest-bearing securities	87,314	87,439	86,626	86,995
Financial instruments pledged as collateral	9,575	9,575	7,970	7,970
Shares	33,271	33,271	28,128	28,128
Derivatives	70,992	70,992	118,789	118,789
Other assets	10,179	10,179	14,552	14,552
Prepaid expenses and accrued income	1,906	1,906	2,108	2,108
Total	**611,932**	**612,057**	**658,347**	**658,972**
Financial liabilities				
Deposits and debt instruments	453,714	455,368	449,749	448,954
Liabilities to policyholders	13,737	13,737	12,106	12,106
Derivatives	65,924	65,924	114,203	114,203
Other liabilities	22,610	22,610	22,331	22,331
Accrued expenses and prepaid income	2,346	2,346	2,573	2,573
Total	**558,331**	**559,985**	**600,962**	**600,167**

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.

G42 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 2013, EURm	Quoted prices in active markets for the same instrument (Level 1)	– of which Life	Valuation technique using observable data (Level 2)	– of which Life	Valuation technique using non-observable data (Level 3)	– of which Life	Total
Assets at fair value on the balance sheet[1]							
Loans to central banks	—	—	755	—	—	—	755
Loans to credit institutions	—	—	6,462	—	—	—	6,462
Loans to the public	—	—	92,425	—	—	—	92,425
Interest-bearing securities[2]	59,276	11,641	31,745	6,882	478	104	91,499
Shares[3]	28,004	18,995	1,457	1,454	3,841	2,842	33,302
Derivatives	195	128	69,361	26	1,436	—	70,992
Investment property	—	—	—	—	3,524	3,367	3,524
Other assets	—	—	6,122	—	—	—	6,122
Prepaid expenses and accrued income	—	—	20	—	—	—	20
Total	**87,475**	**30,764**	**208,347**	**8,362**	**9,279**	**6,313**	**305,101**
Liabilities at fair value on the balance sheet[1]							
Deposits by credit institutions	—	—	25,807	1,168	—	—	25,807
Deposits and borrowings from the public	—	—	32,547	—	—	—	32,547
Liabilities to policyholders	—	—	13,737	13,737	—	—	13,737
Debt securities in issue	35,121	—	6,955	—	—	—	42,076
Derivatives	35	—	64,490	—	1,399	—	65,924
Other liabilities	8,939	—	7,923	—	1	—	16,863
Accrued expenses and prepaid income	—	—	456	—	—	—	456
Total	**44,095**	**—**	**151,915**	**14,905**	**1,400**	**—**	**197,410**

1) All items are measured at fair value on a recurring basis at the end of each reporting period.
2) Of which EUR 9,544m relates to the balance sheet item Financial instruments pledged as collateral.
3) Of which EUR 31m relates to the balance sheet item Financial instruments pledged as collateral.

31 Dec 2012, EURm	Quoted prices in active markets for the same instrument (Level 1)	– of which Life	Valuation technique using observable data (Level 2)	– of which Life	Valuation technique using non-observable data (Level 3)	– of which Life	Total
Assets at fair value on the balance sheet[1]							
Loans to central banks	—		798	—	—	—	798
Loans to credit institutions	34	—	7,624	—	—	—	7,658
Loans to the public	—	—	79,255	—	—	—	79,255
Interest-bearing securities[2]	57,852	16,768	28,368	5,558	1,118	719	87,338
Shares[3]	24,760	16,886	—	—	3,374	2,210	28,134
Derivatives	175	156	116,698	78	1,916	—	118,789
Other assets	—	—	7,810	—	—	—	7,810
Prepaid expenses and accrued income	—	—	25	—	—	—	25
Total	**82,821**	**33,810**	**240,578**	**5,636**	**6,408**	**2,929**	**329,807**
Liabilities at fair value on the balance sheet[1]							
Deposits by credit institutions	—	—	19,858	—	—	—	19,858
Deposits and borrowings from the public	—	—	24,300	—	—	—	24,300
Liabilities to policyholders	—	—	12,106	12,106	—	—	12,106
Debt securities in issue	30,864	—	7,572	—	—	—	38,436
Derivatives	53	—	112,566	—	1,584	—	114,203
Other liabilities	4,873	—	7,050	—	—	—	11,923
Accrued expenses and prepaid income	—	—	470	—	—	—	470
Total	**35,790**	**—**	**183,922**	**12,106**	**1,584**	**—**	**221,296**

1) All items are measured at fair value on a recurring basis at the end of each reporting period.
2) Of which EUR 7,964m relates to the balance sheet item Financial instruments pledged as collateral.
3) Of which EUR 6m relates to the balance sheet item Financial instruments pledged as collateral.

G42 Assets and liabilities at fair value, cont.

Assets and liabilities held at fair value on the balance sheet
Fair value measurements of assets and liabilites carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy that reflects the observability and significance of inputs. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

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 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 and investment properties. This is generally also the case for more complex OTC derivatives, including OTC derivatives where less active markets supply input to the valuation techniques or models, certain complex or structured financial instruments such as CLNs and CDOs, and illiquid interest bearing securities. Complex valuation models are generally characterised by the use of unobservable and model specific parameters.

All valuation models, both complex and simple models, make use of market parameters. These parameters comprise interest rates, volatilities, correlations etc. Some of these parameters are observable while others are not. For non-exotic currencies the interest rates are all observable, and the volatilities and the correlations of the interest rates and FX rates are observable up to a certain maturity. Volatilities and correlations are also observable for the most liquid equity instruments in the short end. For less liquid equity instruments, and for commodities, the option market is fairly illiquid, and hence the volatilities and correlations are unobservable. For each instrument the sensitivity towards unobservable parameters is measured. If the impact from unobservable parameters on the valuation is significant the instrument is categorised as Level 3 in the fair value hierarchy.

For interest-bearing securities the categorisation into the three levels are based on the internal pricing methodology. These instruments can either be directly quoted in active markets (Level 1) or measured using a methodology giving a quote based on observable inputs (Level 2). Level 3 bonds are characterised by illiquidity.

For OTC derivatives valuation models are used for establishing fair value. For collateralised contracts OIS interest rates are used for discounting. These rates are observable in the market. The valuation is in addition based on several other market parameters, depending on the nature of the contract. Complex valuation models are used for more exotic OTC derivatives. The models are usually in-house developed, and based on assumptions about the behaviour of the underlying asset and statistical scenario analysis. As mentioned above OTC derivatives are generally categorised as Level 2 in the fair value 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. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counterparty credit risk and liquidity risk. An important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

The portfolio adjustment for uncertainties associated with model assumptions comprises two components (the calculation principles are defined as part of the internal approval process for valuation models):
- Benchmarking of the model output (market values) against market information or against results from alternative models, where available.
- Sensitivity calculations where unobservable parameters are changed to other reasonable values.

The portfolio adjustment for counterparty risk in OTC-derivatives is based on the current exposure towards each counter-

G42 Assets and liabilities at fair value, cont.

part, the estimated potential future exposure as well as an estimate of the cost of hedging the counterparty risk. This cost of hedging is either based directly on market prices (where available) or on a theoretical calculation based on the internal credit rating of the counterpart.

As from 2013 Nordea also takes into account Nordea's credit spread in the valuation of derivatives (DVA). The change in valuation did not have any significant impact on the financial statements.

Financial assets and liabilities with offsetting positions in market risk or credit risk are measured on the basis of the price that would be received to sell the net asset exposed to that particular risk or paid to transfer the net liability exposed to that particular risk.

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 2,893m (EUR 9,558m) from Level 1 to Level 2 and EUR 1,092m (EUR 1,447m) from Level 2 to Level 1 of the fair value hierarchy. Nordea also transfered shares of EUR 966m (EUR 0m) and other liabilities of EUR 1,054m (EUR 0m) 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 qouted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the year.

Movements in Level 3

			Fair value gains/losses recognised in the income statement during the year								
2013, EURm	1 Jan 2013	Reclassification	Realised	Unrealised	Purchases/ Issues	Sales	Settlements	Transfers into level 3	Transfers out of level 3	Translation differences	31 Dec 2013
Intererest-bearing securities	1,118	–498	–10	65	105	–277	–12	—	—	–13	478
– of which Life	719	–498	–14	–2	10	–97	–1	—	—	–13	104
Shares	3,374	498	299	62	967	–1,125	–72	2	–137	–27	3,841
– of which Life	2,210	498	251	52	808	–752	–69	2	–137	–21	2,842
Derivatives (net)	332	—	287	–300	—	—	–287	5	—	0	37
Investment properties	3,408	—	1	–41	502	–223	—	—	—	–123	3,524
– of which Life	3,261	—	1	–41	445	–179	—	—	—	–120	3,367
Other liabilities	—	—	–20	0	608	—	–608	21	—	—	1

Unrealised gains and losses relate to those assets and liabilities held at the end of the year. During the year Nordea transferred shares of EUR 137m (EUR 10m) from Level 3 to Level 2 and EUR 2m (EUR 25m) from Level 2 to Level 3. Nordea also transferred other liabilities of EUR 21m (EUR 0m) 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.

G42 Assets and liabilities at fair value, cont.

2012, EURm	1 Jan 2012	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised	Purchases /Issues	Sales	Settle-ments	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2012
Intererest-bearing securities	1,149	16	55	156	–269	6	—	—	5	1,118
– of which Life	750	22	40	57	–156	—	—	—	6	719
Shares	4,921	74	84	1,435	–3,202	–4	25	–10	51	3,374
– of which Life	3,425	91	38	1,223	–2,593	—	25	–9	10	2,210
Derivatives (net)	–289	–264	621	—	—	264	—	—	—	332

The valuation processes for fair value measurements in Level 3

Financial instruments

Valuation principles in Nordea are determined in and approved by the Group Valuation Committee (GVC). GVC issues guiding policies to the business units on how to establish a robust valuation process and minimise the valuation uncertainty. The GVC also serves as escalation point.

The valuation process in Nordea consists of several steps. The first step is the initial end of day (EOD) marking of mid-prices. The mid-prices are either fixed by front office or received from external sources. The second step is the control part, which is performed by independent control units. The cornerstone in the control is the independent price verification (IPV). The IPV test comprises verification of the correctness of prices and other parameters used in the net present value (NPV) calculation, the adequacy of the valuation models, including an assessment of whether to use quoted prices or valuation models, and the reliability of the assumptions and parameters used in the valuation adjustments at portfolio level covering mainly liquidity (bid/offer spread), model and credit risk adjustments.

The verification of the correctness of prices and other parameters is carried out daily. Third-party information, such as broker quotes and pricing services, is used as benchmark data in the verification. The quality of the benchmark data is assessed on a regular basis. This quality assessment is used in the measurement of the valuation uncertainty.

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 metholodogies 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 enitity 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 is in accordance with international valuation principles and in accordance with IFRS.

In addition there is a newly established 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.

G42 Assets and liabilities at fair value, cont.

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

31 Dec 2013, EURm	Fair value	Of which Life[1]	Valuation techniques	Unobservable input	Range of fair value[2]
Interest-bearing securities					
Municipalities and other public bodies	29	29	Discounted cash flows	Credit spread	+/–0
Mortgage and other credit institutions[3]	359	8	Discounted cash flows	Credit spread	–20/20
Corporates	82	67	Discounted cash flows	Credit spread	–4/4
Other	8	—	—	—	–1/1
Total	**478**	**104**			**–25/25**
Shares					
Private equity funds	2,298	1,770	Net asset value[4]		
Hedge funds	458	178	Net asset value[4]		
Credit Funds	460	362	Net asset value/market consensus[4]		
Other funds	431	403	Net asset value/Fund prices[4]		
Other	194	129	—		
Total[5]	**3,841**	**2,842**			
Derivatives					
Interest rate derivatives	141	—	Option model	Correlations Volatilities	–7/5
Equity derivatives	–93	—	Option model	Correlations Volatilities Dividend	–17/11
Foreign exchange derivatives	103	—	Option model	Correlations Volatilities	+/–0
Credit derivatives	–129	—	Credit derivat model	Correlations Recovery rates	–7/9
Other	15	—	Option model	Correlations Volatilities	+/–0
Total	**37**	—			**–31/25**

1) Investment in financial instruments is a major part of the life insurance business, aquired to fulfill the obligations behind the insurance- and investment contracts. The gains or losses on these instruments are almost exclusively allocated to policyholders and do consequently not affect Nordea's equity.
2) Range of fair value for derivatives 31 Dec 2012 was EURm 20/–24 and for interest-bearing securities EURm 60/–60.
3) Of which EUR 155m is priced at a credit spread (the difference between the discount rate and LIBOR) of 1.45% and a resonable change of this credit spread would not affect the fair value due to callability features.
4) 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 methology used by the suppliers/custodians, is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA (European Venture Capital Association). Less than 15% of the private equity fund investment are internally adjusted/valued based the IPEV guidelines. These carrying amounts are in a range of 0% to 100% compared to the values received from suppliers/custodians.
5) Effects of reasonably possible alternative assumptions are EURm 381/–381 (EURm 315/–315).

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.

Fair value of assets and liabilities in Level 3 are estimated using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. For financial instruments portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques (for further information see Note G1 section 11 ”Determination of fair value of financial instruments”).

The column “range of fair value” and the footnote 2 and 5 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 range 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 range of 3-10 percentage units which are assessed to be reasonable changes in market movements.

G42 Assets and liabilities at fair value, cont.

31 Dec 2013, EURm	Fair value[1]	Of which Life	Valuation techniques	Unobservable input	Range of unobservable input	Weighted average of unobservable input
Investment properties						
Denmark	1,752	1,735	Discounted cash flows	Market rent	54–350 EUR/m²/year	107 EUR/m²/year
				Yield requirement		
				Commercial	6.0%–9.0%	7.6%
				Office	4.6%–9.5%	6.1%
				Apartment	3.5%–6.3%	5.8%
Norway	899	875	Discounted cash flows	Market rent	85–850 EUR/m²/year	203 EUR/m²/year
				Yield requirement		
				Commercial	5.3%–8.5%	6.4%
				Office	5.7%–8.5%	6.5%
				Apartment	5.8%–6.5%	6.1%
				Other	6.0%–8.0%	7.3%
Finland	793	681	Discounted cash flows[2]	Market rent	88–324 EUR/m²/year	148 EUR/m²/year
				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	76	76	Discounted cash flows[2]	Market rent	—	—
				Yield requirement		
				Commercial	6.8%–7.0%	6.8%
				Apartment	4.3%–4.3%	4.3%
				Other	5.0%–8.3%	6.5%
Other	4	—	Discounted cash flows	—	—	—
Total	**3,524**	**3,367**				

1) Split based on the valuation methodologies used in different countries, for split on actual geographic areas see Note G23.
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 rent or yield requirement in isolation would result in a significantly different fair value.

Deferred Day 1 profit

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (Level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (Day 1 profit) is deferred. For more information see, 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 (movement of deferred Day 1 profit).

Deferred day 1 profit – derivatives EURm	31 Dec 2013	31 Dec 2012
Amount at beginning of year	24	29
Deferred profit/loss on new transactions	26	7
Recognised in the income statement during the year	–12	–12
Amount at end of year	**38**	**24**

G42 Assets and liabilities at fair value, cont.

Financial assets and liabilities not held at fair value on the balance sheet.

31 Dec 2013, EURm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	33,529	33,529	1
Loans	265,524	265,524	3
Interest-bearing securities	5,359	5,484	1, 2
Other assets	4,057	4,057	3
Prepaid expenses and accrued income	1,886	1,886	3
Total	**310,355**	**310,480**	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	353,284	354,938	3
Other liabilities	5,747	5,747	3
Accrued expenses and prepaid income	1,890	1,890	3
Total	**360,921**	**362,575**	

Cash and balances with central banks
The fair value equals the carrying amount. The fair value is based on quoted prices in active markets for relevant currencies and therefore the fair value measurement is categorised into Level 1 in the fair value hierarchy.

Loans
The fair value of "Loans to central banks", "Loans to credit institutions" and "Loans to the public" has been calculated as the carrying amount adjusted for fair value changes in interest rate risk. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rates in the portfolios. No adjustment has been made for changes in fair value of credit risk. The average probability of default (PD) for loans to credit institutions and to corporates has been relatively unchanged. However the average PDs for retail customers has decreased which is an indication of that the fair value of loans to retail customers is higher than the calculated fair value. The fair value measurement is categorised into Level 3 in the fair value hierarchy.

Interest bearing-securities
The fair value is EUR 5,484m, of which EUR 234m is categorised in Level 1 and EUR 5,250m in Level 2. 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 caterorised into Level 3 in the fair value hierarchy.

G43 Financial instruments set off on balance or subject to netting agreements

31 Dec 2013, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	128,855	–58,132	70,723	–56,104	–1	–5,739	8,879
Reverse repurchase agreements	45,704	—	45,704	–24,267	–21,053	—	384
Securities borrowing agreements	4,397	—	4,397	—	–4,397	—	0
Total	**178,956**	**–58,132**	**120,824**	**–80,371**	**–25,451**	**–5,739**	**9,263**

31 Dec 2013, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	122,388	–58,132	64,256	–56,104	—	–4,586	3,566
Repurchase agreements	49,744	—	49,744	–24,267	–21,821	—	3,656
Securities lending agreements	3,063	—	3,063	—	–3,063	—	0
Total	**175,195**	**–58,132**	**117,063**	**–80,371**	**–24,884**	**–4,586**	**7,222**

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 2012, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	193,979	–76,707	117,272	–99,005	—	–6,888	11,379
Reverse repurchase agreements	33,309	—	33,309	–15,288	–17,797	—	224
Securities borrowing agreements	5,558	—	5,558	—	–5,558	—	0
Total	**232,846**	**–76,707**	**156,139**	**–114,293**	**–23,355**	**–6,888**	**11,603**

31 Dec 2012, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	188,014	–76,707	111,307	–99,005	—	–7,339	4,963
Repurchase agreements	34,514	—	34,514	–15,288	–19,141	—	85
Securities lending agreements	4,416	—	4,416	—	–4,416	—	0
Total	**226,944**	**–76,707**	**150,237**	**–114,293**	**–23,557**	**–7,339**	**5,048**

1) All amounts are measured at fair value.
2) Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Enforceable master netting arrangements and similar agreements

The fact that financial instruments are being accounted for on a gross basis on the balance sheet, would not imply that the financial instruments are not subject to master netting agreements or similar arrangements. Generally financial instruments (derivatives, repos and securities lending transactions), would be subject to master netting agreements, and as a consequence Nordea would be allowed to benefit from netting both in the ordinary course of business and in the case of default towards its counter parties, in any calculations involving counterparty credit risk. The reason why the netted exposures are not reflected under assets and liabilities on the balance sheet, would in most instances depend on the limited application of net settlement of financial transactions.

G44 Discontinued operations and disposal group held for sale

EURm	2013	2012
Net interest income	154	189
Net fee and commission income	38	36
Other operating income	7	13
Total operating income	**199**	**238**
Total operating expenses	–118	–122
Net loan losses	–26	–38
Operating profit	**55**	**78**
Income tax expense	–13	–21
Net profit for the period from discontinued operations	**42**	**57**
Net result for the period recognised on the measurement at fair value	1	—
Transaction and transition cost (including cost to sell)[1]	–34	—
Net profit for the period from discontinued operations after measurement at fair value less cost to sell	**9**	**57**

1) Income tax of EUR 9m deducted.

Balance sheet – Condensed[1]

EURm	31 Dec 2013
Assets	
Loans to the public	6,144
Interest-bearing securities	1,534
Shares	385
Total other assets	832
Total assets held for sale	**8,895**
Liabilities	
Deposits by credit institutions	78
Deposits and borrowings from the public	3,384
Liabilities to policyholders	625
Total other liabilities	111
Total liabilities held for sale	**4,198**

1) Includes the external assets and liabilities held for sale. The external funding of the Polish operations that will remain subsequent to the transaction is not included.

The impact from discontinued operations on other comprehensive income and cash flows can be found in the statement of comprehensive income and the cash flow statement for the Group. The EPS for discontinued operations can be found in Note G12.

Discontinued operations and assets/liabilities held for sale 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 Ubezpieczen na Zycie S.A., to PKO Bank Polski. The transaction is expected to be completed during the first half of 2014 and is subject to regulatory approvals. 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 & Baltics segment.

G45 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 that securities are returned to Nordea, all risks and rewards of the instruments transferred is retained by Nordea, although they are not available for Nordea during the period during which they are transferred. The counterpart in the transactions holds the securities as collateral, but has no recourse to other assets in Nordea.

The securities still reported on the balance sheet and the corresponding liabilities are measured at fair value.

EURm	31 Dec 2013	31 Dec 2012
Repurchase agreements		
Interest-bearing securities	8,703	7,964
Securities lending agreements		
Shares	31	6
Total	**8,734**	**7,970**

Liabilities associated with the assets

EURm	31 Dec 2013	31 Dec 2012
Repurchase agreements		
Deposits by credit institutions	3,154	3,082
Deposits and borrowings from the public	6,654	5,103
Securities lending agreements		
Deposits by credit institutions	84	46
Total	**9,892**	**8,231**
Net	**–1,158**	**–261**

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 2013	31 Dec 2012
Reverse repurchase agreements		
Received collaterals which can be repledged or sold	44,908	33,092
– of which repledged or sold	38,503	14,498
Securities borrowing agreements		
Received collaterals which can be repledged or sold	3,341	4,064
– of which repledged or sold	3,341	4,053
Total	**48,249**	**37,156**

G46 Investments, customer bearing the risk

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 2013	31 Dec 2012
Assets		
Interest-bearing securities	3,417	1,837
Shares	19,994	18,288
Other assets	1,501	236
Total assets	**24,912**	**20,361**
Liabilities		
Deposits and borrowings from the public	4,302	3,891
Insurance contracts	9,508	7,168
Investment contracts	11,102	8,911
Other liabilities	—	391
Total liabilities	**24,912**	**20,361**

G47 Maturity analysis for assets and liabilities

Expected maturity

EURm	Note	31 Dec 2013 Expected to be recovered or settled: Within 12 months	After 12 months	Total	31 Dec 2012 Expected to be recovered or settled: Within 12 months	After 12 months	Total
Cash and balances with central banks		33,529	—	33,529	36,060	—	36,060
Loans to central banks	G13	11,769	—	11,769	8,005	—	8,005
Loans to credit institutions	G13	9,782	961	10,743	9,333	1,236	10,569
Loans to the public	G13	147,611	194,840	342,451	130,999	215,252	346,251
Interest-bearing securities	G14	18,736	68,578	87,314	29,211	57,415	86,626
Financial instruments pledged as collateral	G15	6,905	2,670	9,575	4,663	3,307	7,970
Shares	G16	10,162	23,109	33,271	8,855	19,273	28,128
Derivatives	G17	7,854	63,138	70,992	10,858	107,931	118,789
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G18	17	186	203	85	–796	–711
Investments in associated undertakings	G19	—	630	630	—	585	585
Intangible assets	G20	—	3,246	3,246	—	3,425	3,425
Property and equipment	G21	11	420	431	—	474	474
Investment property	G23	74	3,450	3,524	30	3,378	3,408
Deferred tax assets	G11	35	27	62	64	202	266
Current tax assets		31	—	31	69	9	78
Retirement benefit assets	G33	1	320	321	—	142	142
Other assets	G24	11,046	18	11,064	15,430	124	15,554
Prepaid expenses and accrued income	G25	1,862	521	2,383	2,017	542	2,559
Assets held for sale	G44	8,895	—	8,895	—	—	—
Total assets		**268,320**	**362,114**	**630,434**	**255,679**	**412,499**	**668,178**
Deposits by credit institutions	G26	57,023	2,067	59,090	50,920	4,506	55,426
Deposits and borrowings from the public	G27	192,107	8,636	200,743	192,860	7,818	200,678
Liabilities to policyholders	G28	4,032	43,194	47,226	2,475	42,845	45,320
Debt securities in issue	G29	77,165	108,437	185,602	80,288	103,620	183,908
Derivatives	G17	8,457	57,467	65,924	11,929	102,274	114,203
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G18	117	1,617	1,734	–183	2,123	1,940
Current tax liabilities		276	27	303	365	26	391
Other liabilities	G30	24,697	40	24,737	24,739	34	24,773
Accrued expenses and prepaid income	G31	3,616	61	3,677	3,878	25	3,903
Deferred tax liabilities	G11	134	801	935	44	932	976
Provisions	G32	60	117	177	241	148	389
Retirement benefit liabilities	G33	6	328	334	—	469	469
Subordinated liabilities	G34	360	6,185	6,545	4	7,793	7,797
Liabilities held for sale	G44	4,198	—	4,198	—	—	—
Total liabilities		**372,248**	**228,977**	**601,225**	**367,560**	**272,613**	**640,173**

G47 Maturity analysis for assets and liabilities, cont.

Contractual undiscounted cash flows

31 Dec 2013, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	25,973	119,862	44,907	163,641	277,298	631,681
Non interest-bearing financial assets	—	—	—	—	117,167	117,167
Non-financial assets	—	—	—	—	9,607	9,607
Total assets	**25,973**	**119,862**	**44,907**	**163,641**	**404,072**	**758,455**
Interest-bearing financial liabilities	127,522	156,843	54,318	99,313	42,088	480,084
Non interest-bearing financial liabilities	—	—	—	—	107,086	107,086
Non-financial liabilities and equity	—	—	—	—	67,905	67,905
Total liabilities and equity	**127,522**	**156,843**	**54,318**	**99,313**	**217,079**	**655,075**
Derivatives, cash inflow	—	429,194	124,755	220,495	73,590	848,034
Derivatives, cash outflow	—	429,971	124,404	218,650	74,574	847,599
Net exposure	**—**	**–777**	**351**	**1,845**	**–984**	**435**
Exposure	**–101,549**	**–37,758**	**–9,060**	**66,173**	**186,009**	**103,815**
Cumulative exposure	**–101,549**	**–139,307**	**–148,367**	**–82,194**	**103,815**	**—**

31 Dec 2012, EURm[1]	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	63,013	89,716	45,366	160,314	235,881	594,290
Non interest-bearing financial assets	—	—	—	—	162,866	162,866
Non-financial assets	—	—	—	—	9,831	9,831
Total assets	**63,013**	**89,716**	**45,366**	**160,314**	**408,578**	**766,987**
Interest-bearing financial liabilities	130,149	154,543	52,233	94,060	43,770	474,755
Non interest-bearing financial liabilities	—	—	—	—	153,153	153,153
Non-financial liabilities and equity	—	—	—	—	67,216	67,216
Total liabilities and equity	**130,149**	**154,543**	**52,233**	**94,060**	**264,139**	**695,124**
Derivatives, cash inflow	—	463,465	174,888	242,633	82,232	963,218
Derivatives, cash outflow	—	475,595	173,266	234,307	79,811	962,979
Net exposure	**—**	**–12,130**	**1,622**	**8,326**	**2,421**	**239**
Exposure	**–67,136**	**–76,957**	**–5,245**	**74,580**	**146,860**	**72,102**
Cumulative exposure	**–67,136**	**–144,093**	**–149,338**	**–74,758**	**72,102**	**—**

1) The figures have been restatet due to forward starting bonds.

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 78,332m (EUR 84,914m), which could be drawn on at any time. Nordea has also issued guarantees of EUR 18,969m (EUR 18,844m) which may lead to future cash outflows if certain events occur.

For further information about remaining maturity, see also the section of Risk, Liquidity and Capital management.

G48 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 31 Dec 2013	Associated undertakings 31 Dec 2012	Other related parties[1] 31 Dec 2013	Other related parties[1] 31 Dec 2012
Assets				
Loans	464	342	0	0
Interest-bearing securities	120	11	—	—
Derivatives	147	304	—	—
Investments in associated undertakings	630	585	—	—
Total assets	**1,361**	**1,242**	**0**	**0**
Liabilities				
Deposits	142	165	109	47
Debt securities in issue	11	39	—	—
Derivatives	34	4	—	—
Total liabilities	**187**	**208**	**109**	**47**
Off balance[2]	**8,086**	**9,997**	**—**	**—**

EURm	Associated undertakings 2013	Associated undertakings 2012	Other related parties[1] 2013	Other related parties[1] 2012
Net interest income	9	6	0	0
Net fee and commission income	6	4	1	1
Net result from items at fair value	18	121	—	—
Other operating income	0	0	—	—
Total operating expenses	0	–11	—	—
Profit before loan losses	**33**	**120**	**1**	**1**

1) Shareholders with significant influence and close family members to key management personell in Nordea Group as well as companies significantly influenced by key management personnel or by close family members to key management personnel in Nordea Group are considered to be related parties to Nordea. Included in this group of related parties are Sampo Oyj and Aegon Asset Management. If transactions with related companies are made in Nordea's and the related companies' ordinary course of business and on the same criteria and terms as those for comparable transactions with companies of similar standing, and if they did not involve more than normal risktaking, the transactions are not included in the table.
2) Including nominal values on derivatives.

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 13m. The agreement's expiring date corresponds with the maturity dates of the bonds included in the guarantee. The latest maturity is on 31 December 2023.

In 2009 Nordea entered into one transaction with a company under significant influence by a member of key management personnel, which is disclosed separately in this note due to the transaction's significance for the related company. The related company has a credit limit of EUR 27m, of which EUR 7m was utilised as of 31 December 2013. The latest maturity is 31 December 2014, with the possibility of yearly prolongation after a new credit review. Nordea has collateral in securities (shares) corresponding to 200 percent of the utilised credit limit. The transaction is made on the same criteria and terms as those for comparable transactions with companies of similar standing.

G49 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) 2013, which is available on www.nordea.com. Much of the information in this note is collected from the Pillar III report in order to fulfil the disclosure requirement regarding credit risk in the Annual report.

The Pillar III report contains the disclosures required by the Capital Requirements Directive (CRD). 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 2013	31 Dec 2012
On-balance sheet items	412,850	428,192
Off-balance sheet items	46,351	47,966
Securities financing	2,196	2,170
Derivatives	18,158	34,263
Exposure At Default (EAD)	**479,555**	**512,591**

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 CRD. The main differences are outlined in this section to illustrate the link between the different reporting methods. Original exposure is the exposure before taking into account substitution effects stemming from credit risk mitigation, credit conversion factors (CCFs) for off-balance sheet exposure and allowances within the standardised approach. In this note, however, exposure is defined as exposure at default (EAD) for IRB exposure and exposure value for standardised exposure, unless otherwise stated. In accordance with the CRD, credit risk exposure presented in this note is divided between exposure classes where each exposure class is divided into exposure types as follows:

- On-balance sheet items
- Off-balance sheet items (e.g. guarantees and unutilised amounts of credit facilities).
- Securities financing (e.g. reversed repurchase agreements and securities lending).
- Derivatives

Items presented in other parts of the Annual Report, are divided as follows (in accordance with the accounting standards):

- On-balance sheet items (e.g. loans to central banks and credit institutions, loans to the public, reversed repurchase agreements, positive fair value for derivatives and interest-bearing securities).
- Off-balance sheet items (e.g. guarantees and unutilised lines of credit).

The table below shows the link between the CRD credit risk exposure and items presented in the Annual Report.

On-balance sheet items

The following items have been excluded from the balance sheet, when calculating on-balance exposure in accordance with the CRD:

- Market risk related items in the trading book, such as certain interest-bearing securities and pledged instruments.
- Repos, derivatives and securities lending. These transactions are either included in the calculation of market risk in the trading book or reported as separate exposure types (derivatives or securities financing).
- Life insurance operations, (due to solvency regulation).
- Other, mainly allowances, intangible assets and deferred tax assets.

Off-balance sheet items

The following off-balance sheet items specified in the Annual Report are excluded when off-balance exposure is calculated in accordance with the CRD:

- Life insurance operations (due to solvency regulation).
- “Assets pledged as security for own liabilities“ and “Other assets pledged” (apart from leasing). These transactions are reported as, securities financing (i.e. a separate exposure type).
- Derivatives

Derivatives and securities financing

Derivatives can be both on-balance sheet (i.e. positive fair value) and off-balance (i.e. nominal amounts) in accordance with accounting standards. However, in the CRD, the derivatives and securities financing are reported as separate exposure types. Also, repurchase agreements and securities lending/borrowing transactions are on the balance sheet calculated based on nominal value. In the CRD calculations these exposure types are determined net of the collateral.

G49 Credit risk disclosures

On-balance sheet items

31 Dec 2013, EURm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Life insurance operations	Other	Assets held for sale[3]	Balance sheet
Cash and balances with central banks	34,082	—	—	1	—	–554	33,529
Loans to credit institutions and central banks	15,421	—	6,605	546	17	–77	22,512
Loans to the public	307,207	4,388	39,159	—	–2,159	–6,144	342,451
Interest-bearing securities and pledged instruments	52,042	25,523	—	20,858	—	–1,534	96,889
Derivatives[1]	—	—	70,840	154	—	–2	70,992
Intangible assets	—	—	—	324	2,987	–65	3,246
Other assets and prepaid expenses	5,347	18,632	65	28,009	386	8,376	60,815
Total assets	**414,099**	**48,543**	**116,669**	**49,892**	**1,231**	**0**	**630,434**
Exposure at default[2]	**412,850**						

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.
3) Assets held for sale are disclosed separately in the balance sheet but are included line by line in original exposure.

31 Dec 2012, EURm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Life insurance operations	Other	Balance sheet restatement[3]	Balance sheet
Cash and balances with central banks	36,059	—	—	1	—	—	36,060
Loans to credit institutions and central banks	10,431	—	8,146	2	–5	—	18,574
Loans to the public	318,029	4,502	26,178	571	–3,029	—	346,251
Interest-bearing securities and pledged instruments	57,109	22,680	—	23,120	—	–8,313	94,596
Derivatives[1]	—	—	118,660	129	—	—	118,789
Intangible assets	—	—	—	332	3,093	—	3,425
Other assets and prepaid expenses	7,185	20,067	55	23,480	625	–929	50,483
Total assets	**428,813**	**47,249**	**153,039**	**47,635**	**684**	**–9,242**	**668,178**
Exposure at default[2]	**428,192**						

1) Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives are included in the credit risk.
2) The on-balance exposure have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.
3) 2012 has been restated due to the changed presentation of forward starting bonds and the revised IAS 19.

Off-balance sheet items

31 Dec 2013, EURm	Credit risk in Basel II calculation	Life insurance operations	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	20,824	46	—	20,870
Commitments	79,012	547	40	79,599
Total	**99,836**	**593**	**40**	**100,469**

31 Dec 2013, EURm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	51,607	68	51,675	47%	24,146
Checking accounts	18,975	4,400	23,375	23%	5,346
Loan commitments	8,294	7,129	15,423	31%	4,843
Guarantees	19,681	2	19,683	59%	11,669
Other	1,279	34	1,313	26%	347
Total	**99,836**	**11,633**	**111,469**		**46,351**

G49 Credit risk disclosures

31 Dec 2012, EURm	Credit risk in Basel II calculation	Life insurance operations	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	21,106	51	—	21,157
Commitments	85,507	661	40	86,208
Total	**106,613**	**712**	**40**	**107,365**

31 Dec 2012, EURm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	52,925	85	53,009	48%	25,525
Checking accounts	20,540	4,198	24,738	22%	5,540
Loan commitments	11,704	2,722	14,426	32%	4,589
Guarantees	20,024	1	20,025	60%	11,925
Other	1,420	20	1,440	27%	387
Total	**106,613**	**7,026**	**113,638**		**47,966**

As of year-end 2013, 77% 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 2013, total exposures decreased primarily due to lower exposures in the corporate and institutions portfolios. Derivative exposures, especially within the institutions portfolio, significantly decreased during the year due to IMM approval.

Exposure classes split by exposure type

31 Dec 2013, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	78,719	1,951	147	3,232	84,049
Institutions	34,694	1,255	1,218	5,667	42,834
Corporate	127,638	34,044	739	8,234	170,655
Retail	158,228	9,077	1	96	167,402
Other[1]	13,571	24	91	929	14,615
Total exposure	**412,850**	**46,351**	**2,196**	**18,158**	**479,555**

31 Dec 2012, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	73,757	2,041	108	3,851	79,757
Institutions	42,084	1,748	1,388	20,417	65,637
Corporate	138,959	35,088	672	9,639	184,358
Retail	159,032	9,052	2	77	168,163
Other	14,360	37	0	279	14,676
Total exposure	**428,192**	**47,966**	**2,170**	**34,263**	**512,591**

Nordea is geographically well diversified and as of end 2013, no market accounts for more than 25% of the total exposure. The exposure in Sweden and Finland represents 25% and 23% of the total exposure in the Group respectively, while Denmark accounts for 23% and Norway 16%. In all the Nordic countries the total IRB exposures decreased in 2013 compared to 2012.

In Finland, the lower exposure in the IRB portfolio is attributable to decreases in institution and corporate exposures. For institutions the decrease relates mainly to derivative exposures as well as decreased lending. The majority of the Russian exposures moved from SA to IRB due to FIRB approval for institutions and corporate.

G49 Credit risk disclosures

Exposure split by geography and exposure classes

31 Dec 2013, EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Poland	Russia	Other	Total
Government, local authorities and central banks	55,891	15,252	19,862	6,161	14,616	729	1,118	207	26,104	84,049
Institutions	38,759	6,306	14,862	5,957	11,634	148	971	299	2,657	42,834
Corporate	148,606	37,447	37,839	33,619	39,701	5,568	1,903	4,324	10,254	170,655
Retail	166,080	52,002	36,040	28,719	49,319	963	211	64	84	167,402
Other[1]	7,272	1,438	2,830	765	2,239	2,384	4,005	464	490	14,615
Total exposure	**416,608**	**112,445**	**111,433**	**75,221**	**117,509**	**9,792**	**8,208**	**5,358**	**39,589**	**479,555**

31 Dec 2012, EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Poland	Russia	Other	Total
Government, local authorities and central banks	59,147	13,304	27,483	5,245	13,115	986	1,816	464	17,344	79,757
Institutions	61,529	6,382	30,282	7,899	16,966	83	1,152	200	2,673	65,637
Corporate	160,002	38,579	39,148	36,926	45,349	5,814	2,040	4,614	11,888	184,358
Retail	167,088	52,103	35,219	32,094	47,672	766	179	46	84	168,163
Other	6,971	1,853	1,636	525	2,957	2,227	4,272	716	490	14,676
Total exposure	**454,737**	**112,221**	**133,768**	**82,689**	**126,059**	**9,876**	**9,459**	**6,040**	**32,479**	**512,591**

1) Including exposures secured by real estate.

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 (i.e. statistical classification codes of economic activities in the European community).

The IRB corporate portfolio is well diversified between industries. The real estate management and investment sector is the largest sector which together with other financial institutions are the only sectors that account for more than 8% of the total exposure of EUR 480bn. During the year, the exposure class IRB institution decreased exposures to other financial institutions and to banks. The largest relative decrease was found within the other, public and organisations industry while the highest relative increase showed up within other materials (chemical, building materials etc.). The largest nominal increase and decrease appeared in retail mortgage and banks respectively.

Exposure split by industry group

EURm	31 Dec 2013	31 Dec 2012
Retail mortgage	139,521	137,828
Other retail	32,259	34,671
Central and local governments	38,970	37,312
Banks	72,456	85,062
Construction and engineering	5,450	5,863
Consumer durables (cars, appliances etc)	4,745	5,385
Consumer staples (food, agriculture etc)	13,500	14,124
Energy (oil, gas etc)	4,877	4,754
Health care and pharmaceuticals	1,852	2,412
Industrial capital goods	5,229	5,344
Industrial commercial services	15,048	16,692
IT software, hardware and services	1,843	1,944
Media and leisure	2,903	3,059
Metals and mining materials	1,015	1,111
Paper and forest materials	3,010	3,168
Real estate management and investment	43,852	46,461
Retail trade	12,285	13,308
Shipping and offshore	12,786	14,083
Telecommunication equipment	468	453
Telecommunication operators	2,015	2,002
Transportation	4,813	4,859
Utilities (distribution and production)	9,127	8,716
Other financial companies	27,575	35,927
Other materials (chemical, building materials etc)	8,329	7,150
Other	15,627	20,903
Total exposure	**479,555**	**512,591**

G49 Credit risk disclosures

The guarantees used as credit risk mitigation are to a large extent issued by central and regional governments in the Nordic countries. Banks and insurance companies are also important guarantors of credit risk. Only eligible providers of guarantees and credit derivatives can be recognised in the standardised and IRB approach for credit risk. All central governments, regional governments and institutions are eligible as well as some multinational development banks and international organisations. Guarantees issued by corporate entities can only be taken into account if their rating corresponds to A– (S&P's rating scale) or better.

Central governments and municipalities guarantee approximately 82% of the total guaranteed exposure. Exposure guarantee by these guarantors has an average risk weight of 0%. 4% of the total guaranteed exposure is guaranteed by IRB institutions. The remainder is guaranteed by IRB corporate guarantors, all with a rating of 5– or higher. Credit derivatives are only used as credit risk protection to a very limited extent since the credit portfolio is considered to be well diversified.

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2013, EURm	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
Government, local authorities and central banks	81,444	84,049	477	1
Institutions	45,067	42,834	703	350
Corporate	225,782	170,655	8,482	65,176
Retail	178,595	167,402	2,786	132,753
Other	15,247	14,615	4	7,360
Total exposure	**546,135**	**479,555**	**12,452**	**205,640**

31 Dec 2012, EURm	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
Government, local authorities and central banks	77,423	79,757	437	1
Institutions	67,552	65,637	427	7,642
Corporate	238,863	184,358	8,471	64,608
Retail	179,828	168,163	3,017	130,955
Other[1]	15,410	14,676	2	7,353
Total exposure	**579,076**	**512,591**	**12,354**	**210,559**

1) Including exposures secured by real estate.

The table below presents the distribution of collateral used in the capital adequacy calculation process. The table shows real estate to be constitute a major share of eligible collateral items in relative terms. The real estate collateral category also saw the largest relative increase the year. Commercial real estate and other physical collateral also increased while financial collateral and receivables decreased in relative terms. Real estate is commonly used as collateral for credit risk mitigation purposes. There is no certain concentration of real estate collateral to any particular region within the Nordic and Baltic countries. Other physical collateral consist mainly of ships.

Collateral distribution

	31 Dec 2013	31 Dec 2012
Financial Collateral	1.4%	4.7%
Receivables	1.1%	1.2%
Residential Real Estate	72.6%	70.6%
Commercial Real Estate	18.5%	17.5%
Other Physical Collateral	6.4%	6.0%
Total	**100.0%**	**100.0%**

G49 Credit risk disclosures

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 2013, the retail mortgage exposure increased in the LTV buckets representing LTV below 50%.

Loan-to-value distribution

	31 Dec 2013		31 Dec 2012	
Retail mortgage exposure	EURbn	%	EURbn	%
<50%	99.2	77	97.4	77
50–70%	20.9	16	20.7	16
70–80%	5.5	4	5.6	4
80–90%	2.1	2	2.3	2
>90%	1.2	1	1.2	1
Total	**128.9**	**100**	**127.1**	**100**

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 syntehetic CDOs. When Nordea sells protection in a CDO transaction, it carries the risk of losses in the reference portfolio if a credit event occurs. When Nordea buys protection in a CDO transaction, any losses in the reference portfolio triggered by a credit event are carried by the seller of protection.

Credit derivatives transactions create risk in similar manner to other derivative transactions. Counterparties in these transactions are typically subject to a financial collateral agreement, where the exposure is covered daily by collateral placements. CDO valuations are subject to fair value adjustments for model risk. These fair value adjustments are recognised in the income statement.

Collateralised Debt Obligations (CDO) – Exposure[1]

	31 Dec 2013		31 Dec 2012	
Nominal, EURm	Bought protection	Sold protection	Bought protection	Sold protection
CDOs, gross	1,266	1,587	1,833	2,816
Hedged exposures	965	966	1,442	1,444
CDOs, net[2]	**301[3]**	**621[4]**	**391[3]**	**1,372[3]**
– of which Equity	57	102	53	361
– of which Mezzanine	108	306	80	386
– of which Senior	136	213	258	625

1) First-to-Default swaps are not classified as CDOs and are therefore not included in the table. Net bought protection amounts to EUR 47m (EUR 214m) and net sold protection to EUR 18m (EUR 50m). 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 150m (EUR 349m) and sub investment grade EUR 151m (EUR 42m).
4) Of which investment grade EUR 326m (EUR 769m) and sub investment grade EUR 286m (EUR 101m) and not rated EUR 0m (EUR 0m).

Restructured loans and receivables current year[1]

EURm	31 Dec 2013	31 Dec 2012
Loans before restructuring, carrying amount	19	13
Loans after restructuring, carrying amount	0	6

1) Loans classified as impaired that subsequently have improved and are not classified as impaired at the reporting date.

Assets taken over for protection of claims[1]

EURm	31 Dec 2013	31 Dec 2012
Current assets, carrying amount:		
Land and buildings	123	142
Shares and other participations	25	18
Other assets	3	5
Total	**151**	**165**

1) In accordance with Nordea's policy for taking over assets for protection of claims, which is in compliance with the local Banking Business Acts, whereever Nordea is located. Assets, used as collateral for the loan, are generally taken over when the customer is not able to fulfil its obligations to Nordea. The assets taken over are, at the latest, disposed when full recovery is reached.

G49 Credit risk disclosures

The table below shows loans past due 6 days or more that are not considered impaired split by corporate and household customers. Past due loans to corporate customers that are not considered impaired were at end of 2013 EUR 1,257m down from EUR 1,929m one year ago, while past due loans for household customers decreased to EUR 1,539m (EUR 1,773m).

Past due loans, excluding impaired loans

	31 Dec 2013		31 Dec 2012	
EURm	Corporate customers	Household customers	Corporate customers	Household customers
6–30 days	714	974	1,157	1,168
31–60 days	317	316	358	315
61–90 days	66	126	80	137
>90 days	160	124	334	153
Total	**1,257**	**1,539**	**1,929**	**1,773**
Past due not impaired loans divided by loans to the public after allowances, %	0.68	0.98	1.06	1.12

The distribution of loans to corporate by size of loans, seen in the table below, shows a high degree of diversification where approximately 71% (69%) of the corporate volume represents loans up to EUR 50m per customer.

Loans to corporate customers, by size of loan

	31 Dec 2013		31 Dec 2012	
Size in EURm	Loans EURbn	%	Loans EURbn	%
0–10	83.8	45	78.9	43
10–50	47.0	25	46.2	25
50–100	18.3	10	21.8	12
100–250	23.4	13	25.1	14
250–500	9.8	5	8.8	5
500–	2.9	2	2.0	1
Total	**185.2**	**100**	**182.8**	**100**

Interest-bearing securities

	31 Dec 2013			31 Dec 2012		
EURm	At fair value	At amortised cost	Total	At fair value	At amortised cost	Total
State and sovereigns	21,258	164	21,422	20,547	280	20,827
Municipalities and other public bodies	2,042	448	2,490	4,684	802	5,486
Mortgage institutions	30,723	1,758	32,481	25,862	1,815	27,677
Other credit institutions	21,128	2,803	23,931	21,113	3,815	24,928
Corporates	5,909	186	6,095	4,280	540	4,820
Corporates, sub-investment grade	445	—	445	794	—	794
Other	450	—	450	2,094	—	2,094
Total	**81,955**	**5,359**	**87,314**	**79,374**	**7,252**	**86,626**

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Income statement, Parent company

EURm	Note	2013	2012
Operating income			
Interest income		2,140	2,656
Interest expense		–1,499	–1,932
Net interest income	P3	**641**	**724**
Fee and commission income		1,259	853
Fee and commission expense		–250	–230
Net fee and commission income	P4	**1,009**	**623**
Net result from items at fair value	P5	131	189
Dividends	P6	1,827	3,554
Other operating income	P7	674	501
Total operating income		**4,282**	**5,591**
Operating expenses			
General administrative expenses:			
Staff costs	P8	–982	–938
Other expenses	P9	–1,018	–842
Depreciation, amortisation and impairment charges of tangible and intangible assets	P10, P23, P24	–109	–105
Total operating expenses		**–2,109**	**–1,885**
Profit before loan losses		**2,173**	**3,706**
Net loan losses	P11	–124	–19
Impairment of securities held as financial non-current assets	P21	–4	–15
Operating profit		**2,045**	**3,672**
Appropriations	P12	102	–103
Income tax expense	P13	–192	–95
Net profit for the year		**1,955**	**3,474**

Statement of comprehensive income

EURm	2013	2012
Net profit for the year	**1,955**	**3,474**
Items that may be reclassified subsequently to the income statement		
Available for sale investments:[1]		
Valuation gains/losses during the year	4	30
Tax on valuation gains/losses during the year	–1	–6
Transferred to the income statement during the year	2	—
Tax on transfers to the income statement during the year	0	—
Cash flow hedges:		
Valuation gains/losses during the year	562	179
Tax on valuation gains/losses during the year	–124	–48
Transferred to the income statement during the year	–586	–176
Tax on transfers to the income statement during the year	129	46
Other comprehensive income, net of tax	**–14**	**25**
Total comprehensive income	**1,941**	**3,499**

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 2013	31 Dec 2012
Assets			
Cash and balances with central banks		45	180
Treasury bills	P14	4,952	5,092
Loans to credit institutions	P15	80,918	68,006
Loans to the public	P15	34,155	36,214
Interest-bearing securities	P16	11,128	11,594
Financial instruments pledged as collateral	P17	737	104
Shares	P18	5,351	4,742
Derivatives	P19	4,219	5,852
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	–11	–1,157
Investments in group undertakings	P21	17,723	17,659
Investments in associated undertakings	P22	7	8
Intangible assets	P23	729	670
Property and equipment	P24	118	121
Deferred tax assets	P13	28	19
Current tax assets		0	41
Other assets	P25	2,533	1,713
Prepaid expenses and accrued income	P26	1,291	1,272
Total assets		**163,923**	**152,130**
Liabilities			
Deposits by credit institutions	P27	17,500	19,342
Deposits and borrowings from the public	P28	47,531	50,263
Debt securities in issue	P29	62,961	48,285
Derivatives	P19	3,627	4,166
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	715	16
Current tax liabilities		11	3
Other liabilities	P30	4,173	1,635
Accrued expenses and prepaid income	P31	1,150	1,468
Deferred tax liabilities	P13	10	8
Provisions	P32	184	148
Retirement benefit liabilities	P33	166	182
Subordinated liabilities	P34	5,971	7,131
Total liabilities		**143,999**	**132,647**
Untaxed reserves	P35	**3**	**108**
Equity			
Share capital		4,050	4,050
Share premium reserve		1,080	1,080
Other reserves		–2	12
Retained earnings		14,793	14,233
Total equity		**19,921**	**19,375**
Total liabilities and equity		**163,923**	**152,130**
Assets pledged as security for own liabilities	P36	2,454	4,230
Other assets pledged	P37	7,033	6,225
Contingent liabilities	P38	70,385	86,292
Commitments	P39	26,713	26,270

Statement of changes in equity, Parent company

	Restricted equity	Unrestricted equity[1]				
			Other reserves:			
EURm	Share capital	Share premium reserve	Cash flow hedges	Availabl for sale invest-ments	Retained earnings	Total equity
Balance at 1 Jan 2013	**4,050**	**1,080**	**–19**	**31**	**14,233**	**19,375**
Net profit for the year	—	—	—	—	1,955	1,955
Available for sale investments:						
Valuation gains/losses during the year	—	—	—	4	—	4
Tax on valuation gains/losses during the year	—	—	—	–1	—	–1
Transferred to the income statement during the year	—	—	—	2	—	2
Tax on transfers to the income statement during the year	—	—	—	0	—	0
Cash flow hedges:						
Valuation gains/losses during the year	—	—	562	—	—	562
Tax on valuation gains/losses during the year	—	—	–124	—	—	–124
Transferred to the income statement during the year	—	—	–586	—	—	–586
Tax on transfers to the income statement during the year	—	—	129	—	—	129
Other comprehensive income, net of tax	—	—	–19	5	—	–14
Total comprehensive income	—	—	–19	5	1,955	1,941
Share-based payments	—	—	—	—	15	15
Dividend for 2012	—	—	—	—	–1,370	–1,370
Repurchases of own shares[2]	—	—	—	—	–40	–40
Balance at 31 Dec 2013	**4,050**	**1,080**	**–38**	**36**	**14,793**	**19,921**
Balance at 1 Jan 2012	**4,047**	**1,080**	**–20**	**7**	**11,807**	**16,921**
Net profit for the year	—	—	—	—	3,474	3,474
Available for sale investments:						
Valuation gains/losses during the year	—	—	—	30	—	30
Tax on valuation gains/losses during the year	—	—	—	–6	—	–6
Cash flow hedges:						
Valuation gains/losses during the year	—	—	179	—	—	179
Tax on valuation gains/losses during the year	—	—	–48	—	—	–48
Transferred to the income statement during the year	—	—	–176	—	—	–176
Tax on transfers to the income statement during the year	—	—	46	—	—	46
Other comprehensive income, net of tax	—	—	1	24	—	25
Total comprehensive income	—	—	1	24	3,474	3,499
Issued C-shares[3]	3	—	—	—	—	3
Repurchase of C-shares[3]	—	—	—	—	–3	–3
Share-based payments	—	—	—	—	13	13
Dividend for 2011	—	—	—	—	–1,048	–1,048
Repurchases of own shares[2]	—	—	—	—	–10	–10
Balance at 31 Dec 2012	**4,050**	**1,080**	**–19**	**31**	**14,233**	**19,375**

1) Apart from retained earnings, unrestricted equity consists of a free fund to the amount of EUR 2,762m (31 Dec 2012: EUR 2,762m).
2) Refers to the change in the holding of own shares related to Long tem Incentive Programme and trading portfolio. The number of own shares were 23.8 million (31 Dec 2012: 21.8 million).
3) Refers to the Long Term Incentive Programme (LTIP). LTIP 2012 was hedged by issuing 2,679,168 C-shares. The shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 18.3 million (31 Dec 2012: 20.3 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 1 Jan 2012	**1.0**	**4,047,272,751**	**4,047,272,751**
New issue[1]	1.0	2,679,168	2,679,168
Balance at 31 Dec 2012	**1.0**	**4,049,951,919**	**4,049,951,919**
Balance at 31 Dec 2013	**1.0**	**4,049,951,919**	**4,049,951,919**

1) Refers to the Long Term Incentive Programme (LTIP).

Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting (AGM). At the AGM on 20 March 2014, a dividend in respect of 2013 of EUR 0.43 per share (2012 actual dividend EUR 0.34 per share) amounting to a total of EUR 1,733,603,282 (2012 actual: EUR 1,370,092,365) is to be proposed. The financial statements for the year ended 31 December 2013 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2014.

Cash flow statement, Parent company

EURm	2013	2012
Operating activities		
Operating profit	2,045	3,672
Adjustment for items not included in cash flow	–1,771	48
Income taxes paid	–142	–180
Cash flow from operating activities before changes in operating assets and liabilities	**132**	**3,540**
Changes in operating assets		
Change in treasury bills	9	–1,377
Change in loans to credit institutions	–19,476	–8,407
Change in loans to the public	1,915	164
Change in interest-bearing securities	–78	2,207
Change in financial assets pledged as collateral	–634	1,133
Change in shares	–610	–3,615
Change in derivatives, net	297	249
Change in other assets	–820	1,320
Changes in operating liabilities		
Change in deposits by credit institutions	–1,842	–3,100
Change in deposits and borrowings from the public	–2,732	5,874
Change in debt securities in issue	14,676	2,918
Change in other liabilities	4,025	–165
Cash flow from operating activities	**–5,138**	**741**
Investing activities		
Shareholder's contributions to group undertakings	–47	–935
Sale of business operations	17	—
Acquisition of associated undertakings	0	–3
Sale of associated undertakings	1	—
Acquisition of property and equipment	–28	–64
Sale of property and equipment	3	0
Acquisition of intangible assets	–143	–95
Sale of intangible assets	0	1
Net investments in debt securities, held to maturity	544	1,119
Purchase of other financial fixed assets	0	–335
Cash flow from investing activities	**347**	**–312**
Financing activities		
Issued subordinated liabilities	—	1,495
Amortised subordinated liabilities	–500	–618
New share issue	—	3
Repurchase/divestment of own shares incl change in trading portfolio	–40	–13
Dividend paid	–1,370	–1,048
Cash flow from financing activities	**–1,910**	**–181**
Cash flow for the year	**–6,701**	**248**
Cash and cash equivalents at the beginning of year	8,300	8,052
Cash and cash equivalents at the end of year	1,599	8,300
Change	**–6,701**	**248**

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Adjustment for items not included in cash flow includes:

EURm	2013	2012
Depreciation	100	95
Impairment charges	9	25
Loan losses	144	42
Unrealised gains/losses	914	–563
Capital gains/losses (net)	–16	0
Change in accruals and provisions	–307	690
Anticipated dividends	–1,042	–468
Group contributions	–459	–303
Translation differences	–173	–72
Change in fair value of the hedged items, assets/liabilities (net)	–932	566
Other	–9	36
Total	**–1,771**	**48**

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	2013	2012
Interest payments received	2,202	2,823
Interest expenses paid	1,517	1,852

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 2013	31 Dec 2012
Cash and balances with central banks	45	180
Loans to credit institutions, payable on demand	1,554	8,120
Total	**1,599**	**8,300**

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	2013	2012	2011	2010	2009
Net interest income	641	724	680	584	666
Net fee and commission income	1,009	623	560	571	456
Net result from items at fair value	131	189	234	157	152
Dividends	1,827	3,554	1,534	2,203	973
Other income	674	501	122	123	123
Total operating income	**4,282**	**5,591**	**3,130**	**3,638**	**2,370**
General administrative expenses:					
Staff costs	–982	–938	–823	–745	–644
Other expenses	–1,018	–842	–561	–526	–443
Depreciation, amortisation and impairment charges of tangible and intangible assets	–109	–105	–112	–112	–106
Total operating expenses	**–2,109**	**–1,885**	**–1,496**	**–1,383**	**–1,193**
Profit before loan losses	**2,173**	**3,706**	**1,634**	**2,255**	**1,177**
Net loan losses	–124	–19	–20	–33	–165
Impairment of securities held as financial non-current assets	–4	–15	–9	–105	—
Operating profit	**2,045**	**3,672**	**1,605**	**2,117**	**1,012**
Appropriations	102	–103	1	0	–3
Income tax expense	–192	–95	–114	–115	–24
Net profit for the year	**1,955**	**3,474**	**1,492**	**2,002**	**985**

Balance sheet

EURm	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009
Treasury bills and interest-bearing securities	16,080	16,686	18,314	20,706	20,675
Loans to credit institutions	80,918	68,006	59,379	48,151	43,501
Loans to the public	34,155	36,214	36,421	33,800	28,860
Investments in group undertakings	17,723	17,659	16,713	16,690	16,165
Other assets	15,047	13,565	10,554	14,458	9,125
Total assets	**163,923**	**152,130**	**141,381**	**133,805**	**118,326**
Deposits by credit institutions	17,500	19,342	22,441	28,644	30,187
Deposits and borrowings from the public	47,531	50,263	44,389	39,620	34,617
Debt securities in issue	62,961	48,285	45,367	33,424	22,119
Subordinated liabilities	5,971	7,131	6,154	7,135	6,605
Other liabilities/untaxed reserves	10,039	7,734	6,109	8,402	9,298
Equity	19,921	19,375	16,921	16,580	15,500
Total liabilities and equity	**163,923**	**152,130**	**141,381**	**133,805**	**118,326**

P1 Accounting policies

Basis for presentation

The financial statements for the parent company, Nordea Bank AB (publ), are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and IFRS with the amendments and exceptions following the recommendation RFR 2 "Accounting for Legal Entities" and UFR statements issued by the Swedish Financial Reporting Board and the accounting regulations of the Swedish Financial Supervisory Authority, FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54 and 2013:2. FFFS 2013:24 is effective as from 1 January 2014, however the new requirement for disclosing maturity information has been early applied from 1 January 2013. Under RFR 2, the parent company shall apply all standards and interpretations issued by the IASB and IFRS IC to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation. The recommendation sets out the exceptions and amendments compared to IFRS.

The Group's accounting policies described in Note G1 "Accounting policies" are applicable also for the parent company, considering also the information provided below.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report.

The new standard IFRS 13 "Fair Value Measurement" was implemented 1 January 2013 but has not had any significant impact on the measurement of assets and liabilities in the parent company. The additional disclosures required by IFRS 13 are presented in Note P42 "Assets and liabilities at fair value".

IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" have been amended as regards offsetting of financial assets and financial liabilities. The parent company implemented these changes in 2013. The parent company's principles for offsetting are already in accordance with IAS 32 and therefore there was no impact from the amendments in IAS 32. The additional disclosures required by IFRS 7 are presented in Note P43 "Financial instruments set off on balance or subject to netting agreements".

In 2013 the IASB published a narrow scope amendment to IAS 39 "Financial Instruments: Recognition and Measurement". The parent company implemented these changes in 2013 (early adopted). The amendment allows hedge accounting to be continued if a derivative designated as a hedging instrument is replaced with a new hedging instrument, where a clearing party replaces the original counterparty, as a consequence of laws or regulations. The amendment has not had any significant impact on the financial statements for the parent company.

More information about the changes in IFRS described above can be found in section 2 "Changed accounting policies and presentation" in Note G1 "Accounting policies".

Forthcoming changes in IFRSs not yet implemented by the parent company can be found in section 3 "Changes in IFRSs not yet applied by Nordea" 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. Impairment tests are performed according to IAS 36 "Impairment of Assets". At each balance sheet date, all shares in group undertakings and associated undertakings are reviewed for indications of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of each holding of shares is fully recoverable. The recoverable amount is the higher of fair value less costs to sell and the value in use. Any impairment charge is calculated as the difference between the carrying amount and the recoverable amount and is classified as "Impairment of securities held as financial non-current assets" in the income statement.

As from 2013 Nordea Bank AB (publ) 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

Under IAS 38, goodwill and other intangible assets with indefinite useful lives are not amortised in the consolidated financial statements. In the parent company financial statements goodwill is amortised as any other intangible asset in accordance with the rules set out in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), i.e. normally over a period of five years unless, under exceptional circumstances, a longer amortisation period is justified.

Functional currency

The functional and presentation currency of Nordea Bank AB (publ) is EUR. All transactions in other currencies are converted to EUR in accordance with the policies disclosed in section 9 "Translation of assets and liabilities denominated in foreign currencies" in Note G1 "Accounting policies".

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.

P1 Accounting policies, cont.

In Sweden, actuarial pension commitments are guaranteed by a pension foundation or recognised as a liability. No net defined benefit assets are recognised. The pension cost in the parent company, classified as "Staff cost" in the income statement, consists of changes in recognised pension provisions (including special wage tax) for active employees, pension benefits paid, contributions made to or received from the pension foundation and related special wage tax.

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.

Assets and liabilities held for sale

As mentioned in Note G1 (section 2) and Note G44 for the Group, Nordea divests its Polish operations. The description for the Group in Note G1 is not applicable for Nordea Bank AB. The impact from the sale will be recognised on the closing of the transaction. Assets held for sale in Nordea Bank AB amount to EUR 809m at the end of the year but are not reclassified on the balance sheet.

P2 Segment reporting

Geographical information

	Sweden		Finland		Norway		Denmark		Others		Total	
EURm	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Net interest income	641	724	—	—	—	—	—	—	—	—	641	724
Net fee and commission income	1,009	623	—	—	—	—	—	—	—	—	1,009	623
Net result from items at fair value	131	189	—	—	—	—	—	—	—	—	131	189
Dividends[1]	838	368	700	3,142	—	8	244	7	45	29	1,827	3,554
Other operating income	106	109	195	128	88	63	285	201	—	—	674	501
Total operating income	**2,725**	**2,013**	**895**	**3,270**	**88**	**71**	**529**	**208**	**45**	**29**	**4,282**	**5,591**

1) Regards dividends from group undertakings.

P3 Net interest income

EURm	2013	2012
Interest income		
Loans to credit institutions	713	990
Loans to the public	973	1,203
Interest-bearing securities	366	405
Other interest income	88	58
Interest income	**2,140**	**2,656**
Interest expense		
Deposits by credit institutions	–148	–172
Deposits and borrowings from the public	–333	–536
Debt securities in issue	–935	–1,027
Subordinated liabilities	–314	–328
Other interest expenses[1]	231	131
Interest expense	**–1,499**	**–1,932**
Net interest income	**641**	**724**

1) The net interest income from derivatives, measured at fair value and related to Nordea´s funding. This can have both a positive and negative impact on other interest expense, for further information see Note G1 "Accounting policies".

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 1,804m (EUR 2,314m). Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR –1,756m (EUR –2,089m). Interest on impaired loans amounted to an insignificant portion of interest income.

P4 Net fee and commission income

EURm	2013	2012
Asset management commissions	115	90
Life insurance	2	8
Brokerage, securities issues and corporate finance	165	147
Custody and issuers services	22	14
Deposits	26	29
Total savings related commissions	**330**	**288**
Payments	109	111
Cards	219	224
Total payment commissions	**328**	**335**
Lending	164	137
Guarantees and documentary payment	402	68
Total lending related commissions	**566**	**205**
Other commission income	35	25
Fee and commission income	**1,259**	**853**
Savings and investments	–28	–37
Payments	–26	–27
Cards	–126	–116
State guarantee fees	–50	–43
Other commission expenses	–20	–7
Fee and commission expense	**–250**	**–230**
Net fee and commission income	**1,009**	**623**

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 191m (EUR 167m).

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amount to EUR 282m (EUR 245m). The corresponding amount for fee expenses is EUR –28m (EUR –37m).

P5 Net result from items at fair value

EURm	2013	2012
Shares/participations and other share-related instruments	35	30
Interest-bearing securities and other interest-related instruments	165	87
Other financial instruments	8	41
Foreign exchange gains/losses	–77	31
Total[1]	**131**	**189**

1) Of which EUR 5m (EUR 4m) is dividends from shares.

P5 Net result from items at fair value, cont.

Net result from categories of financial instruments

EURm	2013	2012
Available for sale assets, realised	–2	—
Financial instruments designated at fair value through profit or loss	19	17
Financial instruments held for trading	80	144
Financial instruments under fair value hedge accounting	–6	–13
– of which net losses on hedging instruments	–929	506
– of which net gains on hedged items	923	–519
Financial assets measured at amortised cost	0	0
Financial liabilities measured at amortised cost	0	0
Foreign exchange gains/losses excluding currency hedges	40	41
Other	0	0
Total	**131**	**189**

P6 Dividends

EURm	2013	2012
Dividends from group undertakings		
Nordea Bank Finland Plc	700	3,125
Nordea Bank Denmark A/S	235	—
Nordea Life Holding AB	310	18
Nordea Investment Management AB	68	47
Nordea Bank S.A. Luxembourg	20	10
Nordea Investment Funds Company I SA	25	19
Nordea Funds Ab	—	17
Nordea Ejendomsinvestering A/S	9	7
Nordea Fondene Norge AS	—	8
Dividends from associated undertakings		
Upplysningscentralen (UC) AB	1	—
Bankpension Sverige AB	0	—
Group Contributions		
Nordea Hypotek AB	245	208
Nordea Fonder AB	28	2
Nordea Finans AB	186	93
Nordic Baltic Holding AB	0	0
Total	**1,827**	**3,554**

P7 Other operating income

EURm	2013	2012
Divestment of shares	17	—
Remuneration from group undertakings	472	439
Other	185	62
Total	**674**	**501**

P8 Staff costs

EURm	2013	2012
Salaries and remuneration (specification below)[1]	–650	–590
Pension costs (specification below)	–126	–144
Social security contributions	–200	–194
Other staff costs	–6	–10
Total	**–982**	**–938**
Salaries and remuneration		
To executives[2]		
– Fixed compensation and benefits	–6	–6
– Performance-related compensation	–5	–3
– Allocation to profitsharing	0	0
Total	**–11**	**–9**
To other employees	–639	–581
Total	**–650**	**–590**

1) Allocation to profit-sharing foundation 2013 EUR 13m (EUR 20m) consists of a new allocation of EUR 13m (EUR 18m) and an allocation related to prior year of EUR 0m (EUR 2m).
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 16 (17) positions.

EURm	2013	2012
Pension costs[1]		
Defined benefit plans	–67	–90
Defined contribution plans	–59	–54
Total	**–126**	**–144**

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) one week before the Annual General Meeting on 20 March 2014.

Compensation to key management personnel

Salaries and renumeration 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 programmes[1]

EURm	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009
Expected expense for the whole programme	–7	–9	–5	–4
Maximum expense for the whole programme	–12	–10	–5	–4
Total expense during 2013	–2	–3	–1	—
Total expense during 2012	–2	–3	–1	—

1) All amounts excluding social security contribution.

When calculating the expected expense an expected annual employee turnover of 5% has been used. The expected expense is recognised over the vesting period of 36 months (LTIP 2012, LTIP 2011 and LTIP 2010) and 24 months (LTIP 2009).

Cash-settled share-based payment transactions

Nordea operates share-linked deferrals on parts of variable compensation for certain employee categories, indexed with Nordea Total Shareholder Returns (TSR) and either vesting after three years or vesting in equal instalments over a three to five year period. Since 2011 Nordea also operates TSR-linked retention on part of variable compensation for certain employee categories. 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 has during 2013 introduced the Executive Incentive Programme 2013 (“EIP 2013”) 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 rewards 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 2013 is paid no earlier than autumn 2017. 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 2013 is offered instead of Nordea’s LTIP and VSP for the invited employees. The allocation of the EIP 2013 is decided during spring 2014, and a reservation of EUR 12m excl. social costs is made 2013. 80% of the allocated amount will be subject to TSR-indexation.

The below table only includes deferred amounts indexed with Nordea TSR. EIP will be 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).

P8 Staff costs, cont.

EURm	Share linked deferrals 2013	2012
Opening balance	2	1
Deferred/earned during the year	1	1
TSR indexation during the year	1	0
Payments during the year[1]	–1	0
Translation differences	0	0
Closing balance	**3**	**2**

1) There have been no adjustments due to forfeitures in 2013.

Average number of employees

	Total		Men		Women	
	2013	2012	2013	2012	2013	2012
Full-time equivalents						
Sweden	6,395	6,601	2,852	2,910	3,543	3,691
Other countries	1,842	1,203	1,156	737	686	466
Total average	**8,237**	**7,804**	**4,008**	**3,647**	**4,229**	**4,157**

Gender distribution, executives

Per cent	31 Dec 2013	31 Dec 2012
Nordea Bank AB (publ)		
Board of Directors – Men	67	67
Board of Directors – Women	33	33
Other executives – Men	86	88
Other executives – Women	14	12

P9 Other expenses

EURm	2013	2012
Information technology	–622	–500
Marketing and representation	–35	–33
Postage, transportation, telephone and office expenses	–61	–69
Rents, premises and real estate	–125	–114
Other[1]	–175	–126
Total	**–1,018**	**–842**

1) Including fees and remuneration to auditors distributed as follows.

Auditors' fee

EURm	2013	2012
KPMG		
Auditing assignments	–2	–2
Audit-related services	–1	–1
Tax advisory services	0	0
Other assignments	–3	–1
Total	**–6**	**–4**

P10 Depreciation, amortisation and impairment charges of tangible and intangible assets

EURm	2013	2012
Depreciation/amortisation		
Property and equipment (Note P24)		
Equipment	–24	–22
Buildings	0	0

P10 Depreciation, amortisation and impairment charges of tangible and intangible assets, cont.

	2013	2012
Intangible assets (Note P23)		
Goodwill	–49	–49
Computer software	–23	–20
Other intangible assets	–4	–4
Total	**–100**	**–95**
Impairment charges		
Intangible assets (Note P23)		
Computer software	–9	–10
Total	**–9**	**–10**
Total	**–109**	**–105**

P11 Net loan losses

EURm	2013	2012
Divided by class		
Loans to credit institutions	1	–1
– of which provisions	0	–5
– of which write-offs	—	0
– of which allowances used for covering write-offs	—	0
– of which reversals	1	4
Loans to the public	–45	–15
– of which provisions	–57	–69
– of which write-offs	–72	–65
– of which allowances used for covering write-offs	34	27
– of which reversals	29	69
– of which recoveries	21	23
Off-balance sheet items[1]	–80	–3
– of which provisions	–70	–5
– of which reversals	38	2
– of which directly recognised in income statement	–48	—
Total	**–124**	**–19**
Specification		
Changes of allowance accounts on the balance sheet	–50	–4
– of which Loans, individually assessed[2]	–33	–14
– of which Loans, collectively assessed[2]	5	13
– of which Off-balance sheet items, individually assessed[1]	–25	0
– of which Off-balance sheet items, collectively assessed[1]	3	–3
Changes directly recognised in the income statement	–74	–15
– of which realised loan losses, individually assessed	–94	–38
– of which realised recoveries, individually assessed	20	23
Total	**–124**	**–19**

1) Included in Note P32 "Provisions" as "Transfer risk, off-balance" and "Guarantees".
2) Included in Note P15 "Loans and impairment".

Key ratios

	2013	2012
Loan loss ratio, basis points	36	5
– of which individual	15	8
– of which collective	21	–3

P12 Appropriations

EURm	2013	2012
Change in tax allocation reserve	100	–103
Change in depreciation in excess of plan, equipment	2	0
Total	**102**	**–103**

P13 Taxes

Income tax expense

EURm	2013	2012
Current tax	–194	–88
Deferred tax	2	–7
Total	**–192**	**–95**

The tax on the operating profit differs from the theoretical amount that would arise using the tax rate in Sweden as follows:

EURm	2013	2012
Profit before tax	2 147	3,569
Tax calculated at a tax rate of 22.0% (26.3%)	–472	–939
Tax-exempt income	307	872
Non-deductible expenses	–20	–26
Adjustments relating to prior years	–7	—
Change of tax rate[1]	—	–2
Tax charge	**–192**	**–95**
Average effective tax rate	9%	3%

1) Due to change of corporate tax rate from 26.3% to 22.0% in 2012.

Deferred tax

	Deferred tax assets		Deferred tax liabilities	
EURm	2013	2012	2013	2012
Deferred tax related to:				
Derivatives	11	5	10	8
Retirement benefit obligations	9	8	—	—
Liabilities/provisions	8	6	—	0
Total	**28**	**19**	**10**	**8**

EURm	2013	2012
Movements in deferred tax assets/liabilities, net:		
Amount at beginning of year (net)	11	24
Deferred tax relating to items recognised in Other comprehensive income	4	–8
Acquisitions and others	1	2
Deferred tax in the income statement	2	–7
Amount at end of year (net)	**18**	**11**
Current and deferred tax recognised in Other comprehensive income		
Deferred tax relating to available for sale investments	–10	–6
Deferred tax relating to cash flow hedges	11	–2
Total	**1**	**–8**

P14 Treasury bills

EURm	31 Dec 2013	31 Dec 2012
State and sovereigns[1]	5,235	4,907
Municipalities and other public bodies	454	289
Total	**5,689**	**5,196**
– of which Financial instruments pledged as collateral (Note P17)	737	104
Total	**4,952**	**5,092**

1) Of which EUR 17m (EUR 17m) held at amortised cost with a nominal amount of EUR 17m (EUR 17m).

P15 Loans and impairment

	Credit institutions		The public		Total	
EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Loans, not impaired	80,920	68,011	34,015	36,111	114,935	104,122
Impaired loans	—	—	312	296	312	296
– of which performing	—	—	180	118	180	118
– of which non-performing	—	—	132	178	132	178
Loans before allowances	**80,920**	**68,011**	**34,327**	**36,407**	**115,247**	**104,418**
Allowances for individually assessed impaired loans	—	–1	–118	–132	–118	–133
– of which performing	—	—	–79	–61	–79	–61
– of which non-performing	—	–1	–39	–71	–39	–72
Allowances for collectively assessed impaired loans	–2	–4	–54	–61	–56	–65
Allowances	**–2**	**–5**	**–172**	**–193**	**–174**	**–198**
Loans, carrying amount	**80,918**	**68,006**	**34,155**	**36,214**	**115,073**	**104,220**

Reconciliation of allowance accounts for impaired loans[1]

	Credit institutions			The public			Total		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2013	**–1**	**–4**	**–5**	**–132**	**–61**	**–193**	**–133**	**–65**	**–198**
Provisions	—	1	1	–55	–3	–58	–55	–2	–57
Reversals	—	1	1	22	6	28	22	7	29
Changes through the income statement	**—**	**2**	**2**	**–33**	**3**	**–30**	**–33**	**5**	**–28**
Allowances used to cover write-offs	—	—	—	34	—	34	34	—	34
Translation differences	1	—	1	13	4	17	14	4	18
Closing balance at 31 Dec 2013	**0**	**–2**	**–2**	**–118**	**–54**	**–172**	**–118**	**–56**	**–174**
Opening balance at 1 Jan 2012	**–2**	**–2**	**–4**	**–130**	**–80**	**–210**	**–132**	**–82**	**–214**
Provisions	—	–5	–5	–63	–5	–68	–63	–10	–73
Reversals	1	3	4	48	20	68	49	23	72
Changes through the income statement	**1**	**–2**	**–1**	**–15**	**15**	**0**	**–14**	**13**	**–1**
Allowances used to cover write-offs	—	—	—	27	—	27	27	—	27
Reclassifications	—	—	—	–8	7	–1	–8	7	–1
Translation differences	—	—	—	–6	–3	–9	–6	–3	–9
Closing balance at 31 Dec 2012	**–1**	**–4**	**–5**	**–132**	**–61**	**–193**	**–133**	**–65**	**–198**

1) See Note P11 "Net loan losses".

P15 Loans and impairment, cont.

Allowances and provisions

	Credit institutions		The public		Total	
EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Allowances for items on the balance sheet	–2	–5	–172	–193	–174	–198
Provisions for off balance sheet items	–138	–117	–3	–2	–141	–119
Total allowances and provisions	**–140**	**–122**	**–175**	**–195**	**–315**	**–317**

Key ratios

	31 Dec 2013	31 Dec 2012
Impairment rate, gross, basis points	27	28
Impairment rate, net, basis points	17	16
Total allowance rate, basis points	15	19
Allowances in relation to impaired loans, %	38	45
Total allowances in relation to impaired loans, %	56	67

P16 Interest-bearing securities

EURm	31 Dec 2013	31 Dec 2012
Issued by other borrowers[1]	11,128	11,594
Total	**11,128**	**11,594**
Listed securitites	10,969	11,530
Unlisted securitites	159	64
Total	**11,128**	**11,594**

1) Of which EUR 321m (EUR 847m) held at amortised cost with a nominal amount of EUR 322m (EUR 846m).

P17 Financial instruments pledged as collateral

Financial instruments pledged as collateral

In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterpart receiving the collateral has the right to sell or repledge the assets, the assets are reclassified on the balance sheet to the item Financial instruments pledged as collateral.

EURm	31 Dec 2013	31 Dec 2012
Treasury bills	737	104
Total	**737**	**104**

For more information on transferred assets, see Note P45 "Transferred assets and obtained collaterals".

P18 Shares

EURm	31 Dec 2013	31 Dec 2012
Shares	5,350	4,741
Shares taken over for protection of claims	1	1
Total	**5,351**	**4,742**
Listed shares	5,322	4,713
Unlisted shares	29	29
Total	**5,351**	**4,742**

P19 Derivatives and hedge accounting

31 Dec 2013, EURm	Fair value Positive	Fair value Negative	Total nom. amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	1,656	1,735	140,226
FRAs	14	18	50,444
Futures and forwards	1	0	2,586
Options	6	6	4,282
Other	1	0	1,129
Total	**1,678**	**1,759**	**198,667**
Equity derivatives			
Equity swaps	82	142	224
Futures and forwards	2	1	14
Options	151	123	2,796
Total	**235**	**266**	**3,034**
Foreign exchange derivatives			
Currency and interest rate swaps	530	549	12,617
Currency forwards	82	40	15,064
Total	**612**	**589**	**27,681**
Credit derivatives			
Credit default swaps	0	—	1
Total	**0**	**—**	**1**
Other derivatives			
Other	6	0	1,916
Total	**6**	**0**	**1,916**
Total derivatives held for trading	**2,531**	**2,614**	**231,299**
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	1,311	319	39,161
Total	**1,311**	**319**	**39,161**
Foreign exchange derivatives			
Currency and interest rate swaps	335	672	8,425
Currency forwards	42	22	9,455
Total	**377**	**694**	**17,880**
Total derivatives used for hedge accounting	**1,688**	**1,013**	**57,041**
– of which fair value hedges	1,288	291	47,587
– of which cash flow hedges	358	700	24,316
– of which net investment hedges	42	22	9,455
Total derivatives	**4,219**	**3,627**	**288,340**

Some cross currency 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 2012, EURm	Fair value Positive	Fair value Negative	Total nom. amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	2,469	2,683	127,698
FRAs	22	21	25,052
Futures and forwards	—	6	1,839
Options	0	0	379
Other	0	—	1,165
Total	**2,491**	**2,710**	**156,133**
Equity derivatives			
Equity swaps	83	149	350
Futures and forwards	1	0	21
Options	61	67	1,987
Total	**145**	**216**	**2,358**
Foreign exchange derivatives			
Currency and interest rate swaps	629	609	13,541
Currency forwards	63	124	23,979
Total	**692**	**733**	**37,520**
Credit derivatives			
Credit default swaps	—	0	1
Total	**—**	**0**	**1**
Other derivatives			
Other	26	0	1,867
Total	**26**	**0**	**1,867**
Total derivatives held for trading	**3,354**	**3,659**	**197,879**
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	2,058	263	32,653
Options	0	0	642
Total	**2,058**	**263**	**33,295**
Foreign exchange derivatives			
Currency and interest rate swaps	440	244	7,475
Total	**440**	**244**	**7,475**
Total derivatives used for hedge accounting	**2,498**	**507**	**40,770**
– of which fair value hedges	2,396	382	40,770
– of which cash flow hedges	102	125	20,884
Total derivatives	**5,852**	**4,166**	**238,649**

Some cross currency 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 Fair value changes of the hedged items in portfolio hedge of interest rate risk

EURm	31 Dec 2013	31 Dec 2012
Assets		
Carrying amount at beginning of year	–1,157	–632
Changes during the year		
Revaluation of hedged items	1,146	–525
Carrying amount at end of year	**–11**	**–1,157**

EURm		
Liabilities		
Carrying amount at beginning of year	16	147
Changes during the year		
Revaluation of hedged items	699	–131
Carrying amount at end of year	**715**	**16**

The carrying amount at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset respectively a liability. When the hedged item is an asset, the change in the fair value of the hedged item is presented within assets and when the hedged item is a liability, the change is presented as a liability.

P21 Investments in group undertakings

EURm	31 Dec 2013	31 Dec 2012
Acquisition value at beginning of year	18,279	17,318
Acquisitions/capital contributions during the year	58	958
IFRS 2 expenses[1]	10	3
Acquisition value at end of year	**18,347**	**18,279**
Accumulated impairment charges at beginning of year	–620	–605
Impairment charges during the year	–4	–15
Accumulated impairment charges at end of year	**–624**	**–620**
Total	**17,723**	**17,659**
– of which listed shares	—	—

1) Allocation of IFRS 2 expenses for LTIP 2011 and 2012 related to the group undertakings.

P21 Investments in group undertakings, cont.

Specification

This specification includes all directly owned group undertakings and major group undertakings to the directly owned companies.

31 Dec 2013	Number of shares	Carrying amount 2013, EURm	Carrying amount 2012, EURm	Voting power of holding %	Domicile	Registration number
Nordea Bank Finland Plc	1,030,800,000	5,959	5,956	100.0	Helsinki	1680235–8
Nordea Finance Finland Ltd				100.0	Espoo	0112305–3
Nordea Bank Danmark A/S	50,000,000	4,010	4,010	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	2,733	2,818	100.0	Oslo	911044110
Nordea Eiendomskreditt AS				100.0	Oslo	971227222
Nordea Finans Norge AS				100.0	Oslo	924507500
Privatmegleren AS				100.0	Oslo	986386661
Nordea Bank Polska S.A	55,061,403	343	363	99.2	Gdynia	KRS0000021828
OOO Promyshlennaya Companiya Vestkon	4,601,942,680[1]	659	659	100.0	Moscow	1027700034185
OJSC Nordea Bank				100.0[2]	Moscow	1027739436955
Nordea Life Holding AB	1,000	719	707	100.0	Stockholm	556742–3305
Nordea Liv & Pension, Livforsikringsselskab A/S				100.0	Ballerup	24260577
Nordea Liv Holding Norge AS				100.0	Bergen	984739303
Livforsikringsselskapet Nordea Liv Norge AS				100.0	Bergen	959922659
Nordea Livförsäkring Sverige AB (publ)				100.0	Stockholm	516401–8508
Nordea Life Assurance Finland Ltd				100.0	Helsinki	0927072–8

P21 Investments in group undertakings, cont.

31 Dec 2013	Number of shares	Carrying amount 2013, EURm	Carrying amount 2012, EURm	Voting power of holding %	Domicile	Registration number
Nordea Funds Ltd	3,350	174	138	100.0	Helsinki	1737785–9
Nordea Fondene Norge AS			29	100.0	Oslo	930954616
Nordea Investment Fund Management A/S			8	100.0	Copenhagen	13917396
Nordea Bank S.A.	999,999	455	454	100.0	Luxembourg	B–14157
Nordea Investment Funds Company I S.A.[3]	—	—	0	—	Luxembourg	B–30550
Nordea Hypotek AB (publ)[4]	100,000	1,998	1,898	100.0	Stockholm	556091–5448
Nordea Fonder AB	15,000	242	241	100.0	Stockholm	556020–4694
Nordea Finans Sverige AB (publ)[4]	1,000,000	124	116	100.0	Stockholm	556021–1475
Nordea Investment Management AB	12,600	237	232	100.0	Stockholm	556060–2301
Nordea Ejendomsinvestering A/S	1,000	29	29	100.0	Copenhagen	26640172
Nordea IT Polska S.p. z.o.o.	100	40	—	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 North America Inc [5]	—	—	0	—	Delaware, USA	51-0276195
Nordea do Brasil Representações Ltda	1,162,149	0	0	100.0	Sao Paulo, Brasil	51.696.268/0001–40
Nordic Baltic Holding (NBH) AB[6]	1,000	0	0	100.0	Stockholm	556592–7950
Nordea Fastigheter AB[6]	3,380,000	1	1	100.0	Stockholm	556021–4917
Total		**17,723**	**17,659**			

1) Nominal value exptressed in RUB, representing Nordea's participation in Vestkon.
2) Combined ownership, Nordea Bank AB (publ) directly 7.2% and indirectly 92.8% through OOO Promyshlennaya Companiya Vestkon.
3) Merged into Nordea Bank S.A. on 30 December 2013.
4) Credit institutions as defined in the Swedish Annual Account Act for Credit Instituions and Securities Companies (1995:1559).
5) Dissolved on 19 December 2013.
6) Dormant.

Special Purpose Entities (SPEs) – Consolidated
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 1,646m (EUR 1,691m) and at year end 2013 EUR 1,369m (EUR 1,230m) were utilised. There is no outstanding CP issue at year end 2013. Total assets in the conduit were EUR 1,428m (EUR 1,326m) as per year-end, out of which EUR 1,167m (EUR 1,061m) has a maturity of less than one year. 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 releases its assets.

P22 Investments in associated undertakings

EURm	31 Dec 2013	31 Dec 2012
Acquisition value at beginning of year	8	5
Acquisitions during the year	0	3
Sales during the year	–1	—
Acquisition value at end of year	**7**	**8**
– of which listed shares	—	—

31 Dec 2013	Registration number	Domicile	Carrying amount 2013, EURm	Carrying amount 2012, EURm	Voting power of holding %
BDB Bankernas Depå AB	556695–3567	Stockholm	1	1	20
Bankpension Sverige AB	556695–8194	Stockholm	—	1	40
Bankomat AB	556817–9716	Stockholm	6	6	20
Other			0	0	
Total			**7**	**8**	

P23 Intangible assets

EURm	31 Dec 2013	31 Dec 2012
Goodwill allocated to cash generating units		
Retail Banking	354	403
Goodwill, total	**354**	**403**
Computer software	367	264
Other intangible assets	8	3
Other intangible assets, total	**375**	**267**
Intangible assets, total	**729**	**670**
Goodwill		
Acquisition value at beginning of year	1,059	1,059
Acquisition value at end of year	**1,059**	**1,059**
Accumulated amortisation at beginning of year	–656	–607
Amortisation according to plan for the year	–49	–49
Accumulated amortisation at end of year	**–705**	**–656**
Total	**354**	**403**
Computer software		
Acquisition value at beginning of year	340	249
Acquisitions during the year	135	93
Sales during the year	–2	—
Reclassifications	–8	–2
Acquisition value at end of year	**465**	**340**
Accumulated amortisation at beginning of year	–68	–49
Amortisation according to plan for the year	–23	–20
Accumulated amortisation on sales	2	—
Translation differences	0	1
Accumulated amortisation at end of year	**–89**	**–68**
Accumulated impairment charges at beginning of year	–8	–2
Impairment charges during the year	–9	–10
Reclassifications	8	2
Translation differences	—	2
Accumulated impairment charges at end of year	**–9**	**–8**
Total	**367**	**264**
Other intangible assets		
Acquisition value at beginning of year	42	49
Acquisitions during the year	8	1
Sales/disposals during the year	–2	–8
Acquisition value at end of year	**48**	**42**
Accumulated amortisation at beginning of year	–39	–41
Amortisation according to plan for the year	–4	–4
Accumulated amortisation on sales/disposals during the year	2	6
Translation differences	1	—
Accumulated amortisation at end of year	**–40**	**–39**
Total	**8**	**3**

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.

P24 Property and equipment

EURm	31 Dec 2013	31 Dec 2012
Property and equipment	118	121
– of which buildings for own use	0	0
Total	**118**	**121**
Equipment		
Acquisition value at beginning of year	270	214
Acquisitions during the year	28	64
Sales/disposals during the year	–30	–8
Translation differences	0	0
Acquisition value at end of year	**268**	**270**
Accumulated depreciation at beginning of year	–149	–133
Accumulated depreciation on sales/disposals during the year	23	6
Depreciations according to plan for the year	–24	–22
Translation differences	0	0
Accumulated depreciation at end of year	**–150**	**–149**
Total	**118**	**121**
Land and buildings		
Acquisition value at beginning of year	0	0
Sales during the year	0	—
Acquisition value at end of year	**0**	**0**
Accumulated depreciation at beginning of year	0	0
Sales during the year	0	—
Depreciation according to plan for the year	0	0
Accumulated depreciation at end of year	**0**	**0**
Total	**0**	**0**

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 2013	31 Dec 2012
Leasing expenses during the year	–113	–97
– of which minimum lease payments	–113	–97
Leasing income during the year regarding sublease payments	39	39

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

EURm	31 Dec 2013
2014	66
2015	51
2016	45
2017	34
2018	27
Later years	257
Total	**480**

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 254m. EUR 237m of the subleases are towards group undertakings.

P25 Other assets

EURm	31 Dec 2013	31 Dec 2012
Claims on securities settlement proceeds	484	273
Anticipated dividends from group undertakings	742	468
Group Contributions	459	303
Other	848	669
Total	**2,533**	**1,713**

P26 Prepaid expenses and accrued income

EURm	31 Dec 2013	31 Dec 2012
Accrued interest income	396	458
Other accrued income	170	138
Prepaid expenses	725	676
Total	**1,291**	**1,272**

P27 Deposits by credit institutions

EURm	31 Dec 2013	31 Dec 2012
Central banks	3,707	3,224
Banks	13,095	15,553
Other credit institutions	698	565
Total	**17,500**	**19,342**

P28 Deposits and borrowings from the public

EURm	31 Dec 2013	31 Dec 2012
Deposits from the public	46,150	48,822
Borrowings from the public	1,381	1,441
Total	**47,531**	**50,263**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included.

P29 Debt securities in issue

EURm	31 Dec 2013	31 Dec 2012
Commercial papers	28,853	15,219
Bond loans	34,029	32,962
Other	79	104
Total	**62,961**	**48,285**

P30 Other liabilities

EURm	31 Dec 2013	31 Dec 2012
Liabilities on securities settlement proceeds	202	173
Sold, not held, securities	244	559
Accounts payable	29	29
Other	3,698	874
Total	**4,173**	**1,635**

P31 Accrued expenses and prepaid income

EURm	31 Dec 2013	31 Dec 2012
Accrued interest	544	561
Other accrued expenses	391	296
Prepaid income	215	611
Total	**1,150**	**1,468**

P32 Provisions

EURm	31 Dec 2013	31 Dec 2012
Provision for restructuring costs	36	28
Transfer risk, off-balance	2	5
Guarantees	139	114
Other	7	1
Total	**184**	**148**

	Restructuring	Transfer risk	Guarantees	Other	Total
At beginning of year	28	5	114	1	148
New provisions made	15	1	69	11	96
Provisions utilised	–6	0	–10	–5	–21
Reversals	0	–4	–34	0	–38
Translation differences	–1	0	0	0	–1
At end of year	**36**	**2**	**139**	**7**	**184**

Provision for restructuring costs amounts to EUR 36m and covers termination benefits (EUR 29m) and other provisions mainly related to redundant premises (EUR 8m). Provision for transfer risk is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note P15 "Loans and impairment". Provision for transfer risk is depending on the volume of business with different countries. Loan loss provisions for guarantees amounts to EUR 139m of wich EUR 137m covers the guarantee in favour of Nordea Bank Finland Plc and EUR 2m covers the guarantee in favour of Nordea Bank Polska S.A.

P33 Retirement benefit obligations

Pension provisions

The pension liabilities of Nordea Bank AB (publ) are mainly covered by allocations to its pension foundation.

The provisions on the balance sheet pertain almost exclusively to former employees of Postgirot Bank. EUR 133m (EUR 148m) 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

	31 Dec 2013	31 Dec 2012
Present value of commitments relating to in whole or in part funded pension plans	–1,202	–1,304
Fair value at the end of the period relating to specifically separated assets	1,303	1,322
Surplus in the pension foundation	**101**	**18**
Present value of commitments relating to unfunded pension plans	–166	–182
Unrecognised surplus in the pension foundation	–101	–18
Reported liability net on the balance sheet	**–166**	**–182**

Specification of changes in the liability recognised on balance sheet as pension

	31 Dec 2013	31 Dec 2012
Balance at 1 Jan recognised as pension commitments	182	153
Pensions paid related to former employees of Postgirot Bank	–7	–7
Actuarial pension calculations	0	26
Effect of exchange rate changes	–9	10
Balance at 31 Dec	**166**	**182**

Specification of cost and income in respect of pensions

	2013	2012
Pensions paid related to former employees of Postgirot Bank	–7	–7
Pensions paid covered by the pension foundation	–67	–64
Actuarial pension calculation	7	–19
Defined benefit plans	**–67**	**–90**
Defined contribution plans	–59	–54
Pension costs[1]	**–126**	**–144**
Return on specifically separated assets, %	3.0	8.2

1) See Note P8 "Staff costs".

Actual value of holdings in pension foundations

EURm	31 Dec 2013	31 Dec 2012
Shares	326	274
Interest-bearing securities	955	1,009
Other assets	22	39
Total	**1,303**	**1,322**

P33 Retirement benefit obligations, cont.

Assumptions for defined benefit obligations

	2013	2012
Discount rate	2.2%	1.9%
The calculation is based on pay and pension levels on the accounting date	Yes	Yes

Next year's expected payment regarding defined benefit plans amounts to EUR 69m.

P34 Subordinated liabilities

EURm	31 Dec 2013	31 Dec 2012
Dated subordinated debenture loans	4,107	5,160
Hybrid capital loans	1,864	1,971
Total	**5,971**	**7,131**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans and hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

At 31 December 2013 five 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]	1,000	996	Fixed
Dated loan[2]	750	747	Fixed
Dated loan[3]	750	747	Fixed
Dated loan[4]	906	899	Fixed
Dated loan[5]	725	718	Fixed

1) Maturity date 26 March 2020.
2) Maturity date 29 March 2021.
3) Call date 15 February 2017, maturity date 15 February 2022.
4) Maturity date 13 May 2021.
5) Maturity date 21 September 2022.

P35 Untaxed reserves

EURm	31 Dec 2013	31 Dec 2012
Tax allocation reserve	—	103
Accumulated excess depreprecition, equipment	3	5
Total	**3**	**108**

P36 Assets pledged as security for own liabilities

EURm	31 Dec 2013	31 Dec 2012
Assets pledged for own liabilities		
Securities etc[1]	2,454	4,230
Total	**2,454**	**4,230**
The above pledges pertain to the following liabilities		
Deposits by credit institutions	1,788	1,977
Deposits and borrowings from the public	2,380	2,480
Total	**4,168**	**4,457**

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" which are permitted to be sold or repledged.

Assets pledged for own liabilities contain securities pledged as security in repurchase agreement and in securities lending. The transactions are conducted under standard agreements employed by financial markets participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months.

P37 Other assets pledged

EURm	31 Dec 2013	31 Dec 2012
Other assets pledged[1]		
Securities etc	7,033	6,225
Total	**7,033**	**6,225**

1) Collaterals 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 accounted for under this item.

Securities etc. includes interest-bearing securities pledged as security for payment settlements within the Central bank of Sweden. The terms and conditions require day to day security and relate to liquidity intraday/over night.

P38 Contingent liabilities

EURm	31 Dec 2013	31 Dec 2012
Guarantees		
– Loan guarantees	69,815	70,514
– Other guarantees	570	15,774
Other contingent liabilities	0	4
Total	**70,385**	**86,292**

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 covering all commitments in Nordea Fastigheter AB, org no 556021–4917.

Nordea Bank AB (publ) has in December 2012 issued a guarantee of maximum EUR 60bn in favour of Nordea Bank Finland Plc where Nordea Bank AB (publ) guarantees the majority of the exposures in the exposure class IRB corporate in Nordea Bank Finland Plc. The guarantee covers EUR 20bn of corporate loans, guarantees, documentary credits and loan commitments. In addition, EUR 5bn of derivatives are covered by the guarantee as of 31 December 2013. The maximum amount of derivatives guaranteed is EUR 10bn. The guarantee increased the RWA by EUR 12bn. The guarantee will generate commission income, while the losses recognised 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 issued a guarantee of EUR 1,258m in favour of Nordea Bank Polska S.A. The guarantee covers a mortgage loan portfolio with real estate as collateral.

Nordea Bank AB (publ) has undertaken, in relation to certain individuals and on certain conditions, to be responsible for the potential payment liability against them in their capacity as managing directors or board member in group undertakings to Nordea Bank AB (publ).

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age.

Legal proceedings

Within the framework of the normal business operations, the company faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently, none of the current disputes are considered likely to have any significant adverse effect on the company or its financial position.

P39 Commitments

EURm	31 Dec 2013	31 Dec 2012
Credit commitments[1]	26,713	26,270
Total	**26,713**	**26,270**

1) Including unutilised portion of approved overdraft facilities of EUR 12,845m (EUR 12,952m).

For information about derivatives see Note P19 "Derivatives and hedge accounting".

P40 Capital adequacy

Items included in the capital base

EURm	31 Dec 2013	31 Dec 2012
Tier 1 capital		
Paid-up capital	4,050	4,050
Share premium	1,080	1,080
Eligible capital	**5,130**	**5,130**
Reserves	12,838	10,759
Income from current year	1,955	3,474
Eligible reserves	**14,793**	**14,233**
Core tier 1 capital (before deductions)	**19,923**	**19,363**
Subordinated capital loans	**1,949**	**1,992**
Proposed/actual dividend	–1,734	–1,370
Deferred tax assets	–28	–19
Intangible assets	–729	–670
IRB provisions shortfall (–)	–81	–52
Deductions	**–2,572**	**–2,111**
Tier 1 capital (net after deductions)	**19,300**	**19,244**
– of which hybrid capital	1,949	1,992
– of which core tire 1 capital (net of deductions)	17,351	17,252
Tier 2 capital		
Dated subordinated loans	4,107	4,676
Other additional own funds	36	30
Tier 2 capital (before deductions)	**4,143**	**4,706**
IRB provisions excess (+)/shortfall (–)	–81	–52
Deductions	**–81**	**–52**
Tier 2 capital (net after deductions)	**4,062**	**4,654**
Capital base	**23,362**	**23,898**

Capital requirements and RWA

	31 Dec 2013		31 Dec 2012	
EURm	Capital requirement	Basel II RWA	Capital requirement	Basel II RWA
Credit risk	**6,296**	**78,700**	**7,494**	**93,670**
IRB foundation	3,428	42,854	4,752	59,394
– of which corporate	3,100	38,749	4,404	55,051
– of which institutions	105	1,318	140	1,751
– of which retail	180	2,254	188	2,345
– of which other	43	533	20	247
Standardised	2,868	35,846	2,742	34,276
– of which sovereign	2	26	2	21
– of which retail	101	1,258	106	1,327
– of which other	2,765	34,562	2,634	32,928
Market risk	**128**	**1,596**	**123**	**1,539**
– of which trading book, Internal Approach	34	429	39	484
– of which trading book, Standardised Approach	5	59	20	246
– of which banking book, Standardised Approach	89	1,108	64	809
Operational risk	**250**	**3,121**	**219**	**2,739**
– of which standardised	250	3,121	219	2,739
Sub total	**6,674**	**83,417**	**7,836**	**97,948**
Adjustment for transition rules				
Additional capital requirement according to transition rules	—	—	—	—
Total	**6,674**	**83,417**	**7,836**	**97,948**

More Capital Adequacy information can be found in the "Risk, Liquidity and Capital Management" section page 63.

P41 Classification of financial instruments

31 Dec 2013, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	45	—	—	—	—	—	—	45
Treasury bills	—	17	4,935	—	—	—	—	4,952
Loans to credit institutions	80,104	—	271	543	—	—	—	80,918
Loans to the public	30,337	—	—	3,818	—	—	—	34,155
Interest-bearing securities	—	321	1,981	—	—	8,826	—	11,128
Financial instruments pledged as collateral	—	—	737	—	—	—	—	737
Shares	—	—	5,321	30	—	—	—	5,351
Derivatives	—	—	2,531	—	1,688	—	—	4,219
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–11	—	—	—	—	—	—	–11
Investments in group undertakings	—	—	—	—	—	—	17,723	17,723
Investments in associated undertakings	—	—	—	—	—	—	7	7
Intangible assets	—	—	—	—	—	—	729	729
Property and equipment	—	—	—	—	—	—	118	118
Deferred tax assets	—	—	—	—	—	—	28	28
Current tax assets	—	—	—	—	—	—	0	0
Other assets	780	—	—	—	—	—	1,753	2,533
Prepaid expenses and accrued income	1,121	—	—	—	—	—	170	1,291
Total	**112,376**	**338**	**15,776**	**4,391**	**1,688**	**8,826**	**20,528**	**163,923**

31 Dec 2013, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	753	2,071	—	14,676	—	17,500
Deposits and borrowings from the public	—	908	—	46,623	—	47,531
Debt securities in issue	0	0	—	62,961	—	62,961
Derivatives	2,614	—	1,013	—	—	3,627
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	715	—	715
Current tax liabilities	—	—	—	—	11	11
Other liabilities	244	0	—	2,925	1,004	4,173
Accrued expenses and prepaid income	—	—	—	759	391	1,150
Deferred tax liabilities	—	—	—	—	10	10
Provisions	—	—	—	—	184	184
Retirement benefit liabilities	—	—	—	—	166	166
Subordinated liabilities	—	—	—	5,971	—	5,971
Total	**3,611**	**2,979**	**1,013**	**134,630**	**1,766**	**143,999**

P41 Classification of financial instruments, cont.

31 Dec 2012, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	180	—	—	—	—	—	—	180
Treasury bills	—	17	5,075	—	—	—	—	5,092
Loans to credit institutions	66,960	—	312	734	—	—	—	68,006
Loans to the public	31,712	—	—	4,502	—	—	—	36,214
Interest-bearing securities	—	865	4,510	—	—	6,219	—	11,594
Financial instruments pledged as collateral	—	—	104	—	—	—	—	104
Shares	—	—	4,712	30	—	—	—	4,742
Derivatives	—	—	3,354	—	2,498	—	—	5,852
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–1,157	—	—	—	—	—	—	–1,157
Investments in group undertakings	—	—	—	—	—	—	17,659	17,659
Investments in associated undertakings	—	—	—	—	—	—	8	8
Intangible assets	—	—	—	—	—	—	670	670
Property and equipment	—	—	—	—	—	—	121	121
Deferred tax assets	—	—	—	—	—	—	19	19
Current tax assets	—	—	—	—	—	—	41	41
Other assets	560	—	—	—	—	—	1,153	1,713
Prepaid expenses and accrued income	1,134	—	—	—	—	—	138	1,272
Total	**99,389**	**882**	**18,067**	**5,266**	**2,498**	**6,219**	**19,809**	**152,130**

31 Dec 2012, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	104	1,855	—	17,383	—	19,342
Deposits and borrowings from the public	—	2,498	—	47,765	—	50,263
Debt securities in issue	—	—	—	48,285	—	48,285
Derivatives	3,659	—	507	—	—	4,166
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	16	—	16
Current tax liabilities	—	—	—	—	3	3
Other liabilities	560	—	—	560	515	1,635
Accrued expenses and prepaid income	—	—	—	1,172	296	1,468
Deferred tax liabilities	—	—	—	—	8	8
Provisions	—	—	—	—	148	148
Retirement benefit liabilities	—	—	—	—	182	182
Subordinated liabilities	—	—	—	7,131	—	7,131
Total	**4,323**	**4,353**	**507**	**122,312**	**1,152**	**132,647**

P41 Classification of financial instruments, cont.

Loans designated at fair value through profit or loss

EURm	31 Dec 2013	31 Dec 2012
Carrying amount	4,361	5,236
Maximum exposure to credit risk	4,361	5,236

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 are measured at fair value and classified into the category "Fair value through profit or loss". The funding of Markets is generally of such a short term nature that the effect of charges in own credit risk is not significant.

Changes in fair values of financial assets attributable to changes in credit risk

The lending in Markets is generally of such a short 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

2013, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	2,979	2,979

2012, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	4,353	4,353

P42 Assets and liabilities at fair value

Fair value of financial assets and liabilities

	31 Dec 2013		31 Dec 2012	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	45	45	180	180
Treasury bills	4,952	4,952	5,092	5,092
Loans	115,062	115,062	103,063	104,938
Interest-bearing securities	11,128	11,135	11,594	11,970
Financial instruments pledged as collateral	737	737	104	104
Shares	5,351	5,351	4,742	4,742
Derivatives	4,219	4,219	5,852	5,852
Other assets	780	780	560	560
Prepaid expenses and accrued income	1,121	1,121	1,134	1,134
Total financial assets	**143,395**	**143,402**	**132,321**	**134,572**
Financial liabilities				
Deposits and debt instruments	134,678	135,333	125,037	123,711
Derivatives	3,627	3,627	4,166	4,166
Other liabilities	3,169	3,169	1,120	1,120
Accrued expenses and prepaid income	759	759	1,172	1,172
Total financial liabilities	**142,233**	**142,888**	**131,495**	**130,169**

For information about valutation 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 G42 "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 balance sheet", below.

P42 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 2013, 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 sheet[1]				
Treasury bills	542	4,393	—	4,935
Loans to credit institutions	—	814	—	814
Loans to the public	—	3,818	—	3,818
Interest-bearing securities[2]	11,055	330	159	11,544
Shares	5,326	—	25	5,351
Derivatives	14	4,183	22	4,219
Total	**16,937**	**13,538**	**206**	**30,681**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	—	2,824	—	2,824
Deposits and borrowings from the public	—	908	—	908
Derivatives	17	3,606	4	3,627
Other liabilities	95	149	—	244
Total	**112**	**7,487**	**4**	**7,603**

1) All items are measured at fair value on a recurring basis at the end of each reporting period.
2) Of which EUR 737m relates to the balance sheet item Financial instruments pledged as collateral.

31 Dec 2012, EURm	Quoted prices in active markets for the same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Treasury bills	2,839	2,236	—	5,075
Loans to credit institutions	—	1,046	—	1,046
Loans to the public	—	4,502	—	4,502
Interest-bearing securities[2]	8,036	2,634	163	10,833
Shares	4,712	—	30	4,742
Derivatives	13	5,839	—	5,852
Total	**15,600**	**16,257**	**193**	**32,050**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	—	1,959	—	1,959
Deposits and borrowings from the public	—	2,498	—	2,498
Derivatives	17	4,148	0	4,165
Other liabilities	—	560	—	560
Total	**17**	**9,165**	**0**	**9,182**

1) All items are measured at fair value on a recurring basis at the end of each reporting period.
2) Of which EUR 104m 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 G42 "Assets and liabilities at fair value".

Transfers between level 1 and 2

During the year, the parent company transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 253m (EUR 871m) from Level 1 to Level 2 and EUR 223m (EUR 453m) from Level 2 to Level 1 of the fair value hierarchy. The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the year and fair values have now been obtained using valuation techniques with observable market inputs. 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.

P42 Assets and liabilities at fair value, cont.

Movements in Level 3

2013, EURm	1 Jan 2013	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised	Settlements	Net transfers into Level 3	Translation differences	31 Dec 2013
Interest-bearing securities	163	—	—	–4	—	—	159
Shares	30	—	—	—	—	–5	25
Derivatives (net)	0	—	–4	—	22	—	18

Unrealised gains and losses relates to those assets and liabilities held at the end of the year. The parent company has transferred derivatives of EUR 22m from Level 2 into Level 3 during the year. 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 P5). Assets and liabilities related to derivatives are presented net.

2012, EURm	1 Jan 2012	Realised	Unrealised	Settlements	Net transfers into/out of level 3	Translation differences	31 Dec 2012
Interest-bearing securities	163	—	—	—	—	—	163
Shares	34	—	—	–4	—	—	30
Derivatives (net of assets and liabilities)	0	—	—	—	—	—	0

Unrealised gains and losses relates to those assets and liabilities held at the end of the year. There have been no transfers into or out of Level 3 during 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

For information about the valuation processes, see Note G42 "Assets and liabilities at fair value".

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

31 Dec 2013, EURm	Fair value	Valuation techniques
Shares		
Unlisted shares	25	Net asset value[1]
Total[1]	**25**	

31 Dec 2013, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value[2]
Derivatives				
Interest rate derivatives	18	Option model	Correlations	+/– 0
			Volatilities	
Total	**18**			

31 Dec 2013, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value[3]
Interest-bearing securities				
Credit institutions[4]	159	Discounted cash flows	Credit spread	+/– 0
Total	**159**			

1) Effects of reasonably possible alternative assumptions are +/– 2 for both 2013 and 2012.
2) No derivates in Level 3 2012.
3) Range of fair value for interest-bearing securities 31 Dec 2012 was EUR +/– 0.
4) Of which EUR 155m is priced at a credit spread (the difference between the discount rate and LTBOR) of 1.45% and a reasonable change of this credit spread would not affect the fair value due to callability features.

The tables 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 liabilites the fair value sensitivity to changes in key assumptions.

Fair value of assets and liabilities in Level 3 are estimated using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in

P42 Assets and liabilities at fair value, cont.

those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. For financial instruments portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques (for further information see Note G1 section 11 "Determination of fair value of financial instruments").

The column "range of fair value" and the footnote 1 and 3 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 range 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 range of 10 percentage units which are assessed to be reasonable changes in market movements.

Financial assets and liabilities not held at fair value on the balance sheet

31 Dec 2013, EURm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	45	45	1
Treasury bills	17	17	2
Loans	110,430	110,430	3
Interest-bearing securities	321	328	1, 2
Other assets	780	780	3
Prepaid expenses and accrued income	1,121	1,121	3
Total	**112,714**	**112,721**	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	130,946	131,601	3
Other liabilities	2,925	2,925	3
Accrued expenses and prepaid income	759	759	3
Total	**134,630**	**135,285**	

Cash and balances with central banks
The fair value equals the carrying amount. The fair value is based on quoted prices in active markets for relevant currencies and therefore the fair value measurement is categorised into Level 1 in the fair value hierarchy.

Loans
The fair value of "Loans to central banks", "Loans to credit institutions" and "Loans to the public" has been calculated as the carrying amount adjusted for fair value changes in interest rate risk. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rates in the portfolios. No adjustment has been made for changes in fair value of credit risk. The average probability of default (PD) for loans to credit institutions has been relatively unchanged. However the average PDs for retail customers has decreased which is an indication of that the fair value for loans to retail customers is higher than the calculated fair value and the average PDs for loans to corporates has increased thus indicating that the fair value for loans to corporate customers is lower than the calculated fair value. The fair value measurement is categorised into Level 3 in the fair value hierarchy.

Treasury bills and interest bearing-securities
The fair value is EUR 345m, of which EUR 207m is catergorised in Level 1 and EUR 138m in Level 2 of the fair value hierarchy. 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 caterorised 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 issuance 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 liabilties" and "Accrued expenses and prepaid income" consist of short-term payables, mainly payables on securities settlement. The fair value is therefore considered to be equal to the carrying amount and is caterorised into Level 3 in the fair value hierarchy.

P43 Financial instruments set off on balance or subject to netting agreements

31 Dec 2013, EURm	Gross recognised financial liabilities[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	3,693	–102	3,591	–1,886	–1	–1,228	476
Reverse repurchase agreements	211	—	211	–211	—	—	0
Securities borrowing agreements	4,354	—	4,354	—	–4,354	—	0
Total	**8,258**	**–102**	**8,156**	**–2,097**	**–4,355**	**–1,228**	**476**

31 Dec 2013, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	3,074	–102	2,972	–1,886	—	–123	963
Repurchase agreements	693	—	693	–211	–482	—	0
Securities lending agreements	2,979	—	2,979	—	–2,979	—	0
Total	**6,746**	**–102**	**6,644**	**–2,097**	**–3,461**	**–123**	**963**

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".

31 Dec 2012, EURm	Gross recognised financial liabilities[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	5,546	—	5,546	–2,066	—	–2,591	889
Reverse repurchase agreements	19	—	19	–19	—	—	0
Securities borrowing agreements	5,227	—	5,227	—	–5,227	—	0
Total	**10,792**	**—**	**10,792**	**–2,085**	**–5,227**	**–2,591**	**889**

31 Dec 2012, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	3,863	—	3,863	–2,066	—	–11	1,786
Repurchase agreements	104	—	104	–19	–85	—	0
Securities lending agreements	4,352	—	4,352	—	–4,352	—	0
Total	**8,319**	**—**	**8,319**	**–2,085**	**–4,437**	**–11**	**1,786**

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.

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 and securities lending transactions), would be subject to master netting agreements, and as a consequence Nordea would be allowed to benefit from netting both in the ordinary course of business and in the case of default towards its counter parties, in any calculations involving counterparty credit risk. The reason why the netted exposures are not reflected under assets and liabilities on the balance sheet, would in most instances depend on the limited application of net settlement of financial transactions.

P44 Assets and liabilities in foreign currencies

31 Dec 2013, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Total assets	47.2	58.1	4.6	4.7	34.6	14.7	163.9
Total liabilities	27.1	58.3	4.6	4.7	34.6	14.7	144.0

31 Dec 2012, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Total assets	43.1	59.7	10.0	5.0	20.2	14.1	152.1
Total liabilities	29.9	60.0	6.5	1.9	20.2	14.1	132.6

P45 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 2013	31 Dec 2012
Repurchase agreements		
Treasury bills	737	104
Total	**737**	**104**

Liabilities associated with the assets

EURm	31 Dec 2013	31 Dec 2012
Repurchase agreements		
Deposits by credit institutions	753	104
Total	**753**	**104**

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 2013	31 Dec 2012
Reverse repurchase agreements		
Received collaterals which can be repledged or sold	268	309
– of which repledged or sold	268	309
Securities borrowing agreements		
Received collaterals which can be repledged or sold	2,077	4,052
– of which repledged or sold	2,077	4,052
Total	**2,345**	**4,361**

P46 Maturity analysis for assets and liabilities

Expected maturity

		31 Dec 2013, EURm			31 Dec 2012, EURm		
		Expected to be recovered or settled:			Expected to be recovered or settled:		
	Note	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with central banks		45	—	45	180	—	180
Treasury bills	P14	—	4,952	4,952	217	4,875	5,092
Loans to credit institutions	P15	64,337	16,581	80,918	46,932	21,074	68,006
Loans to the public	P15	30,308	3,847	34,155	20,319	15,895	36,214
Interest-bearing securities	P16	2,237	8,891	11,128	2,056	9,538	11,594
Financial instruments pledged as collateral	P17	737	—	737	104	—	104
Shares	P18	5,321	30	5,351	4,712	30	4,742
Derivatives	P19	744	3,475	4,219	424	5,428	5,852
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	–2	–9	–11	–11	–1,146	–1,157
Investments in group undertakings	P21	—	17,723	17,723	—	17,659	17,659
Investments in associated undertakings	P22	—	7	7	—	8	8
Intangible assets	P23	—	729	729	—	670	670
Property and equipment	P24	—	118	118	—	121	121
Deferred tax assets	P13	19	9	28	5	14	19
Current tax assets		0	—	0	41	—	41
Other assets	P25	2,533	—	2,533	1,713	—	1,713
Prepaid expenses and accrued income	P26	850	441	1,291	712	560	1,272
Total assets		**107,129**	**56,794**	**163,923**	**77,404**	**74,726**	**152,130**
Deposits by credit institutions	P27	13,356	4,144	17,500	15,321	4,021	19,342
Deposits and borrowings from the public	P28	47,412	119	47,531	50,254	9	50,263
Debt securities in issue	P29	35,606	27,355	62,961	20,615	27,670	48,285
Derivatives	P19	763	2,864	3,627	532	3,634	4,166
Fair value changes of the hedged items in portfolio hedge of interest rate risk	P20	52	663	715	—	16	16
Current tax liabilities		11	—	11	3	—	3
Other liabilities	P30	4,173	—	4,173	1,635	—	1,635
Accrued expenses and prepaid income	P31	1,150	—	1,150	1,462	6	1,468
Deferred tax liabilities	P13	10	—	10	8	—	8
Provisions	P32	42	142	184	129	19	148
Retirement benefit liabilities	P33	—	166	166	182	—	182
Subordinated liabilities	P34	—	5,971	5,971	5	7,126	7,131
Total liabilities		**102,575**	**41,424**	**143,999**	**90,146**	**42,501**	**132,647**

P46 Maturity analysis for assets and liabilities, cont.

Contractual undiscounted cash flows

31 Dec 2013, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Treasury bills	—	202	482	4,687	814	6,185
Loans to credit institutions	35	47,340	16,639	13,358	6,021	83,393
Loans to the public	—	11,085	4,586	16,991	4,304	36,966
Interest bearing securities	—	327	2,845	7,450	1,965	12,587
Other	—	—	—	—	11,519	11,519
Total financial assets	**35**	**58,954**	**24,552**	**42,486**	**24,623**	**150,650**
Deposits by credit institutions	1,855	10,808	1,468	3,515	184	17,830
Deposits and borrowings from the public	36,191	8,361	1,634	1,171	294	47,651
– of which Deposits	36,191	8,361	1,634	1,171	294	47,651
Debt securities in issue	—	23,414	13,230	25,119	12,631	74,394
– of which Debt securities in issue	—	23,253	13,110	22,377	7,630	66,370
– of which Other	—	161	120	2,742	5,001	8,024
Other	—	—	—	—	28,209	28,209
Total financial liabilities	**38,046**	**42,583**	**16,332**	**29,805**	**41,318**	**168,084**
Derivatives, cash inflow	—	22,486	21,415	32,842	6,480	83,223
Derivatives, cash outflow	—	22,123	20,049	33,955	5,809	81,936
Net exposure	**—**	**363**	**1,366**	**–1,113**	**671**	**1,287**
Exposure	**–38,011**	**16,734**	**9,586**	**11,568**	**–16,024**	**–16,147**
Cumulative exposure	**–38,011**	**–21,277**	**–11,691**	**–123**	**–16,147**	**—**

31 Dec 2012, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Treasury bills	—	—	295	4,671	702	5,668
Loans to credit institutions	2,095	36,186	9,094	15,833	5,929	69,137
Loans to the public	4,496	8,614	5,235	17,909	2,408	38,662
Interest bearing securities	—	584	2,078	9,496	707	12,865
Other	—	—	—	—	11,307	11,307
Total financial assets	**6,591**	**45,384**	**16,702**	**47,909**	**21,053**	**137,639**
Deposits by credit institutions	1,462	12,438	2,751	2,693	155	19,499
Deposits and borrowings from the public	35,417	11,962	2,794	261	384	50,818
– of which Deposits	35,417	11,962	2,794	261	384	50,818
Debt securities in issue	—	14,260	7,893	25,646	13,223	61,022
– of which Debt securities in issue	—	14,098	7,241	22,759	8,057	52,155
– of which Other	—	162	652	2,887	5,166	8,867
Other	—	—	—	—	26,442	26,442
Total financial liabilities	**36,879**	**38,660**	**13,436**	**28,600**	**40,204**	**157,781**
Derivatives, cash inflow	—	29,008	16,334	33,202	7,123	85,667
Derivatives, cash outflow	—	22,752	29,769	24,382	6,256	83,159
Net exposure	**—**	**6,256**	**–13,435**	**8,820**	**867**	**2,508**
Exposure	**–30,288**	**12,980**	**–10,171**	**28,129**	**–18,284**	**–17,634**
Cumulative exposure	**–30,288**	**–17,308**	**–27,479**	**650**	**–17,634**	**—**

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 instruments on the balance sheet and derivative instruments, Nordea has credit commitments amounting to EUR 26,713m (EUR 26,270m), which could be drawn on at any time. Nordea has also issued guarantees of EUR 70,385m (EUR 86,288m) which may lead to future cash outflows if certain events occur.

For further information about remaining maturity, see also the section of Risk, Liquidity and Capital management.

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 G48 "Related-party transactions".

	Group undertakings		Associated undertakings		Other related parties	
EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Assets						
Loans and receivables	80,672	66,608	141	44	—	—
Interest-bearing securities	117	231	—	—	—	—
Derivatives	1,766	2,062	6	26	—	—
Investments in associated undertakings	—	—	7	8	—	—
Investments in group undertakings	17,723	17,659	—	—	—	—
Other assets	847	442	—	—	—	—
Prepaid expenses and accrued income	768	725	—	—	—	—
Total assets	**101,893**	**87,727**	**154**	**78**	**—**	**—**

	Group undertakings		Associated undertakings		Other related parties	
EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Liabilities						
Deposits	6,688	8,652	2	1	21	27
Debt securities in issue	340	156	—	—	—	—
Derivatives	2,252	3,138	—	—	—	—
Other liabilities	267	223	—	—	—	—
Accrued expenses and deferred income	172	378	—	—	—	—
Total liabilities	**9,719**	**12,547**	**2**	**1**	**21**	**27**
Off balance[1]	**77,684**	**90,565**	**1,931**	**1,910**	**—**	**—**

1) Including guarantees to Nordea Bank Finland Plc and Nordea Bank Polska S.A., see Note P38 "Contingent liabilities" as well as nominal values on derivatives in associated undertakings.

	Group undertakings		Associated undertakings		Other related parties	
EURm	2013	2012	2013	2012	2013	2012
Net interest income and expenses	209	601	1	1	0	—
Net fee and commission income	612	230	—	—	—	—
Net result from items at fair value	525	–351	9	40	—	0
Other operating income	637	473	—	—	—	—
Total operating expenses	–133	–158	—	—	—	—
Profit before loan losses	**1,850**	**795**	**10**	**41**	**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 G48 "Related-party transactions".

Signing of the Annual Report

The Board of Directors and the President and CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the International Reporting Standards (IFRS/IAS) referred to in the European parliament and councils' regulation (EC) 1606/2002, from 19 July 2002, on application of International Accounting Standards. They give a true and fair view of the Group's and the Company's financial position and result. The Board of Directors' Report for the Group and the Company gives a true and fair overview of the development of the operations, financial position and result of the Group and the Company and describes the material risks and uncertainties that the Company and the Group companies are facing.

5 February 2014

Björn Wahlroos
Chairman

Marie Ehrling
Vice Chairman

Kari Ahola
Board member[1]

Peter F Braunwalder
Board member

Elisabeth Grieg
Board member

Svein Jacobsen
Board member

Tom Knutzen
Board member

Toni H. Madsen
Board member[1]

Lars G Nordström
Board member

Hans Christian Riise
Board member[1]

Sarah Russell
Board member

Kari Stadigh
Board member

Christian Clausen
President and CEO

Our audit report was submitted on 6 February 2014

KPMG AB

Hans Åkervall
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 2013. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 46–209.

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 2013 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 2013 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act of Credit Institutions and Securities Companies. A Corporate Governance Report has been prepared. The Board of Director's report and the Corporate Governance Report are consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet of the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and the consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Nordea Bank AB (publ) for the year 2013.

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.

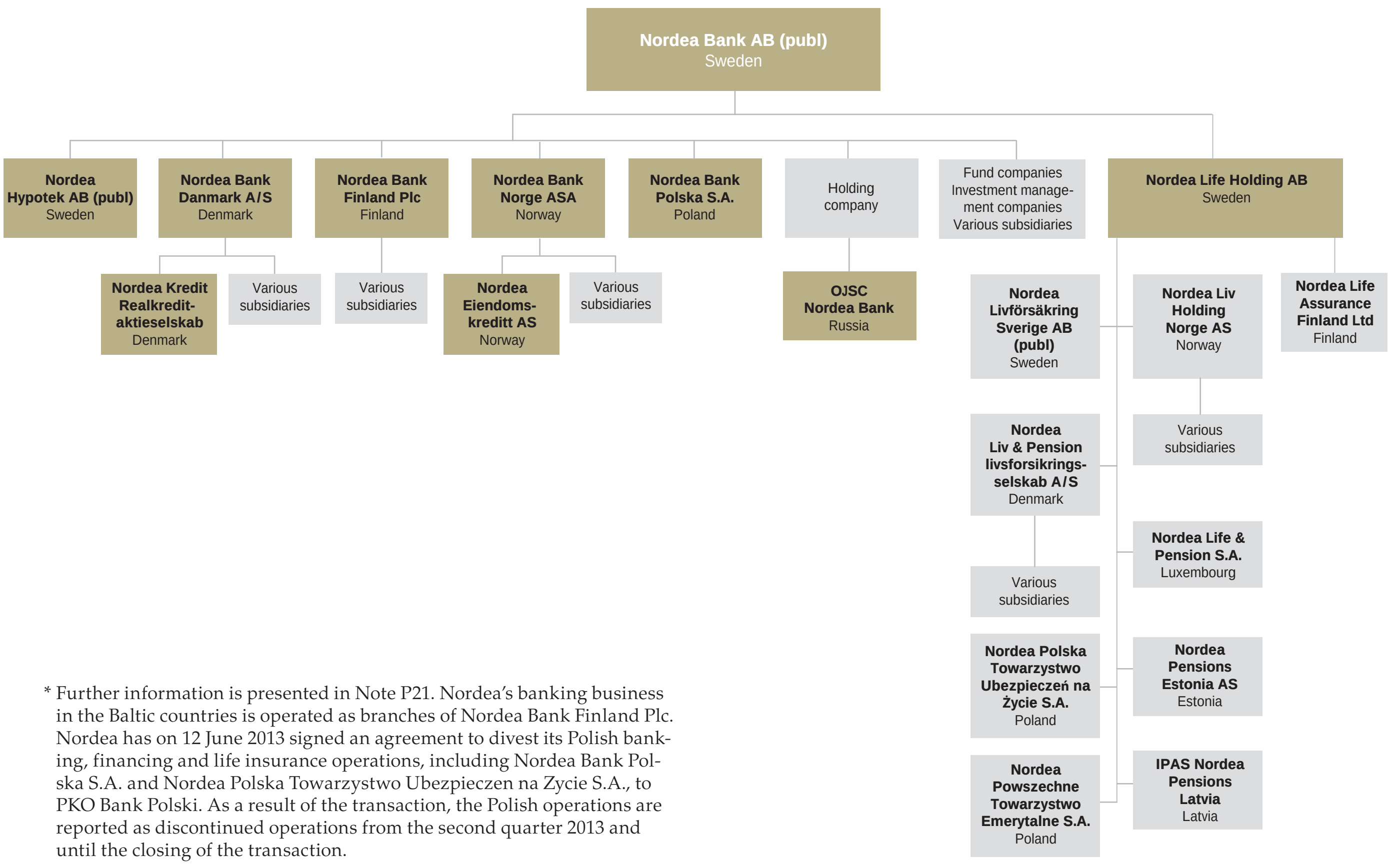
Stockholm, 6 February 2014

KPMG AB

Hans Åkervall
Authorised Public Accountant

Legal structure

Main legal structure*, as of 31 December 2013



* Further information is presented in Note P21. Nordea's banking business in the Baltic countries is operated as branches of Nordea Bank Finland Plc. Nordea has on 12 June 2013 signed an agreement to divest its Polish banking, financing and life insurance operations, including Nordea Bank Polska S.A. and Nordea Polska Towarzystwo Ubezpieczen na Zycie S.A., to PKO Bank Polski. As a result of the transaction, the Polish operations are reported as discontinued operations from the second quarter 2013 and until the closing of the transaction.

Nordea Bank Finland Group and Nordea Bank Finland Plc

Income statement

		Group		Parent company	
EURm	Note	2013	2012	2013	2012
Operating income					
Interest income	3	1,849	2,337	1 613	2,110
Interest expense	3	-666	-1,079	-665	-1,076
Net interest income	3	**1,183**	**1,258**	**948**	**1,034**
Fee and commission income	4	759	741	715	700
Fee and commission expense	4	-872	-446	-866	-439
Net fee and commission income	**4**	**-113**	**295**	**-151**	**261**
Net result from items at fair value	5	1,114	1,217	1 110	1,208
Profit from companies accounted for under the equity method	20	8	18	-	-
Dividends	6	-	-	128	99
Other operating income	7	32	36	26	32
Total operating income		**2,224**	**2,824**	**2 061**	**2,634**
Operating expenses					
General administrative expenses:					
Staff costs	8	-553	-574	-516	-527
Other expenses	9	-466	-447	-447	-444
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 21, 22	-40	-50	-33	-38
Total operating expenses		**-1,059**	**-1,071**	**-996**	**-1,009**
Profit before loan losses		**1,165**	**1,753**	**1 065**	**1,625**
Net loan losses	11	-53	-144	-43	-125
Impairment of securities held as financial non-current assets		1	-	1	-
Operating profit		**1,113**	**1,609**	**1 023**	**1,500**
Income tax expense	12	-285	-428	-243	-384
Net profit for the year		**828**	**1,181**	**780**	**1,116**
Attributable to:					
Shareholders of Nordea Bank Finland Plc		828	1,179	780	1,116
Non-controlling interests		-	2	-	-
Total		**828**	**1,181**	**780**	**1,116**

Statement of comprehensive income

	Group		Parent company	
EURm	2013	2012	2013	2012
Net profit for the year	**828**	**1,181**	**780**	**1,116**
Items that may be reclassified subsequently to the income statement				
Currency translation differences during the year	-3	-6	-	-
Available-for-sale investments[1]:				
- Valuation gains/losses during the year	3	24	3	24
- Tax on valuation gains/losses during the year	1	-7	1	-7
Cash flow hedges:				
- Valuation gains/losses during the year	36	-46	36	-46
- Tax on valuation gains/losses during the year	-9	11	-9	11
Items that may be reclassified subsequently to the income statement				
Defined benefit plans:				
- Remeasurement of defined benefit plans	73	-50	68	-46
- Tax on remeasurement of defined benefit plans	-17	12	-16	11
Other comprehensive income, net of tax	**84**	**-62**	**83**	**-53**
Total comprehensive income	**912**	**1,119**	**863**	**1,063**
Attributable to:				
Shareholders of Nordea Bank Finland Plc	912	1,117	863	1,063
Non-controlling interests	-	2	-	-
Total	**912**	**1,119**	**863**	**1,063**

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

Balance sheet

		Group		
EURm	Note	31 Dec 2013	31 Dec 2012	1 Jan 2012
Assets				
Cash and balances with central banks		30,904	30,004	286
Loans to central banks	13	657	809	31,276
Loans to credit institutions	13	35,110	36,018	48,074
Loans to the public	13	113,779	100,765	99,331
Interest-bearing securities	14	34,246	29,818	25,418
Financial instruments pledged as collateral	15	9,739	8,078	8,346
Shares	16	680	838	1,312
Derivatives	17	70,234	117,213	170,228
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	58	124	138
Investments in group undertakings	19	-	-	-
Investments in associated undertakings	20	59	79	79
Intangible assets	21	100	108	106
Property and equipment	22, 23	94	96	124
Investment property	24	113	104	71
Deferred tax assets	12	5	37	22
Current tax assets	12	1	1	132
Retirement benefit assets	33	133	80	99
Other assets	25	8,277	10,320	8,078
Prepaid expenses and accrued income	26	572	969	704
Total assets		**304,761**	**335,461**	**393,824**
Liabilities				
Deposits by credit institutions	27	79,426	74,666	76,007
Deposits and borrowings from the public	28	80,909	70,212	68,260
Debt securities in issue	29	47,130	48,999	49,153
Derivatives	17	67,109	115,836	168,436
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	369	637	195
Current tax liabilities	12	8	4	0
Other liabilities	30	18,855	14,239	18,680
Accrued expenses and prepaid income	31	866	946	810
Deferred tax liabilities	12	53	58	53
Provisions	32	72	83	97
Retirement benefit liabilities	33	21	50	29
Subordinated liabilities	34	429	514	503
Total liabilities		**295,247**	**326,244**	**382,223**
Equity				
Non-controlling interests		1	4	5
Share capital		2,319	2,319	2,319
Share premium reserve		599	599	599
Other reserves		2,875	2,788	2,844
Retained earnings		3,720	3,507	5,834
Total equity		**9,514**	**9,217**	**11,601**
Total liabilities and equity		**304,761**	**335,461**	**393,824**
Assets pledged as security for own liabilities	35	35,061	32,266	27,324
Other assets pledged	36	4,393	6,978	7,692
Contingent liabilities	37	15,836	16,419	19,041
Credit commitments	38	15,882	15,956	17,949
Other commitments	38	721	634	775

Other notes

Note 1 Accounting policies
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Note 39 Capital adequacy
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Note 41 Assets and liabilities at fair value
Note 42 Financial instruments set off on balance or subject to netting agreements
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Note 44 Maturity analysis for assets and liabilities
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Note 47 Credit risk disclosures
Note 48 Nordea shares

Balance sheet

EURm	Note	Parent company 31 Dec 2013	31 Dec 2012	1 Jan 2012
Assets				
Cash and balances with central banks		30,904	30,004	286
Loans to central banks	13	657	809	31,276
Loans to credit institutions	13	40,563	41,463	53,421
Loans to the public	13	107,268	94,313	93,097
Interest-bearing securities	14	34,246	29,818	25,418
Financial instruments pledged as collateral	15	9,739	8,078	8,346
Shares	16	679	835	1,309
Derivatives	17	70,234	117,213	170,228
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	58	124	138
Investments in group undertakings	19	376	373	370
Investments in associated undertakings	20	34	34	34
Intangible assets	21	98	106	103
Property and equipment	22, 23	74	59	69
Investment property	24	8	10	10
Deferred tax assets	12	2	31	17
Current tax assets	12	-	-	131
Retirement benefit assets	33	132	80	98
Other assets	25	8,233	10,278	8,055
Prepaid expenses and accrued income	26	386	777	524
Total assets		**303,691**	**334,405**	**392,930**
Liabilities				
Deposits by credit institutions	27	79,315	74,553	75,919
Deposits and borrowings from the public	28	80,908	70,224	68,265
Debt securities in issue	29	47,130	48,999	49,153
Derivatives	17	67,109	115,836	168,436
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	369	637	195
Current tax liabilities	12	4	4	0
Other liabilities	30	18,687	14,024	18,541
Accrued expenses and prepaid income	31	668	744	615
Deferred tax liabilities	12	-	-	-
Provisions	32	67	79	94
Retirement benefit liabilities	33	20	45	29
Subordinated liabilities	34	429	514	503
Total liabilities		**294,706**	**325,659**	**381,750**
Equity				
Share capital		2,319	2,319	2,319
Share premium reserve		599	599	599
Other reserves		2,874	2,791	2,844
Retained earnings		3,193	3,037	5,418
Total equity		**8,985**	**8,746**	**11,180**
Total liabilities and equity		**303,691**	**334,405**	**392,930**
Assets pledged as security for own liabilities	35	35,056	32,266	27,324
Other assets pledged	36	4,393	6,978	7,692
Contingent liabilities	37	16,067	16,723	19,348
Credit commitments	38	13,422	13,275	15,006
Other commitments	38	326	260	492

Other notes

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Statement of changes in equity

Group

	Attributable to the shareholders of Nordea Bank Finland Plc									
			Other reserves							
EURm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Other reserves	Defined benefit plans	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 Jan 2013	**2,319**	**599**	**-35**	**13**	**2,848**	**-38**	**3,507**	**9,213**	**4**	**9,217**
Net profit for the year	-	-	-	-	-	-	828	828	-	828
Items that may be reclassified subsequently to the income statement										
Currency translation differences during the year	-	-	-	-	0	-	-3	-3	-	-3
Available-for-sale investments										
- Valuation gains/losses during the year	-	-	-	3	-	-	-	3	-	3
- Tax on valuation gains/losses during the year	-	-	-	1	-	-	-	1	-	1
Cash flow hedges:										
- Valuation gains/losses during the year	-	-	36	-	-	-	-	36	-	36
- Tax on valuation gains/losses during the year	-	-	-9	-	-	-	-	-9	-	-9
Items that may not be reclassified subsequently to the income statement										
Defined benefit plans										
- Remeasurement of defined benefit plans	-	-	-	-	-	73	-	73	-	73
- Tax on remeasurement of defined benefit plans	-	-	-	-	-	-17	-	-17	-	-17
Other comprehensive income, net of tax	-	-	27	4	0	56	-3	84	-	84
Total comprehensive income	-	-	27	4	0	56	825	912	-	912
Share-based payments	-	-	-	-	-	-	2	2	-	2
Dividend for 2012	-	-	-	-	-	-	-625	-625	-	-625
Other changes	-	-	-	-	-	-	11	11	-3	8
Balance at 31 Dec 2013	**2,319**	**599**	**-8**	**17**	**2,848**	**18**	**3,720**	**9,513**	**1**	**9,514**

[1] Total shares registered were 1,030.8 million (31 Dec 2012: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.

Statement of changes in equity *cont.*

Group

EURm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Other reserves	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of Nordea Bank Finland Plc		Other reserves							
Balance at 1 Jan 2012	**2,319**	**599**	**-**	**-4**	**2,848**	**-**	**5,853**	**11,615**	**5**	**11,620**
Restatement due to changed accounting policy[2]	-	-	-	-	-	-	-19	-19	0	-19
Restated opening balance at 1 Jan 2012	**2,319**	**599**	**-**	**-4**	**2,848**	**-**	**5,834**	**11,596**	**5**	**11,601**
Net profit for the year	-	-	-	-	-	-	1,179	1,179	2	1,181
Items that may be reclassified subsequently to the income statement										
Currency translation differences during the year	-	-	-	-	0	-	-6	-6	-	-6
Available-for-sale investments:										
- Valuation gains/losses during the year	-	-	-	24	-	-	-	24	-	24
- Tax on valuation gains/losses during the year	-	-	-	-7	-	-	-	-7	-	-7
Cash flow hedges:										
- Valuation gains/losses during the year	-	-	-46	-	-	-	-	-46	-	-46
- Tax on valuation gains/losses during the year	-	-	11	-	-	-	-	11	-	11
Items that may not be reclassified subsequently to the income statement										
Defined benefit plans										
- Remeasurement of defined benefit plans	-	-	-	-	-	-50	-	-50	-	-50
- Tax on remeasurement of defined benefit plans	-	-	-	-	-	12	-	12	-	12
Other comprehensive income, net of tax	-	-	-35	17	0	-38	-6	-62	-	-62
Total comprehensive income	-	-	-35	17	0	-38	1,173	1,117	2	1,119
Share-based payments	-	-	-	-	-	-	2	2	-	2
Dividend for 2011	-	-	-	-	-	-	-3,500	-3,500	-	-3,500
Other changes	-	-	-	-	0	-	-2	-2	-3	-5
Balance at 31 Dec 2012	**2,319**	**599**	**-35**	**13**	**2,848**	**-38**	**3,507**	**9,213**	**4**	**9,217**

[1] Total shares registered were 1,030.8 million (31 Dec 2011: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.

[2] Related to the amended IAS 19. See Note 1 for more information.

Statement of changes in equity *cont.*

Parent company

EURm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Other reserves	Defined benefit plans	Retained earnings	**Total equity**
	Attributable to the shareholders of Nordea Bank Finland Plc							
			Other reserves					
Balance at 1 Jan 2013	**2,319**	**599**	**-35**	**13**	**2,848**	**-35**	**3,037**	**8,746**
Net profit for the year	-	-	-	-	-	-	780	780
Items that may be reclassified subsequently to the income statement								
Currency translation differences during the year	-	-	-	-	-	-	-	-
Available-for-sale investments								
- Valuation gains/losses during the year	-	-	-	3	-	-	-	3
- Tax on valuation gains/losses during the year	-	-	-	1	-	-	-	1
Cash flow hedges:								
- Valuation gains/losses during the year	-	-	36	-	-	-	-	36
- Tax on valuation gains/losses during the year	-	-	-9	-	-	-	-	-9
Items that may not be reclassified subsequently to the income statement								
Defined benefit plans								
- Remeasurement of defined benefit plans	-	-	-	-	-	68	-	68
- Tax on remeasurement of defined benefit plans	-	-	-	-	-	-16	-	-16
Other comprehensive income, net of tax	-	-	27	4	-	52	-	83
Total comprehensive income	-	-	27	4	-	52	780	863
Share-based payments	-	-	-	-	-	-	2	2
Dividend for 2012	-	-	-	-	-	-	-625	-625
Other changes	-	-	-	-	-	-	-1	-1
Balance at 31 Dec 2013	**2,319**	**599**	**-8**	**17**	**2,848**	**17**	**3,193**	**8,985**

1 Total shares registered were 1,030.8 million (31 Dec 2012: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.

Statement of changes in equity *cont.*

Parent company

EURm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Other reserves	Defined benefit plans	Retained earnings	Total equity
	Attributable to the shareholders of Nordea Bank Finland Plc		Other reserves					
Balance at 1 Jan 2012	**2,319**	**599**	**-**	**-4**	**2,848**	**-**	**5,432**	**11,194**
Restatement due to changed accounting policy[2]	-	-	-	-	-	-	-14	-14
Restated opening balance at 1 Jan 2012	**2,319**	**599**	**-**	**-4**	**2,848**	**-**	**5,418**	**11,180**
Net profit for the year	-	-	-	-	-	-	1,116	1,116
Items that may be reclassified subsequently to the income statement								
Currency translation differences during the year								
Available-for-sale investments								
- Valuation gains/losses during the year	-	-	-	24	-	-	-	24
- Tax on valuation gains/losses during the year	-	-	-	-7	-	-	-	-7
Cash flow hedges:								
- Valuation gains/losses during the year	-	-	-46	-	-	-	-	-46
- Tax on valuation gains/losses during the year	-	-	11	-	-	-	-	11
Items that may not be reclassified subsequently to the income statement								
Defined benefit plans								
- Remeasurement of defined benefit plans	-	-	-	-	-	-46	-	-46
- Tax on remeasurement of defined benefit plans	-	-	-	-	-	11	-	11
Other comprehensive income, net of tax	-	-	-35	17	-	-35	-	-53
Total comprehensive income	-	-	-35	17	-	-35	1,116	1,063
Share-based payments	-	-	-	-	-	-	2	2
Dividend for 2011	-	-	-	-	-	-	-3,500	-3,500
Other changes	-	-	-	-	-	-	1	1
Balance at 31 Dec 2012	**2,319**	**599**	**-35**	**13**	**2,848**	**-35**	**3,037**	**8,746**

[1] Total shares registered were 1,030.8 million (31 Dec 2011: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.

[2] Related to the amended IAS 19. See Note 1 for more information.

Description of items in equity is included in Note 1 Accounting policies.

No decision was made during the financial year to issue equity warrants or convertible bonds entitling to subscription of shares in the NBF. At the end of 2013, the NBF held no authorisations given by the General Meeting for issuance or buybacks of shares, equity warrants or convertible bonds.

Cash flow statement

EURm	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Operating activities				
Operating profit	1,113	1,609	1,023	1,500
Adjustments for items not included in cash flow	658	-1,763	628	-1,782
Income taxes paid	-282	-286	-239	-247
Cash flow from operating activities before changes in operating assets and liabilities	**1,489**	**-440**	**1,412**	**-529**
Changes in operating assets				
Change in loans to central banks	-40	19,408	-40	19,408
Change in loans to credit institutions	2,784	8,059	3,662	8,179
Change in loans to the public	-13,375	-1,507	-13,006	-1,350
Change in interest-bearing securities	1,634	-12,193	1,634	-12,193
Change in financial assets pledged as collateral	-1,661	267	-1,661	268
Change in shares	184	469	182	468
Change in derivatives, net	-2,067	2,644	-2,068	2,644
Change in investment properties	-9	-33	2	0
Change in other assets	2,046	-2,242	2,046	-2,222
Changes in operating liabilities				
Change in deposits by credit institutions	6,635	-757	4,762	-1,366
Change in deposits and borrowings from the public	11,051	1,859	10,685	1,959
Change in debt securities in issue	-1,152	172	-1,868	-155
Change in other liabilities	-1,833	3,013	-1,789	2,937
Cash flow from operating activities	**5,686**	**18,719**	**3,953**	**18,048**
Investing activities				
Acquisition of business operations	0	0	-7	-2
Sale of business operations	1	-	4	0
Dividends from associated companies	27	19	-	0
Acquisition of associated undertakings	-	-	-	0
Sale of associated undertakings	-	-	0	0
Acquisition of property and equipment	-59	-34	-58	-29
Sale of property and equipment	13	15	1	2
Acquisition of intangible assets	-11	-28	-9	-27
Sale of intangible assets	0	0	0	-1
Divestments/Investments in debt securities, held to maturity	114	344	208	391
Purchase/sale of other financial fixed assets	0	17	0	17
Cash flow from investing activities	**85**	**333**	**139**	**351**
Financing activities				
Issued subordinated liabilities	-	0	-	0
Amortised subordinated liabilities	-27	-3	-27	-3
Dividend paid	-627	-3,500	-625	-3,500
Other changes	39	-23	30	-15
Cash flow from financing activities	**-615**	**-3,526**	**-622**	**-3,518**
Cash flow for the year	**5,156**	**15,526**	**3,470**	**14,881**
Cash and cash equivalents at the beginning of year	32,859	17,981	32,847	17,966
Translation difference	1,691	648	-	-
Cash and cash equivalents at the end of year	36,324	32,859	36,317	32,847
Change	**5,156**	**15,526**	**3,470**	**14,881**

Cash flow statement *cont.*

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea Bank Finland's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Adjustment for non-cash items includes:

	Group		Parent company	
EURm	2013	2012	2013	2012
Depreciation	39	43	31	31
Impairment charges	1	7	1	7
Loan losses	77	171	50	134
Unrealised gains/losses	476	-2,293	475	-2,293
Capital gains/losses (net)	-8	-3	-1	0
Change in accruals and provisions	312	-148	310	-144
Translation differences	2	-6	1	-
Other	-241	466	-239	483
Total	**658**	**-1,763**	**628**	**-1,782**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

	Group		Parent company	
EURm	2013	2012	2013	2012
Interest payments received	1,880	2,486	1,643	2,266
Interest expenses paid	-708	-1,090	-706	-1,087

Cash and cash equivalents

The following items are included in Cash and cash equivalents assets:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Cash and balances with central banks	30,904	30,004	30,904	30,004
Loans to credit institutions, payable on demand	5,420	2,855	5,413	2,843
	36,324	**32,859**	**36,317**	**32,847**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority, where the following conditions are fulfilled;
- the central bank or the postal giro system is domiciled in the country where the institution is established
- the balance on the account is readily available any time.

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

Notes to the financial statements

Note 1 Accounting policies

Contents for Note 1

1. Basis for presentation

NBF's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission. In addition, certain complementary rules in the Finnish Accounting Act, the Finnish Credit Institutions Act, the Financial Supervision Authority's Regulations and Guidelines and the Decision of the Ministry of Finance on the financial statements and consolidated statements of credit institutions have also been applied.

The disclosures, required in the standards, recommendations and legislation above, have been included in the notes, the Risk, Liquidity and Capital management section or in other parts of the "Financial statements".

On 28 February 2014 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 11 March 2014.

2. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report, except for the change to the basis for recognising actuarial gains/losses on defined benefit pension plans, and the presentation of forward starting bonds. These changes are further described below.

The new standard IFRS 13 "Fair Value Measurement" was implemented 1 January 2013 but has not had any significant impact on the measurement of assets and liabilities in Nordea. IFRS 13 clarifies how to measure fair value but does not change the requirements regarding which items should be measured at fair value. In addition IFRS 13 requires additional disclosures about fair value measurements. The additional disclosures required by IFRS 13 are presented in Note 41 "Assets and liabilities at fair value".

IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" have been amended as regards offsetting of financial assets and financial liabilities. Nordea implemented these changes in 2013 (IAS 32 early adopted). The amendments intend to clarify the criteria for offsetting and to add disclosures. Nordea's principles for offsetting are already in accordance with the clarified requirements and therefore there was no impact from the amendments in IAS 32. The additional disclosures required by IFRS 7 are presented in Note 42 "Financial instruments set off on balance or subject to netting agreements".

In 2013 the IASB published a narrow scope amendment to IAS 39 "Financial Instruments: Recognition and Measurement". Nordea implemented these changes in 2013 (early adopted). The amendment allows hedge accounting to be continued if a derivative designated as a hedging instrument is replaced with a new hedging instrument, where a clearing party replaces the original counterparty, as a consequence of laws or regulations. The amendment has not had any significant impact on the financial statements in Nordea.

IAS 19 "Employee Benefits"

The amended IAS 19 "Employee Benefits" was implemented 1 January 2013.

The amended standard has had an impact on the financial statements mainly related to defined benefit pension plans. The amended IAS 19 states that actuarial gains/losses shall be recognised immediately in equity through other comprehensive income, which leads to higher volatility in equity compared to the earlier so called "corridor approach". Consequently no actuarial gains/losses are recognised in the income statement, compared with the earlier rules where actuarial gains/losses outside the corridor were amortised through the income statement. The amended IAS 19 furthermore states that the expected return on plan assets shall be recognised using a return rate equal to the discount rate used when measuring the pension obligation. This has led to higher pension expenses in the income statement as Nordea previously expected a IAS 19 furthermore states that the expected return on plan assets shall be recognised using a return rate equal to the discount rate used when measuring the pension obligation. This has led to higher pension expenses in the income statement as Nordea previously expected a higher return than the discount rate. Any difference between the actual return and the expected return is a part of the actuarial gains/losses recognised immediately in equity through other comprehensive income without recycling to the income statement.

The comparative figures on the balance sheet and income statement have been restated accordingly and are disclosed in the table below.

At transition 1 January 2013 the negative impact on equity was EUR 62m, after income tax and the core tier 1 capital was reduced by EUR 41m, including the impact from changes in deferred tax assets.

Group

	Full year 2012	
Income statement, EURm	New policy	Old policy
Staff costs	-574	-567
Taxes	-428	-430
Net profit for the year	1,181	1,186

	31 Dec 2012		1 Jan 2012	
Balance sheet, EURm	New policy	Old policy	New policy	Old policy
Deferred tax assets	37	16	22	16
Retirement benefit asset	80	136	99	120
Retirement benefit obligation	50	23	29	25
Other reserves[1]	2,788	2,826	2,844	2,844
Retained earnings	3,507	3,531	5,834	5,853

[1] Impact through "Other comprehensive income"

Parent company

	Full year 2012	
Income statement, EURm	New policy	Old policy
Staff costs	-527	-520
Taxes	-384	-385
Net profit for the year	1,116	1,122

	31 Dec 2012		1 Jan 2012	
Balance sheet, EURm	New policy	Old policy	New policy	Old policy
Deferred tax assets	31	13	17	12
Retirement benefit asset	80	130	98	113
Retirement benefit obligation	45	23	29	25
Other reserves[1]	2,791	2,826	2,844	2,844
Retained earnings	3,037	3,056	5,418	5,432

[1] Impact through "Other comprehensive income"

The amended IAS 19 also requires additional disclosures which are presented in Note 33 “Retirement benefit obligations”, where also more information on the different defined benefit pension plans can be found.

Forward starting bonds

Bonds acquired/issued under non-regular way purchase terms, i.e. so called forward starting bonds, were previously recognised on the balance sheet as “Interest-bearing securities”/”Debt securities in issue” three days before settlement with a corresponding settlement liability/receivable recognised in “Other liabilities”/”Other assets”. As from the 1 January 2013 these bonds are recognised on the balance sheet on settlement date. The instruments continue to be recognised as derivatives between trade date and settlement date. The comparative figures on the balance sheet have been restated accordingly and are disclosed in the table below.

3. Changes in IFRSs not yet applied by Nordea

IFRS 9 “Financial Instruments” (Phase 1)

In 2009 the IASB published a new standard on financial instruments containing requirements for financial assets. Requirements for financial liabilities were added to this standard in 2010. The standard is the first step in the replacement of IAS 39 “Financial Instruments: Recognition and Measurement” and this first phase covers the classification and measurement of financial assets and liabilities. The effective date has been postponed from the earlier communicated date 1 January 2015, without any new effective date communicated. Earlier application is permitted. The EU commission has not yet endorsed this standard and is not expected to do so until all phases of IFRS 9 have been finalised. IFRS 9 “Financial Instruments” (Phase I) is not expected to have a significant impact on Nordea’s income statement and balance sheet as the mixed measurement model will be maintained. Significant reclassifications between fair value and amortised cost or impact on the capital adequacy and large exposures are not expected, but this is naturally dependent on the financial instruments on Nordea’s balance sheet at transition and the outcome of the final standard. It is expected that changes will be made to the standard before the standard becomes effective.

Nordea has, due to the fact that the standard is not yet endorsed by the EU commission and as changes before the effective date are likely, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

Group

	31 Dec 2012		1 Jan 2012	
Balance sheet, EURm	New policy	Old policy	New policy	Old policy
Interest bearing securities	29,818	36,269	25,418	30,866
Other liabilities	14,239	20,690	18,680	24,128

Parent company

	31 Dec 2012		1 Jan 2012	
Balance sheet, EURm	New policy	Old policy	New policy	Old policy
Interest bearing securities	29,818	36,269	25,418	30,866
Other liabilities	14,024	20,475	18,541	23,990

IFRS 9 "Financial Instruments" (Phase 3)
The IASB have during 2013 amended IFRS 9 "Financial instruments" and added new requirements for general hedge accounting, so called one-to-one hedges (Phase 3).

The main change 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 statement, capital adequacy or large exposures.

IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in Other Entities", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"
The IASB has published three new standards relating to consolidation, IFRS 10, IFRS 11 and IFRS 12, as well as amended IAS 27 and IAS 28. The effective date for these standards and amendments is as from 1 January 2013, but earlier application is permitted. The EU commission endorsed these standards and amendments during 2012. In contrast to IFRS, the EU commission requires the standards to be applied for annual periods beginning on or after 1 January 2014. Nordea will apply these standards as from 1 January 2014.

Nordea's assessment is that IFRS 10 "Consolidated Financial Statements" will not have any significant impact on Nordea's income statement or balance sheet at transition.

It is not expected that IFRS 11 will have any significant impact on Nordea, while IFRS 12 is expected to add disclosures.

Annual Improvements to IFRSs
The IASB has published minor amendments to IFRSs by issuing "Annual Improvements to IFRSs, 2010-2012 Cycle" and "Annual Improvements to IFRSs, 2011-2013 Cycle". Most of the amendments are effective for annual periods beginning on or after 1 July 2014, but earlier application is permitted. The EU commission is expected to endorse these amendments during the third quarter 2014. Nordea´s assessment is that the new requirements will not have any significant impact on Nordea´s financial statements, capital adequacy or large exposures.

IFRIC 21 "Levies"
The IASB has published IFRIC 21 "Levies". The interpretation is effective for annual periods beginnings on or after 1 January 2014. The EU commission expects to endorse IFRIC 21 in the beginning of 2014. Nordea will apply IFRIC 21 as from 1 January 2014, if endorsed by the EU commission.

IFRIC 21 is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IFRIC 21 clarifies that if a levy is triggered by operating as a bank at the end of the reporting period, the liability for the levy is not recognised prior to that date. The assessment is that the new interpretation will not have any significant impact on Nordea's financial statements, capital adequacy or large exposures.

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 valuation of investment properties
- the classification of leases
- the translations of assets and liabilities denominated in foreign currencies
- the valuation of deferred tax assets
- claims in civil lawsuits.

Fair value measurement of certain financial instruments

Nordea's accounting policy for determining the fair value of financial instruments is described in section 10 "Determination of fair value of financial instruments" and Note 41 "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 138,488m (252,558) and EUR 164,762m (185,506) 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 41 "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 15 "Intangible assets" and Note 21 "Intangible assets" lists the cash generating units to which goodwill has been allocated.

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.

Impairment testing of loans to the public/credit institutions

Nordea's accounting policy for impairment testing of loans is described in section 13 "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. NBF's total lending before impairment allowances was EUR 150,385m (138,427) at the end of the year. For more information, see Note 13 "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 9 "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 19 "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 Finland the discount rate is determined 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 fixing of these parameters at year-end is disclosed in Note 33 "Retirement benefit obligations" together with a description of the sensitivity to changes in assumptions.

Valuation of investment properties
Nordea's accounting policies for investment properties are described in section 17 "Investment property".

Investment properties are measured at fair value. As there normally are no active markets for investment properties, the fair values are estimated based on discounted cash flow models. These models are based on assumptions on future rents, vacancy levels, operating and maintenance costs, yield requirements and interest rates.

The carrying amounts of investment property were EUR 113m (104) at the end of the year. See Note 24 "Investment property" for more information on amounts and parameters used in these models.

Classification of leases
Nordea's accounting policies for leases are described in section 14 "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 that Nordea has divested are leased back. The duration of the lease agreement was initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, nor any economic benefit from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets' economic life. As a result, Nordea has classified these leases as operating leases. This judgement is a critical judgement that has a significant impact on the carrying amounts in the financial statement. More information on lease contracts can be found in Note 23 "Leasing".

Translation of assets and liabilities denominated in foreign currencies
Nordea's accounting policies covering the translation of assets and liabilities denominated in foreign currencies is described in section 8 "Translation of assets and liabilities denominated in foreign currencies".

Valuation of deferred tax assets
Nordea's accounting policy for the recognition of deferred tax assets is described in section 18 "Taxes" and Note 12 "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 5m (37) 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 32 "Provisions" and Note 37 "Contingent liabilities".

5. Principles of consolidation

Consolidated entities

The consolidated financial statements include the accounts of the parent company Nordea Bank Finland Plc, and those entities that the parent company controls. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All Group undertakings are consolidated using the acquisition method. Under the acquisition method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the group undertaking's assets and assumes its liabilities and contingent liabilities. The Group's acquisition cost is established in a purchase price allocation analysis. In such analysis, the cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for the identifiable net assets acquired. Costs directly attributable to the business combination are expensed.

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

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

When the aggregate of the consideration transferred in a business combination and the amount recognised for non-controlling interest exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is recognised immediately in the income statement.

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

Intra-group transactions and balances between the consolidated group undertakings are eliminated.

The Group undertakings are included in the consolidated accounts as from the date on which control is transferred to Nordea and are no longer consolidated as from the date on which control ceases.

In the consolidation process the reporting from the group undertakings is adjusted to ensure consistency with the IFRS principles applied by Nordea.

Investments in associated undertakings

The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where Nordea has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control over those policies. Investments within Nordea's investment activities, which are classified as a venture capital organisation within Nordea, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39. Further information on the equity method is disclosed in section 6 "Recognition of operating income and impairment".

Profits from companies accounted for under the equity method are reported post-taxes in the income statement. Consequently, the tax expense related to these profits is not included in the income tax expense for Nordea.

Internal transactions, in the income statement, between Nordea and its associated undertakings are not eliminated. Nordea does not have any sales of assets to or from associated undertakings.

Special Purpose Entities (SPE)

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

Nordea does not consolidate SPEs' assets and liabilities beyond its control. In order to determine whether Nordea controls a SPE or not, Nordea has to make judgements about risks and rewards and assess the ability to make operational decisions for the SPE in question. When assessing whether NBF shall consolidate a SPE, a range of factors are evaluated. These factors include whether the activities of the SPE are being in substance conducted on NBF's behalf or if NBF has in substance the decision making powers, the rights to obtain the majority of the benefits or the majority of the residual- or ownership risks. NBF consolidates all SPEs, where NBF has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that NBF does not have significant risks or rewards in connection to these assets and liabilities.

Nordea has created a number of SPEs to allow clients to invest in assets invested in by the SPEs. Some SPEs invest in tradable financial instruments, such as shares and bonds (mutual funds). Other SPEs invest in structured credit products or acquire assets from customers of Nordea. Nordea is generally the investment manager and has sole discretion about investments and other administrative decisions. Typically, Nordea will receive service and commission fees in connection to the creation of the SPEs, or because it acts as investment manager, custodian or in some other function. This in itself does not constitute a beneficial interest triggering consolidation. In some SPEs Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these SPEs Nordea has a beneficial interest and retains the majority of the risks and rewards, which is why these SPEs are consolidated. Note 19 "Investments in group undertakings" lists the major group undertakings in the NBF Group, including consolidated SPEs.

Currency translation of foreign entities

The consolidated financial statements are prepared in euro (EUR), the presentation currency of the parent company Nordea Bank Finland Plc. The current method is used when translating the financial statements of foreign entities into EUR from their functional currency. The assets and liabilities of foreign entities have been translated at the closing rates, while items in the income statement and statement of comprehensive income are translated at the average exchange rate for the year. Translation differences are accounted for in other comprehensive income and are accumulated in the translation reserve in equity.

Goodwill and fair value adjustments arising from the acquisition of group undertakings are treated as items in the same functional currency as the cash generating unit to which they belong and are also translated at the closing rate.

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 are classified as "Net result from items at fair value" in the income statement. Also the interest on the net funding of the operations in Markets is recognised on this line.

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

Net fee and commission income

Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan, as well as other fees received as payments for certain acts, are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

Commission expenses are normally transaction based and recognised in the period when the services are received.

Income from issued financial guarantees and expenses from bought financial guarantees, including fees paid to state guarantees, are amortised over the duration of the instruments and classified as "Fee and commission income" and "Fee and commission expense" respectively.

Net result from items at fair value
Realised and unrealised gains and losses on financial instruments measured at fair value through profit or loss are recognised in the item "Net result from items at fair value".

Realised and unrealised gains and losses derive from:

- Shares/participations and other share-related instruments
- Interest-bearing securities and other interest-related instruments
- Other financial instruments, including credit derivatives as well as commodity instruments/derivatives
- Foreign exchange gains/losses
- Investment properties, which include realised and unrealised income, for instance revaluation gains and losses. This line also includes realised results from disposals as well as the running property yield stemming from the holding of investment properties.

Interest income and interest expense related to all balance sheet items in Markets, including the net funding of the operations in Markets, are classified as "Net result from items at fair value".

Also the ineffective portion of cash flow hedges and net investment hedges as well as recycled gains and losses on financial instruments classified into the category Available for sale are recognised in "Net result from items at fair value".

This item also includes realised gains and losses from financial instruments measured at amortised cost, such as interest compensation received and realised gains/losses on buy-backs of issued own debt.

"Net result from items at fair value" includes also losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale.

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.

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 NBF's share of net assets in the associated undertakings. NBF's share of items accounted for in other comprehensive income in the associated undertakings is accounted for in other comprehensive income in NBF. 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 NBF.

Fair values are, at acquisition, allocated to the associated undertaking's identifiable assets, liabilities and contingent liabilities. Any difference between NBF'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 NBF'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 12 "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. 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 13 "Loans to the public/credit institutions".

Counterparty losses on instruments classified into the category Financial assets at fair value through profit or loss, including credit derivatives but apart from loans held at fair value as described above, as well as impairment on financial assets classified into the category Available for sale are reported under "Net result from items at fair value".

Impairment of securities held as financial non-current assets
Impairment on investments in interest-bearings securities, classified into the categories Loans and receivables or Held to maturity, and on investments in associated undertakings are classified as "Impairment of securities held as financial non-current assets" in the income statement. The policies covering impairment of financial assets classified into the categories Loans and receivables and Held to maturity are disclosed in section 12 "Financial instruments" and section 13 "Loans to the public/credit institutions".

Investments in associated undertakings are assessed for impairment annually. If observable indicators (loss events) indicate that an associated undertaking is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associate is compared with the recoverable amount (higher of value in use and fair value less cost to sell) and the carrying amount is written down to the recoverable amount if required.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

7. 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 12 "Financial instruments", as well as Note 43 "Transferred assets and obtained collaterals".

8. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates. 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”.

9. Hedge accounting

Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities. The EU carve out macro hedging enables a group of derivatives (or proportions thereof) to be viewed in combination and designated as the hedging instrument and removes some of the limitations in fair value hedge accounting relating to hedging core deposits and under-hedging strategies.

Nordea uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments as well as to hedge the exposure to variability in future cash flows and the exposure to net investments in foreign operations.

There are three forms of hedge accounting:

- Fair value hedge accounting
- Cash flow hedge accounting
- Hedges of net investments

NBF currently applies fair value hedge accounting and cash flow hedge accounting.

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 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.

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.

10. 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)

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:

- 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 41 “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 41 “Assets and liabilities at fair value”.

11. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:

- The central bank is domiciled in a country where Nordea is operating under a banking licence
- The balance is readily available at any time

Cash and cash equivalents are financial instruments classified into the category Loans and receivables, see section 12 “Financial instruments”.

Loans to credit institutions payable on demand are also recognised as “Cash and cash equivalents” in the cash flow statement together with instruments with central banks that can be resold immediately.

12. 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. The classification of the financial instruments on Nordea's balance sheet into different categories is presented in Note 40 "Classification of financial instruments".

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 certain other assets/liabilities, interest-bearing securities and shares. Nordea also applies the Fair value option on certain financial assets and financial liabilities related to Markets. The classification stems from the fact 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 13 "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 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 13 "Loans to the public/credit institutions" for more information on the identification and measurement of objective evidence of impairment, which is applicable also for interest-bearings securities classified into the category Held to maturity.

Available for sale
Financial instruments classified into the category Available for sale are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised in the fair value reserve in equity through other comprehensive income. Interest is recognised in the item "Interest income" and foreign exchange effects and impairment losses in the item "Net result from items at fair value" in the income statement.

When an instrument classified into the category Available for sale is disposed of, the fair value changes that previously have been accumulated in the fair value reserve (related to Available for sale investments) in other comprehensive income are removed from equity and recognised in the income statement in the item "Net result from items at fair value".

Financial assets classified into the category Available for sale are assessed at least annually in order to determine any need for impairment losses. If there is objective evidence of impairment, the accumulated loss that has been recognised in other comprehensive income is removed from equity and recognised as "Net result from items at fair value" in the income statement. The amount of the accumulated loss that is recycled from equity is the difference between the asset's acquisition cost and current fair value. For equity investments a prolonged or significant decline in the fair value, compared to the acquisition cost, is considered to be objective evidence of impairment. Objective evidence of impairment for a debt instrument is rather connected to a loss event, such as an issuer's financial difficulty.

Other financial liabilities
Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interest 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 Markets as part of the trading portfolio are classified into the category Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item "Net result from items at fair value".

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not recognised on or derecognised from the balance sheet. In the cases where the counterpart is entitled to resell or repledge the securities, the securities are reclassified to the balance sheet item "Financial instruments pledged as collateral".

Securities in securities lending transactions are also disclosed in the item "Assets pledged as security for own liabilities".

Cash collateral advanced (securities borrowing) to the counterparts is recognised on the balance sheet as "Loans to central banks", "Loans to credit institutions" or as "Loans to the public". Cash collateral received (securities lending) from the counterparts is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public".

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are reclassified to the balance sheet line "Financial instruments pledged as collateral".

Securities delivered under repurchase agreements are also disclosed in the item "Assets pledged as security for own liabilities".

Cash received under repurchase agreements is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public". Cash delivered under reverse repurchase agreements is recognised on the balance sheet as "Loans to central banks", "Loans to credit institutions" or as "Loans to the public".

Additionally, the sale of securities received in reverse repurchase agreements trigger the recognition of a trading liability (short sale).

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item "Derivatives" on the asset side. Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item "Derivatives" on the liability side.

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item "Net result from items at fair value".

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

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.

13. 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 7 "Recognition and derecognition of financial instruments on the balance sheet" as well as Note 40 "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.

The collective assessment is performed through a netting principle, i.e. when rated engagements are up-rated due to estimated increases in cash flows, this improvement will be netted against losses on loans that are down-rated due to estimated decreases in cash-flows. Netting is only performed within groups with similar risk characteristics where Nordea assesses that the customers' future cash flows are insufficient to serve the loans in full.

Impairment loss
If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows (discounted with 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 12 “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.

14. Leasing

NBF as lessor

Finance leases
Nordea’s leasing operations mainly comprise finance leases. A finance lease is reported as a receivable from the lessee in the balance sheet item “Loans to the public” at an amount equal to the net investment in the lease. The lease payment, excluding cost of services, is recorded as repayment of principal and interest income. The income allocation is based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of the finance lease.

Operating leases
Assets subject to operating leases on the balance sheet are reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straight-line basis over the lease term and classified as “Net interest income”. The depreciation of the leased assets is calculated on the basis of Nordea’s depreciation policy for similar assets and reported as “Depreciation, amortisation and impairment charges of tangible and intangible assets” in the income statement.

NBF as lessee

Finance leases

No leases in NBF have been classified as finance leases.

Operating leases

Operating leases are not recognised on NBF'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 that Nordea has divested are leased back. The duration of the lease agreements was initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, nor any economic benefits from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets' economic life. These leases are thus classified as operating leases. The rental expense for these premises is recognised on the basis of the time-pattern of Nordea's economic benefit which differs from the straight-line basis and better resembles an ordinary rental arrangement.

Embedded leases

Agreements can contain a right to use an asset in return for a payment, or a series of payments, although the agreement is not in the legal form of a leasing contract. If applicable, these assets are separated from the contract and accounted for as leased assets.

15. Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. The assets are under Nordea's control, which means that Nordea has the power and rights to obtain the future economic benefits flowing from the underlying resource. The intangible assets in Nordea mainly consist of goodwill, IT-development/computer software and customer related intangible assets.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is not recognised as a separate asset, but included in "Investments in associated undertakings". Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill cannot be reversed in subsequent periods. Goodwill related to associated undertakings is not tested for impairment separately, but included in the total carrying amount of the associated undertakings. The policies covering impairment testing of associated undertakings is disclosed in section 6 "Recognition of operating income and impairment".

IT-development/Computer software

Costs associated with maintaining computer software programs are expensed as incurred. Costs directly associated with major software development investments, with a useful life of three years or more and the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and overhead expenditures directly attributable to preparing the asset for use. Computer software includes also acquired software licenses not related to the function of a tangible asset.

Amortisation is calculated on a straight-line basis over the useful life of the software, generally a period of 3 to 10 years.

Customer related intangible assets

In business combinations a portion of the purchase price is normally allocated to a customer related intangible asset, if the asset is identifiable and under Nordea's control. An intangible asset is identifiable if it arises from contractual or legal rights, or could be separated from the entity and sold, transferred, licenced, rented or exchanged. The asset is amortised over its useful life, generally over 10 years.

Impairment

Goodwill is not amortised but tested for impairment annually irrespective of any indications of impairment. Impairment testing is also performed more frequently if required due to any indication of impairment. The impairment charge is calculated as the difference between the carrying amount and the recoverable amount.

At each balance sheet date, all intangible assets with definite useful lives are reviewed for indications of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the intangible asset is fully recoverable.

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates largely independent cash flows in relation to other assets. For goodwill, the cash generating units are defined as the operating segments. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a rate based on the long-term risk free interest rate plus a risk premium (post tax). If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See Note 21 “Intangible assets” for more information on the impairment testing.

16. Property and equipment

Property and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment comprise its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Property and equipment is depreciated on a straight-line basis over the estimated useful life of the assets. The estimates of the useful life of different assets are reassessed on a yearly basis. Below follows the current estimates:

- Buildings: 30–75 years
- Equipment: 3–5 years
- Leasehold improvements: Changes within buildings the shorter of 10 years and the remaining leasing term. New construction the shorter of the principles used for owned buildings and the remaining leasing term. Fixtures installed in leased properties are depreciated over the shorter of 10–20 years and the remaining leasing term.

At each balance sheet date, Nordea assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any impairment loss is recognised.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

17. Investment property

Investment properties are primarily properties held to earn rent and/or capital appreciation. 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”.

18. 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. 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.

19. 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 22 “Share-based payment”.

More information can be found in Note 8 “Staff costs”.

Post-employment benefits

Pension plans

The companies within Nordea have various pension plans, consisting of both defined benefit pension plans and defined contribution pension plans, reflecting national practices and conditions in the countries where Nordea operates. 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, 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 are based on defined contribution arrangements that hold no pension liability for Nordea. All defined benefit pension plans are closed for new employees.

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 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 33 “Retirement benefit obligations”).

When establishing the present value of the obligation and the fair value of any plan assets, actuarial gains and losses may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The actuarial gains and losses are 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 Finland the discount rate is determined 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 8 "Staff costs".

20. Equity

Non-controlling interests
Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Finland Plc.

For each business combination, NBF 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 NBF. 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, NBF's share of the earnings in associated undertakings, after the acquisition date, that have not been distributed is included in retained earnings.

21. 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".

22. Share-based payment

Equity-settled programmes
Nordea has annually issued Long Term Incentive Programmes from 2007 through 2012. Employees participating in these programmes are granted share-based equity-settled rights, i.e. rights to receive shares for free or to acquire shares in Nordea at a significant discount compared to the share price at grant date. The value of such rights is expensed. The expense is based on the estimated fair value of each right at grant date.

The total fair value of these rights is determined based on the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date. The fair value is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights/Performance Share II are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

For more information see Note 8 "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 8 "Staff costs".

23. Related party transactions

Nordea defines related parties as:

- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Key management personnel
- Other related parties

All transactions with related parties are made on an arm's length basis.

Shareholders with significant influence
Shareholders with significant influence are shareholders that have the power to participate in the financial and operating decisions of NBF but do not control those policies. Nordea and its group companies are considered as having such a power.

Group undertakings
For the definition of group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the NBF Group is found in Note 19 "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 20 "Investments in associated undertakings".

Key management personnel
Key management personnel include the following positions:

- The Board of Directors of NBF and Nordea Bank AB (publ)
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM)

For information about compensation, pensions and other transactions with key management personnel, see Note 8 "Staff costs".

Other related parties
Other related parties comprise close family members to individuals in key management personnel. Other related parties also include companies significantly influenced by key management personnel in Nordea Group as well as companies significantly influenced by close family members to these key management personnel. Other related parties also include Nordea's pension foundations.

Information concerning transactions between Nordea and other related parties is found in Note 45 "Related-party transactions".

Note 2 Segment reporting

Operating segments

Group

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 NBF the CODM has been defined as Group Executive Management.

Basis of segmentation
Financial results are presented for the two main business areas Retail Banking and Wholesale Banking, with further breakdown on operating segments, and for the operating segment Group Corporate Centre. Other operating segments below the quantitative thresholds in IFRS 8 are included in Other operating segments. Group functions and eliminations as well as the result that is not fully allocated to any of the operating segments, are shown separately as reconciling items.

Reportable Operating segments
Retail Banking conducts a full service banking operation and offers a wide range of products. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic markets (Retail Banking Nordic) as well as in 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, Oil Services & International is responsible for Nordea's customers within the shipping, offshore and oil services industries and provides tailormade solutions and syndicated loan transactions. Capital Markets unallocated includes the result in Capital Markets which is not allocated to the main business areas. Group Corporate Centre's main objective is to manage the Group's funding and to support the management and control of the NBF Group. The main income in Group Corporate Centre originates from Group Treasury.

	Retail Banking		Wholesale Banking		Group Corporate Centre	
Income statement, EURm	2013	2012	2013	2012	2013	2012
Net interest income	811	739	294	292	85	210
Net fee and commission income	622	577	-186	-92	-5	-7
Net result from items at fair value	91	86	1,011	1,163	-9	12
Profit from companies accounted for under the equity method	7	18	-	-	-	-
Other income	27	27	0	1	8	15
Total operating income	**1,558**	**1,447**	**1,119**	**1,364**	**79**	**230**
Staff costs	-351	-346	-146	-143	-41	-40
Other expenses	-485	-479	-36	-39	9	10
Depreciation, amortisation and impairment charges of tangible and intangible assets	-22	-27	-8	-9	-7	-10
Total operating expenses	**-858**	**-852**	**-190**	**-191**	**-39**	**-40**
Profit before loan losses	**700**	**595**	**929**	**1,173**	**40**	**190**
Net loan losses	-100	-79	-52	-88	17	26
Impairment of securities held as financial non-current assets	-	-	-	-	-	-
Operating profit	**600**	**516**	**877**	**1,085**	**57**	**216**
Income tax expense	-	-	-	-	-	-
Net profit for the year	**600**	**516**	**877**	**1,085**	**57**	**216**
Balance sheet, EURm						
Loans to the public	59,101	57,836	55,081	43,166	-83	-12
Deposits and borrowings from the public	37,359	38,428	43,056	31,535	496	270

Operating segments

Group

Income statement, EURm	Total operating segments 2013	Total operating segments 2012	Reconciliation 2013	Reconciliation 2012	**Total Group 2013**	**Total Group 2012**
Net interest income	1,190	1,241	-7	17	1,183	1,258
Net fee and commission income	431	478	-544	-183	-113	295
Net result from items at fair value	1,093	1,261	21	-44	1,114	1,217
Profit from companies accounted for under the equity method	7	18	1	0	8	18
Other income	35	43	-3	-7	32	36
Total operating income	**2,756**	**3,041**	**-532**	**-217**	**2,224**	**2,824**
Staff costs	-538	-529	-15	-45	-553	-574
Other expenses	-512	-508	46	61	-466	-447
Depreciation of tangible and intangible assets	-37	-46	-3	-4	-40	-50
Total operating expenses	**-1,087**	**-1,083**	**28**	**12**	**-1,059**	**-1,071**
Profit before loan losses	**1,669**	**1,958**	**-504**	**-205**	**1,165**	**1,753**
Net loan losses	-135	-141	82	-3	-53	-144
Impairment of securities held as financial non-current asset	-	-	1	-	1	-
Operating profit	**1,534**	**1,817**	**-421**	**-208**	**1,113**	**1,609**
Income tax expense	-	-	-285	-428	-285	-428
Net profit for the year	**1,534**	**1,817**	**-706**	**-636**	**828**	**1,181**
Balance sheet, EURm						
Loans to the public	114,099	100,990	-320	-225	113,779	100,765
Deposits and borrowings from the public	80,911	70,233	-2	-21	80,909	70,212

Break-down of Retail Banking

Income statement, EURm	Retail Banking Nordic[1] 2013	Retail Banking Nordic[1] 2012	Retail Banking Baltic[2] 2013	Retail Banking Baltic[2] 2012	Retail Banking Other[3] 2013	Retail Banking Other[3] 2012	**Total Retail Banking 2013**	**Total Retail Banking 2012**
Net interest income	674	611	162	148	-26	-20	811	739
Net fee and commission income	580	531	46	46	-4	0	622	577
Net result from items at fair value	95	89	-3	-2	0	-1	91	86
Profit from companies accounted for under the equity method	-	-	-	-	7	18	7	18
Other income	35	25	3	3	-11	-1	27	27
Total operating income	**1,384**	**1,256**	**208**	**195**	**-34**	**-4**	**1,558**	**1,447**
Staff costs	-254	-250	-29	-28	-68	-68	-351	-346
Other expenses	-495	-495	-62	-54	72	70	-485	-479
Depreciation of tangible and intangible assets	-6	-5	-2	-2	-14	-20	-22	-27
Total operating expenses	**-755**	**-750**	**-93**	**-84**	**-10**	**-18**	**-858**	**-852**
Profit before loan losses	**629**	**506**	**115**	**111**	**-44**	**-22**	**700**	**595**
Net loan losses	-57	-46	-42	-29	-1	-4	-100	-79
Operating profit	**572**	**460**	**73**	**82**	**-45**	**-26**	**600**	**516**
Income tax expense	-	-	-	-	-	-	-	-
Net profit for the year	**572**	**460**	**73**	**82**	**-45**	**-26**	**600**	**516**
Balance sheet, EURm								
Loans to the public	45,479	44,056	8,195	8,387	5,428	5,392	59,101	57,836
Deposits and borrowings from the public	33,714	35,217	3,641	3,201	4	10	37,359	38,428

[1] Retail Banking Nordic includes banking operations in Finland.
[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.

Note 2 *Segment reporting, cont.*

Break-down of Wholesale Banking

Income statement, EURm	Corporate & Institutional Banking 2013	Corporate & Institutional Banking 2012	Shipping, Offshore & Oil Services 2013	Shipping, Offshore & Oil Services 2012
Net interest income	169	164	113	118
Net fee and commission income	172	185	20	18
Net result from items at fair value	109	113	12	18
Profit from companies accounted for under the equity method	-	-	-	-
Other income	0	0	-	-
Total operating income	**450**	**462**	**145**	**154**
Staff costs	-7	-6	-9	-9
Other expenses	-126	-121	-14	-16
Depreciation of tangible and intangible assets	0	-	0	0
Total operating expenses	**-133**	**-127**	**-23**	**-25**
Profit before loan losses	**317**	**335**	**122**	**129**
Net loan losses	-17	-14	-36	-74
Operating profit	**300**	**321**	**86**	**55**
Income tax expense	-	-	-	-
Net profit for the year	**300**	**321**	**86**	**55**
Balance sheet, EURm				
Loans to the public	8,238	8,785	466	558
Deposits and borrowings from the public	7,319	6,276	153	157

Income statement, EURm	Capital Markets unallocated 2013	Capital Markets unallocated 2012	Wholesale Banking Other[4] 2013	Wholesale Banking Other[4] 2012	**Total Wholesale Banking 2013**	**Total Wholesale Banking 2012**
Net interest income	4	7	8	3	294	292
Net fee and commission income	-389	-350	11	56	-186	-92
Net result from items at fair value	890	1,032	-1	0	1,011	1,163
Profit from companies accounted for under the equity method	-	-	-	-	-	-
Other income	0	1	0	0	0	1
Total operating income	**505**	**690**	**18**	**59**	**1,119**	**1,364**
Staff costs	-74	-77	-56	-51	-146	-143
Other expenses	49	42	57	55	-36	-39
Depreciation of tangible and intangible assets	0	0	-8	-8	-8	-9
Total operating expenses	**-25**	**-35**	**-7**	**-4**	**-190**	**-191**
Profit before loan losses	**480**	**655**	**11**	**55**	**929**	**1,173**
Net loan losses	-	-	0	-1	-52	-88
Operating profit	**480**	**655**	**11**	**54**	**877**	**1,085**
Income tax expense	-	-	-	-	-	-
Net profit for the year	**480**	**655**	**11**	**54**	**877**	**1,085**
Balance sheet, EURm						
Loans to the public	40,176	26,716	6,201	7,106	55,081	43,166
Deposits and borrowings from the public	26,923	16,891	8,661	8,210	43,056	31,535

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

Note 2 *Segment reporting, cont.*

Reconciliation between total operating segments and financial statements

	Total operating income		Operating profit		Loans to the public		Deposits and borrowings from the public	
EURm	2013	2012	2013	2012	2013	2012	2013	2012
Total Operating segments	2,756	3,041	1,534	1,817	114,099	100,990	80,911	70,233
Group functions[1]	-526	-206	-421	-208	-2	-73	10	81
Eliminations	-6	-11	-	-	-318	-152	-12	-102
Total	**2,224**	**2,824**	**1,113**	**1,609**	**113,779**	**100,765**	**80,909**	**70,212**

[1] Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources, Board of Directors and Group Executive Management.

Group

Total operating income split on product groups

EURm	2013	2012
Banking products	1,539	2,008
Capital Markets products	675	786
Savings Products & Asset Management	0	25
Life & Pensions	10	5
Other	0	0
Total	**2,224**	**2,824**

Banking products consists of three different product types. Account products include account-based products such as lending, deposits and cards and Netbank services. Transaction products consist of cash management as well as trade and project finance services. Financings products include 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 arrangement for a financial instrument, that are available in the financial marketplace, including currencies, commodities, stocks and bonds. Savings products & Asset Management includes Investment Funds, Discretionary Management, Portfolio Advice, Equity Trading and Pension Accounts. Investment Funds is a bundled product where the fund company invest in stocks, bonds, derivatives or other standardised products on behalf of the fund's shareholders. Discretionary Management is a service providing the management of an investment portfolio on behalf of the customer and Portfolio Advise is a service provided to support the customers' investment decision. Life & Pensions provides life insurance and pension products and services.

Group

Geographical information

	Total operating income		Assets	
EURm	2013	2012	2013	2012
Sweden	100	65	15,886	7,575
Finland	1,177	1,562	97,083	99,721
Norway	113	146	6,431	8,763
Denmark	361	528	111,258	139,460
Baltic countries	176	210	9,721	10,145
Poland	9	7	123	116
Other	288	306	64,259	69,681
Total	**2,224**	**2,824**	**304,761**	**335,461**

NBF's main geographical market comprises the Nordic countries and the Baltic countries. Revenues and assets are distributed to geographical areas based on the location of operations. Goodwill is allocated to different countries based on the location of the business activities of the acquired entities.

Note 3 Net interest income

	Group		Parent company	
EURm	2013	2012	2013	2012
Interest income				
Loans to credit institutions	65	224	97	286
Loans to the public	1,571	1,857	1,295	1,560
Interest-bearing securities	142	177	142	177
Other interest income	71	79	79	87
Interest income	**1,849**	**2,337**	**1,613**	**2,110**
Interest expense				
Deposits by credit institutions	-289	-455	-287	-452
Deposits and borrowings from the public	-191	-329	-192	-329
Debt securities in issue	-419	-464	-419	-464
Subordinated liabilities	-25	-27	-25	-27
Other interest expense[1]	258	196	258	196
Interest expense	**-666**	**-1,079**	**-665**	**-1,076**
Net interest income	**1,183**	**1,258**	**948**	**1,034**

[1] The net interest income from derivatives, measured at fair value and related to Nordea's funding can have both a positive and negative impact on other interest expense, for further information see Note 1.

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 1,724m (2,180) for the Group and EUR 1,488m (1,954) for the parent company. Interest expense from financial instruments not measured at fair value through profit and loss amounts to EUR -924m (-1,275) for the Group and EUR -923m (-1,272) for the parent company.

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

Net interest income

	Group		Parent company	
EURm	2013	2012	2013	2012
Interest income	1,765	2,241	1,613	2,110
Leasing income[1]	84	96	-	-
Interest expenses	-666	-1,079	-665	-1,076
Total	**1,183**	**1,258**	**948**	**1,034**

[1] Of which contingent leasing income amounts to EUR 15m (24). 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.

Note 4 Net fee and commission income

	Group		Parent company	
EURm	2013	2012	2013	2012
Asset Management commissions	59	52	59	52
Life insurance	9	6	9	6
Brokerage, securities issues and corporate finance	46	75	46	76
Custody and issuer services	23	33	24	33
Deposits	7	7	7	7
Total savings and investments	144	173	145	174
Payments	200	196	202	197
Cards	129	97	93	67
Total payments and cards	329	293	295	264
Lending	122	88	112	76
Guarantees and documentary payments	132	146	132	145
Total lending related to commissions	254	234	244	221
Other commission income	32	41	31	41
Fee and commission income	**759**	**741**	**715**	**700**
Savings and investments	-332	-323	-332	-323
Payments	-10	-10	-7	-7
Cards	-63	-55	-62	-53
Other commission expenses[1]	-467	-58	-465	-56
Fee and commission expenses	**-872**	**-446**	**-866**	**-439**
Net fee and commission income	**-113**	**295**	**-151**	**261**

[1] Mainly consists of Finnish bank tax and guarantee commission fee paid to Nordea Bank AB (publ)

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounted to EUR 129m (95) for the Group and EUR 119m (83) for the parent company.

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amounted to EUR 114m (134) for the Group and EUR 114m (134) for the parent company.

Note 5 Net result from items at fair value

EURm	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Shares/participations and other share-related instruments	93	264	92	263
Interest-bearing securities and other interest-related instruments	-2	520	-2	519
Other financial instruments	90	297	90	297
Foreign exchange gains/losses	939	140	934	132
Investment properties	-6	-4	-4	-3
Total	**1,114**	**1,217**	**1,110**	**1,208**

Net result from categories of financial instruments

EURm	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Available for sale assets, realised	-16	0	-16	0
Financial instruments designated at fair value through profit or loss	163	153	164	153
Financial instruments held for trading[1]	22	937	20	935
Financial instruments under fair value hedge accounting	7	2	7	2
- of which net result on hedging instruments	-157	392	-157	392
- of which net result on hedged items	164	-390	164	-390
Financial assets measured at amortised cost[2]	1	2	1	2
Foreign exchange gains/losses excl currency hedges	941	127	938	119
Other	-4	-4	-4	-3
Total	**1,114**	**1,217**	**1,110**	**1,208**

[1] Of which amortised deferred day one profits amounted to EUR 2m for 2013 (5) both for the Group and the parent company.
[2] Of which EUR 1m (2) related to instruments classified into the category "Loans and receivables".

Note 6 Dividends

EURm	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Investments in group undertakings	-	-	101	80
Investments in associated undertakings	-	-	27	19
Total	**-**	**-**	**128**	**99**

Note 7 Other operating income

EURm	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Divestment of shares	1	-	-	-
Income from real estate	2	2	1	2
Disposals of tangible and intangible assets	4	3	1	0
Other	25	31	24	30
Total	**32**	**36**	**26**	**32**

Note 8 Staff costs

EURm	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Salaries and remuneration	-426	-434	-397	-400
Pension costs (specification below)	-60	-63	-56	-57
Social security contributions	-30	-31	-27	-28
Allocation to profit-sharing foundation[1]	-11	-20	-11	-19
Other staff costs	-26	-26	-25	-23
Total	**-553**	**-574**	**-516**	**-527**

[1] Allocation to profit-sharing foundation 2013 EUR 11m (20) in the Group and EUR 11m (19) in the parent company consists of a new allocation of EUR 12m (18) in the Group and EUR 11m (17) in the parent company and expenses related to prior years of EUR -1m (2) in the Group and EUR -1m (2) in the parent company.

	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Pension costs:				
Defined benefit plans (Note 33)	0	1	1	2
Defined contribution plans	-60	-64	-57	-59
Total	**-60**	**-63**	**-56**	**-57**

Additional disclosures on remuneration under Nordic FSAs' regulation and general guidelines (including FIN-FSA release 62/501/2010)
The qualitative disclosures under these regulations can be found in the separate section on remuneration in the Board of Director's Report, while the quantitative disclosures will be published in a separate report on Nordea's homepage (www.nordea.com) one week before the Annual General Meeting on 20 March 2014.

Compensation etc. to the Board of Directors, President and his deputy
The members of the Board of Directors of Nordea Bank Finland Plc and the President, are all members of the Nordea Bank AB (publ) Group Executive Management except for the one external member Carl-Johan Granvik. The monthly fee for the external Board member was 1,250 euros, totalling 15,000 euros in 2013 (6,250). In 2013 Nordea Bank AB (publ) has paid all salaries, fees, pension- and other staff-related expenses to the above mentioned other members of the Board and the President. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation -expenses.

Information on salaries, loans and pension liabilities of the above mentioned other members of the Board and the President is presented in the Annual Report of Nordea Bank AB (publ).

The deputy of the president Pekka Nuuttila resigned on 28 February 2013 and Topi Manner was elected new deputy as from 1 March 2013. Salaries paid to the deputy of the President of Nordea Bank Finland Plc amounted to EUR 0m (0). Pension obligation for the deputy of the President amounted to EUR 0m (3) and pension cost to defined benefit plans to EUR 0m (2). There is at yearend no defined benefit plan for the deputy. The statutory pension cost for the deputy of the president amounted to EUR 0m (0).

EURm	2013	2012
Loans granted by Nordea Bank Finland Plc		
To members and deputy members of the Board of Directors	0	0
To the President and his deputy	1	0

Terms and conditions regarding loans to members of the Board of Directors, to President and his deputy are decided in accordance with instructions issued by the Board of Directors.

Guarantees and other off-balance-sheet commitments
No guarantees or other off-balance-sheet commitments have been granted to members of administrative or controlling boards or to auditors.

The members of the administrative and controlling boards have no holdings of shares, equity warrants or convertible bonds issued by Nordea Bank Finland Plc.

Loans to key management personnel
Loans to key management personnel as defined in Note 1 section 23 amounts to EUR 1m (2) in the Group and EUR 1m (2) in the parent company. Interest income on these loans amounts to EUR 0m (0) in the Group and EUR 0m (0) in the parent company.

Terms and conditions regarding loans for key management personnel employed by Nordea are decided in accordance with instructions issued by the Board of Directors. 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 employees of Nordea. In Finland the employee interest rate for loans corresponds to Nordea's funding cost with a margin of 10 basis points up to EUR 400,000, and 30 basis points on the part that exceeds EUR 400,000.

The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any key management personnel.

Long Term Incentive Programmes

Group

Conditional Rights LTIP 2012	2013 Matching Share	2013 Performance Share I	2013 Performance Share II	2012 Matching Share	2012 Performance Share I	2012 Performance Share II
Outstanding at the beginning of year	207,861	497,861	207,861	-	-	-
Granted	7,816[1]	19,603[1]	7,816[1]	210,430	502,999	210,430
Forfeited	-4,414	-8,828	-4,414	-2,569	-5,138	-2,569
Outstanding at end of year	**211,263**	**508,636**	**211,263**	**207,861**	**497,861**	**207,861**
- of which currently exercisable	-	-	-	-	-	-

Parent company

Conditional Rights LTIP 2012	2013 Matching Share	2013 Performance Share I	2013 Performance Share II	2012 Matching Share	2012 Performance Share I	2012 Performance Share II
Outstanding at the beginning of year	202,784	484,654	202,784	-	-	-
Granted	7,621[1]	19,009[1]	7,621[1]	205,353	489,792	205,353
Forfeited	-4,414	-8,828	-414	-2,569	-5,138	-2,569
Outstanding at end of year	**205,991**	**494,835**	**209,991**	**202,784**	**484,654**	**202,784**
- of which currently exercisable	-	-	-	-	-	-

Group

Conditional Rights LTIP 2011	2013 Matching Share	2013 Performance Share I	2013 Performance Share II	2012 Matching Share	2012 Performance Share I	2012 Performance Share II
Outstanding at the beginning of year	149,531	299,062	149,531	154,236	308,472	154,236
Granted[1]	5,465	10,930	5,465	5,481	10,962	5,481
Transfer during the year	-	-	-	-6,347	-12,694	-6,347
Forfeited	-7,287	-14,574	-7,287	-3,839	-7,678	-3,839
Outstanding at end of year	**147,709**	**295,418**	**147,709**	**149,531**	**299,062**	**149,531**
- of which currently exercisable	-	-	-	-	-	-

Parent company

Conditional Rights LTIP 2011	2013 Matching Share	2013 Performance Share I	2013 Performance Share II	2012 Matching Share	2012 Performance Share I	2012 Performance Share II
Outstanding at the beginning of year	146,011	292,022	146,011	150,845	301,690	150,845
Granted[1]	5,330	10,660	5,330	5,352	10,704	5,352
Transfer during the year	-	-	-	-6,347	-12,694	-6,347
Forfeited	-7,287	-14,574	-7,287	-3,839	-7,678	-3,839
Outstanding at end of year	**144,054**	**288,107**	**144,054**	**146,011**	**292,022**	**146,011**
- of which currently exercisable	-	-	-	-	-	-

Group

Rights LTIP 2010	2013 Matching Share	2013 Performance Share I	2013 Performance Share II	2012 Matching Share	2012 Performance Share I	2012 Performance Share II
Outstanding at the beginning of year	153,128	306,256	153,128	162,974	325,948	162,974
Transfer during the year	-	-	-	-3,057	-6,114	-3,057
Forfeited	-5,032	-149,790	-86,481	-6,789	-13,578	-6,789
Allotted	-124,141	-131,156	-55,867	-	-	-
Outstanding at end of year	**23,955**	**25,310**	**10,780**	**153,128**	**306,256**	**153,128**
- of which currently exercisable	-	-	-	-	-	-

Parent company

Rights LTIP 2010	2013 Matching Share	2013 Performance Share I	2013 Performance Share II	2012 Matching Share	2012 Performance Share I	2012 Performance Share II
Outstanding at the beginning of year	150,708	301,416	150,708	160,554	321,108	160,554
Transfer during the year	-	-	-	-3,057	-6,114	-3,057
Forfeited	-5,032	-147,507	-85,150	-6,789	-13,578	-6,789
Allotted	-121,721	-128,599	-54,778	-	-	-
Outstanding at end of year	**23,955**	**25,310**	**10,780**	**150,708**	**301,416**	**150,708**
- of which currently exercisable	-	-	-	-	-	-

[1] Granted rights are compensation for dividend on the underlying Nordea share during 2012.

Note 8 *Staff costs, cont.*

Group

Rights LTIP 2009	2013 A Rights	 B-C Rights	 D Rights	2012 A Rights	 B-C Rights	 D Rights
Outstanding at the beginning of year	21,528	15,317	621	74,943	71,432	24,360
Forfeited	-	-	-	-7,359	-7,359	-7,359
Exercised[2]	-21,528	-15,317	-621	-46,056	-48,756	-16,380
Outstanding at end of year	**0**	**0**	**0**	**21,528**	**15,317**	**621**
- of which currently exercisable	0	0	0	21,528	15,317	621

Parent company

Rights LTIP 2009	2013 A Rights	 B-C Rights	 D Rights	2012 A Rights	 B-C Rights	 D Rights
Outstanding at the beginning of year	21,528	15,317	621	70,614	67,103	22,628
Forfeited	-	-	-	-7,359	-7,359	-7,359
Exercised[2]	-21,528	-15,317	-621	-41,727	-44,427	-14,648
Outstanding at end of year	**0**	**0**	**0**	**21,528**	**15,317**	**621**
- of which currently exercisable	0	0	0	21,528	15,317	621

[2] Weighted average share price during the exercise period amounts to EUR 8.63 (6.88).

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	LTIP 2011 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, months	36	36	36	36	36	36
Contractual life, months	36	36	36	36	36	36
Allotment	April/May 2015	April/May 2015	April/'May 2015	April/May 2014	April/May 2014	April/May 2014
Fair value at grant date, EUR	6.31 [1]	6.31 [1]	2.28 [1]	7.61 [1]	7.61 [1]	2.75 [1]

	LTIP 2010 Matching Share	 Performance Share I	 Performance Share II	LTIP 2009 A Rights	 B-C Rights	 D Rights
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price, EUR	-	-	-	0.51	0.12	0.12
Grant date	13 May 2010	13 May 2010	13 May 2010	14 May 2009	14 May 2009	14 May 2009
Vesting period, months	36	36	36	24	24	24
Contractual life, months	36	36	36	48	48	48
Allotment/First day of exercise	April/May 2013	April/May 2013	April/May 2013	29 April 2011	29 April 2011	29 April 2011
Fair value at grant date, EUR	6.75	6.75	2.45	4.66	5.01	1.75

[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 A-right/Matching Share to acquire or receive ordinary shares based on continued employment and the conditional B-D-rights/Performance Share I and II to acquire or receive additional ordinary shares based on fulfilment of certain performance conditions. The performance conditions for B- and C-rights and for Performance Share I comprise a target growth in risk adjusted profit per share (RAPPS) or a target in risk-adjusted return on capital at risk (RAROCAR). Should the reported earnings per share (EPS) be lower than a predetermined level the participants are not entitled to exercise any B- or C-rights or Performance Share I. The performance conditions for D-rights and 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.

When the performance conditions are not fully fulfilled, the rights that are no longer exercisable are shown as forfeited in the previous tables, as well as shares forfeited due to participants leaving the Nordea Group.

The exercise price, where applicable, for the ordinary shares is adjusted for dividends, however never adjusted below a predetermined price. Furthermore the profit for each right is capped.

	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009[1]
Service condition, A-D-rights / Matching Share / Performance Share I and II	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the two year vesting period.
Performance condition, B-rights / Performance Share I	Average RAROCAR during the period 2012 up to and including 2014. Full right to exercise will be obtained if the RAROCAR amounts to 17%.	Compound Annual Growth Rate in RAPPS from year 2010 (base year) to and including year 2013. Full allotment was obtained if the Compound Annual Growth Rate amounts to or exceed 10%.	Compound Annual Growth Rate in RAPPS from year 2009 (base year) to and including year 2012. Full right to exercise will be obtained if the Compound Annual Growth Rate amounts to or exceed 9%.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 8% or more.
EPS knock out, B-rights/Performance Share I	-	Average reported EPS for 2011-2013 lower than EUR 0.26.	Average reported EPS for 2010-2012 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.26.
Performance condition, C-rights	-	-	-	Increase in RAPPS 2010 compared to 2009. Full right to exercise was obtained if RAPPS increased by 8% or more.
EPS knock out, C-rights	-	-	-	Reported EPS for 2010 lower than EUR 0.26.
Performance condition, D-rights/Performance Share II	RAROCAR during the period 2012 up to and including 2014 and P/E-ranking year-end 2014 compared to a peer group. Full right to exercise will be obtained if the RAROCAR amounts to 14% and if Nordea's P/B-ranking is 1-5.	TSR during 2011-2013 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.	TSR during 2010-2012 in comparison with a peer group. Full allotment was obtained if Nordea is ranked number 1-5.	TSR during 2009-2010 in comparison with a peer group. Full right to exercise was obtained if Nordea was ranked number 1.
Cap	The market value of the allotted shares is capped to the participants' annual salary for year-end 2011.	The market value of the allotted shares is capped to the participants' annual salary for year-end 2010.	The market value of the allotted shares is capped to the participants' annual salary for year-end 2009.	The profit per A-D-right is capped to EUR 9.59 per right.
Dividend compensation	The number of Matching Shares and Performance Shares will be adjusted for dividends on the underlying Nordea share during the vesting period, as if assuming that each dividend was used to immediately invest in additional Nordea shares.	The number of Matching Shares and Performance Shares will be adjusted for dividends on the underlying Nordea share during the vesting period, as if assuming that each dividend was used to immediately invest in additional Nordea shares.	-	The exercise price was adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.

[1] RAPPS for the financial years 2008 and 2009, EPS knock out and the cap were in 2009 adjusted due to the financial effects of the new rights issue in 2009.

Fair value calculations

The fair value is measured through the use of generally accepted valuation models with the following input factors:

	LTIP 2012	**LTIP 2011**	**LTIP 2010**	**LTIP 2009**
Weighted average share price, EUR	6.70	8.39	6.88	5.79
Right life, years	3.0	3.0	3.0	2.5
Deduction of expected dividends	No	No	No	Yes
Risk free rate, %	Not applicable	Not applicable	Not applicable	1.84
Expected volatility, %	Not applicable	Not applicable	Not applicable	29

Expected volatility is based on historical values. 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 fair value calculations are also based on estimated early exercise behaviour during the programme's exercise windows, however only applicable for LTIP 2009.

The value of the D-rights/Performance Share II are based on market related conditions and fulfilment of the TSR, RAROCAR and P/B targets have been taken into consideration when calculating the right's fair value at grant. When calculating the impact from the market conditions it has been assumed that all possible outcomes have equal possibilities. Also the caps in each programme have been taken into consideration when calculating the rights' fair value at grant. The adjustment to fair value is approximately 2-3% of the weighted average share price.

Expenses for equity-settled share-based payment programmes[1]

Group

EURm	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009
Expected expense for the whole programme	-3.2	-3.3	-2.5	-3.1
Maximum expense for the whole programme	-5.2	-3.8	-2.5	-3.1
Total expense during 2013	-1.0	-1.1	-0.5	-
Total expense during 2012	-0.7	-0.9	-0.3	-

Parent company

EURm	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009
Expected expense for the whole programme	-3.1	-3.3	-2.4	-3.0
Maximum expense for the whole programme	-5.1	-3.7	-2.4	-3.0
Total expense during 2013	-1.0	-1.1	-0.5	-
Total expense during 2012	-0.6	-0.9	-0.3	-

[1] All amounts excluding social security contribution.

When calculating the expected expense an expected annual employee turnover of 5% has been used. The expected expense is recognised over the vesting period of 36 months (LTIP 2012, LTIP 2011 and LTIP 2010) and 24 months (LTIP 2009).

Cash-settled share-based payment transactions

Nordea operates share-linked deferrals on parts of variable compensation for certain employee categories, indexed with Nordea Total Shareholder Returns (TSR) and either vesting after three years or vesting in equal instalments over a three to five year period. Since 2011 Nordea also operates TSR-linked retention on part of variable compensation for certain employee categories. The table below only includes deferred amounts indexed with Nordea TSR. 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 has during 2013 introduced the Executive Incentive Programme 2013 ("EIP 2013") 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 2013 is paid no earlier than autumn 2017. 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 Annual Report of Nordea Bank AB (publ)), within the Nordea Group. EIP 2013 is offered instead of Nordea's LTIP and VSP for the invited employees. The allocation of the EIP 2013 is decided during spring 2014, and a reservation of EUR 4m incl. social costs was made in 2013 both in the Group and parent company. 80% of the allocated amount will be subject to TSR-indexation.

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			
	Group		Parent company	
EURm	2013	2012	2013	2012
Opening balance	3	1	3	1
Deferred/earned during the year	2	2	2	2
TSR indexation during the year	1	0	1	0
Payments during the year[1]	-2	0	-2	0
Translation differences	0	0	0	0
Closing balance	**4**	**3**	**4**	**3**

[1] There have been no adjustments due to forfeitures in 2013.

Note 8 *Staff costs, cont.*

Average number of employees

	Group		Parent company	
	2013	2012	2013	2012
Full-time employees	8,396	8,731	7,764	7,967
Part-time employees	541	538	495	485
Total	**8,937**	**9,269**	**8,259**	**8,452**
Total number of employees (FTEs), end of period	7,981	8,252	7,440	7,516

Note 9 Other expenses

	Group		Parent company	
EURm	2013	2012	2013	2012
Information technology[1]	-180	-150	-186	-170
Marketing and representation	-28	-31	-26	-28
Postage, transportation, telephone and office expenses	-43	-46	-36	-39
Rents, premises and real estate	-88	-92	-90	-91
Other[2]	-127	-128	-109	-116
Total	**-466**	**-447**	**-447**	**-444**

[1] Starting from March 2012 NBF outsourced its IT operations to Nordea Bank AB.
[2] Including fees and remuneration to auditors distributed as follows

Auditors' fees

	Group		Parent company	
EURm	2013	2012	2013	2012
KPMG				
Auditing assignments	-1	-1	-1	-1
Audit-related services	0	0	0	0
Tax advisory services	0	0	0	0
Other assignments	0	0	0	0
Total	**-1**	**-1**	**-1**	**-1**

Note 10 Depreciation, amortisation and impairment charges of tangible and intangible assets

	Group		Parent company	
EURm	2013	2012	2013	2012
Depreciation/amortisation				
Property and equipment (Note 22)				
Equipment	-21	-24	-15	-14
Buildings	0	0	0	0
Intangible assets (Note 21)				
Computer software	-15	-16	-15	-15
Other intangible assets	-2	-3	-1	-2
Total	**-38**	**-43**	**-31**	**-31**
Impairment charges / Reversed impairment charges				
Property and equipment (Note 22)				
Other impairment losses/reversals	-	-1	-	-1
Intangible assets (Note 21)				
Impairment other intangible assets	-2	-6	-2	-6
Total	-2	-7	-2	-7
Total	**-40**	**-50**	**-33**	**-38**

Note 11 Net loan losses

	Group		Parent company	
EURm	2013	2012	2013	2012
Divided by class				
Loans to credit institutions	0	0	0	0
- of which provisions	0	0	0	0
- of which reversals	0	0	0	0
Loans to the public	-56	-158	-46	-139
- of which provisions	-216	-264	-203	-241
- of which write-offs	-71	-159	-40	-124
- of which allowances used for covering write-offs	104	92	96	82
- of which reversals	103	146	93	135
- of which recoveries	24	27	8	9
Off-balance sheet items[1]	3	14	3	14
- of which provisions	-8	-5	-8	-5
- of which reversals	11	19	11	19
Total	**-53**	**-144**	**-43**	**-125**
Specification				
Changes of allowance accounts in the balance sheet	-110	-104	-107	-93
- of which Loans, individually assessed[2]	-123	-176	-121	-166
- of which Loans, collectively assessed[2]	10	58	11	59
- of which Off-balance sheet items, individually assessed[1]	0	16	0	16
- of which Off-balance sheet items, collectively assessed[1]	3	-2	3	-2
Changes directly recognised in the income statement	57	-40	64	-32
- of which realised loan losses, individually assessed	33	-67	56	-41
- of which realised recoveries, individually assessed	24	27	8	9
Total	**-53**	**-144**	**-43**	**-125**

[1] Included in Note 32 Provisions as "Transfer risk, off-balance" and "Individually assessed guarantees and other commitments".
[2] Included in Note 13 Loans and impairment

Key ratios

	Group		Parent company	
	2013	2012	2013	2012
Loan loss ratio, basis points[3]	5	14	5	14
- of which individual	6	20	6	20
- of which collective	-1	-6	-1	-6

[3] Net loan losses (annualised) divided by opening balance of loans to the public (lending).

Note 12 Taxes

Income tax expense

	Group		Parent company	
EURm	2013	2012	2013	2012
Current tax	-285	-420	-239	-382
Deferred tax	0	-8	-4	-2
Bank tax in Finland[1]				
Total	**-285**	**-428**	**-243**	**-384**

[1] The Finnish bank tax was introduced in 2013 and is based on risk weighted assets rather than income. This tax is not included in the current- and deferred tax disclosures in this Note.

Current and deferred tax recognised in Other comprehensive income

Deferred tax relating to available-for-sale investments	-4	-7	-4	-7
Deferred tax relating to cash flow hedges	2	24	2	11
Deferred tax relating to defined benefit plans	4	12	3	11
Total	**2**	**29**	**1**	**15**

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate of Finland as follows:

	Group		Parent company	
EURm	2013	2012	2013	2012
Profit before tax	1,113	1,609	1,023	1,500
Tax calculated at a tax rate of 24,5%	-273	-394	-251	-368
Income from associated undertakings	0	0	-	-
Other direct taxes	0	0	0	0
Tax-exempt income	3	10	31	25
Non-deductible expenses	-14	-5	-13	-1
Adjustments relating to prior years	6	-24	6	-25
Change of tax rate	8	0	-1	-
Not creditable foreign taxes	-15	-15	-15	-15
Tax charge	**-285**	**-428**	**-243**	**-384**
Average effective tax rate	26%	27%	24%	26%

Group	Deferred tax assets		Deferred tax liabilities	
EURm	2013	2012	2013	2012
Deferred tax related to:				
Tax losses carry-forward	0	0	-	-
Untaxed reserves	-	-	-	-
Loans to the public	18	20	53	58
Financial instruments	-2	6	-	-
Intangible assets	0	0	0	-
Property and equipment	2	3	-	-
Investment property	-	-	-	-
Retirement benefit assets/obligations	-27	-16	0	-
Hedge of net investments in foreign operations	-	-	-	-
Liabilities/provisions	14	24	-	0
Total	**5**	**37**	**53**	**58**

Parent company	Deferred tax assets		Deferred tax liabilities	
EURm	2013	2012	2013	2012
Deferred tax related to:				
Tax losses carry-forward	-	-	-	-
Loans to the public	16	18	-	-
Financial instruments	-2	6	-	-
Intangible assets	-	-	-	-
Property and equipment	2	3	-	-
Investment property	-	-	-	-
Retirement benefit assets/obligations	-27	-19	-	-
Liabilities/provisions	13	23	-	-
Total	**2**	**31**	**-**	**-**

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Movements in deferred tax assets/liabilities, net				
Amount at beginning of year (net)	-22	-31	31	17
Deferred tax relating to items recognised in Other comprehensive income	-25	12	-24	11
Acquisitions and others	0	5	-1	5
Deferred tax in the income statement	-1	-8	-4	-2
Amount at the end of the year (net)	**-48**	**-22**	**2**	**31**

There were no unrecognised deferred tax assets in the Group nor in the parent company in 2013 or 2012.

There was no deferred tax relating to temporary differences associated with investments in group undertakings, associated undertakings and joint ventures.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred tax income relates to the same fiscal authority.

Note 13 Loans and impairment

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Loans, not impaired	148,377	136,523	147,523	135,684
Impaired loans	2,008	1,904	1,716	1,641
- of which performing	1,034	947	839	771
- of which non-performing	974	957	877	870
Loans before allowances	**150,385**	**138,427**	**149,239**	**137,325**
Allowances for individually assessed impaired loans	-714	-657	-644	-579
- of which performing	-421	-407	-355	-338
- of which non-performing	-293	-250	-289	-241
Allowances for collectively assessed impaired loans	-125	-178	-107	-161
Allowances	**-839**	**-835**	**-751**	**-740**
Loans, carrying amount	**149,546**	**137,592**	**148,488**	**136,585**

	Central banks and credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Loans, not impaired	35,768	36,828	41,221	42,273
Impaired loans	24	24	24	24
- of which performing	-	-	-	-
- of which non-performing	24	24	24	24
Loans before allowances	**35,792**	**36,852**	**41,245**	**42,297**
Allowances for individually assessed impaired loans	-25	-25	-25	-25
- of which performing	-	-	-	-
- of which non-performing	-25	-25	-25	-25
Allowances for collectively assessed impaired loans	0	0	0	0
Allowances	**-25**	**-25**	**-25**	**-25**
Loans, carrying amount	**35,767**	**36,827**	**41,220**	**42,272**

	The public[1]			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Loans, not impaired	112,609	99,695	106,302	93,411
Impaired loans	1,984	1,880	1,692	1,617
- Performing	1,034	947	839	771
- Non-performing	950	933	853	846
Loans before allowances	**114,593**	**101,575**	**107,994**	**95,028**
Allowances for individually assessed impaired loans	-689	-632	-619	-554
- Performing	-421	-407	-355	-338
- Non-performing	-268	-225	-264	-216
Allowances for collectively assessed impaired loans	-125	-178	-107	-161
Allowances	**-814**	**-810**	**-726**	**-715**
Loans, carrying amount	**113,779**	**100,765**	**107,268**	**94,313**

[1] Finance leases, where the Nordea Group is a lessor, are included in Loans to the public, see Note 23 Leasing.

Reconciliation of allowance accounts for impaired loans[2]

	Total					
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2013	**-657**	**-178**	**-835**	**-579**	**-161**	**-740**
Provisions	-177	-39	-216	-167	-36	-203
Reversals	55	49	104	46	47	93
Changes through the income statement	**-122**	**10**	**-112**	**-121**	**11**	**-110**
Allowances used to cover write-offs	104	-	104	96	-	96
Translation differences	-39	43	4	-40	43	3
Closing balance at 31 Dec 2013	**-714**	**-125**	**-839**	**-644**	**-107**	**-751**
Opening balance at 1 Jan 2012	**-576**	**-236**	**-812**	**-495**	**-220**	**-715**
Provisions	-218	-46	-264	-199	-43	-242
Reversals	42	104	146	33	102	135
Changes through the income statement	**-176**	**58**	**-118**	**-166**	**59**	**-107**
Allowances used to cover write-offs	92	0	92	82	0	82
Translation differences	3	0	3	0	0	0
Closing balance at 31 Dec 2012	**-657**	**-178**	**-835**	**-579**	**-161**	**-740**

	Central banks and credit institutions					
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2013	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Provisions	-	0	0	-	0	0
Reversals	-	0	0	-	0	0
Changes through the income statement	**0**	**0**	**0**	**0**	**0**	**0**
Allowances used to cover write-offs	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2013	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Opening balance at 1 Jan 2012	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Provisions	-	0	0	-	0	0
Reversals	-	0	0	-	0	0
Changes through the income statement	-	**0**	**0**	-	**0**	**0**
Allowances used to cover write-offs	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2012	**-25**	**0**	**-25**	**-25**	**0**	**-25**

	The public					
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2013	**-632**	**-178**	**-810**	**-554**	**-161**	**-715**
Provisions	-177	-39	-216	-167	-36	-203
Reversals	55	49	104	46	47	93
Changes through the income statement	**-122**	**10**	**-112**	**-121**	**11**	**-110**
Allowances used to cover write-offs	104	-	104	96	-	96
Translation differences	-39	43	4	-40	43	3
Closing balance at 31 Dec 2013	**-689**	**-125**	**-814**	**-619**	**-107**	**-726**
Opening balance at 1 Jan 2012	**-551**	**-236**	**-787**	**-470**	**-220**	**-690**
Provisions	-218	-46	-264	-199	-43	-242
Reversals	42	104	146	33	102	135
Changes through the income statement	**-176**	**58**	**-118**	**-166**	**59**	**-107**
Allowances used to cover write-offs	92	-	92	82	-	82
Translation differences	3	0	3	0	0	0
Closing balance at 31 Dec 2012	**-632**	**-178**	**-810**	**-554**	**-161**	**-715**

[2] See Note 11 Net loan losses

Note 13 *Loans and impairment, cont.*

Allowances and provisions

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Allowances for items in the balance sheet	-839	-835	-751	-740
Provisions for off balance sheet items	-30	-32	-30	-32
Total allowances and provisions	**-869**	**-867**	**-781**	**-772**

	Central banks and credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Allowances for items in the balance sheet	-25	-25	-25	-25
Provisions for off balance sheet items	-7	-9	-7	-9
Total allowances and provisions	**-32**	**-34**	**-32**	**-34**

	The public			
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Allowances for items in the balance sheet	-814	-810	-726	-715
Provisions for off balance sheet items	-23	-23	-23	-23
Total allowances and provisions	**-837**	**-833**	**-749**	**-738**

Key ratios

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2013	2012	2013	2012
Impairment rate, gross[3], basis points	133	138	115	119
Impairment rate, net[4], basis points	86	90	72	77
Total allowance rate[5], basis points	56	60	50	54
Allowances in relation to impaired loans[6], %	36	35	38	35
Total allowances in relation to impaired loans[7], %	42	44	44	45
Non-performing loans, not impaired[8], EURm	66	127	61	52

[3] Individually assessed impaired loans before allowances divided by total loans before allowances.
[4] Individually assessed impaired loans after allowances divided by total loans before allowances.
[5] Total allowances divided by total loans before allowances.
[6] Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.
[7] Total allowances divided by total impaired loans before allowances.
[8] Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 14 Interest-bearing securities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
State and sovereigns	8,672	6,483	8,672	6,483
Municipalities and other public bodies	146	97	146	97
Mortgage institutions	12,353	9,004	12,353	9,004
Other credit institutions	10,766	12,849	10,766	12,849
Corporates	1,881	1,151	1,881	1,151
Corporates, sub-investment grade	428	234	428	234
Other	0	0	0	0
Total	**34,246**	**29,818**	**34,246**	**29,818**

Note 15 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.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Interest-bearing securities	9,739	8,078	9,739	8,078
Total	**9,739**	**8,078**	**9,739**	**8,078**

For information on transferred assets, see Note 43.
For information on reverse repos, see Note 43.

Note 16 Shares

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Shares	56	92	56	89
Shares taken over for protection of claims	-	-	-	-
Fund units, equity related	592	614	591	614
Fund units, interest related	32	132	32	132
Total	**680**	**838**	**679**	**835**
- of which Financial instruments pledged as collateral (Note 15)	-	-	-	-
Total	**680**	**838**	**679**	**835**

Note 17 Derivatives and hedge accounting

31 Dec 2013, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom. amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom. amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	48,067	44,566	3,950,077	48,067	44,566	3,950,077
Futures and forwards	203	211	1,156,307	203	211	1,156,307
Options	8,406	8,261	583,111	8,406	8,261	583,111
Total	**56,676**	**53,038**	**5,689,495**	**56,676**	**53,038**	**5,689,495**
Equity derivatives						
Equity swaps	425	232	10,887	425	232	10,887
Futures and forwards	7	5	912	7	5	912
Options	546	695	15,871	546	695	15,871
Total	**978**	**932**	**27,670**	**978**	**932**	**27,670**
Foreign exchange derivatives						
Currency and interest rate swaps	9,804	10,670	797,916	9,804	10,670	797,916
Currency forwards	473	515	91,719	473	515	91,719
Options	185	150	21,228	185	150	21,228
Total	**10,462**	**11,335**	**910,863**	**10,462**	**11,335**	**910,863**
Credit derivatives						
Credit default swaps	1,337	1,361	60,889	1,337	1,361	60,889
Total rate of return swaps	-	-	-	-	-	-
Total	**1,337**	**1,361**	**60,889**	**1,337**	**1,361**	**60,889**
Commodity derivatives						
Swaps	105	92	2,125	105	92	2,125
Futures and forwards	11	10	762	11	10	762
Options	28	11	1,048	28	11	1,048
Other	-	-	-	-	-	-
Total	**144**	**113**	**3,935**	**144**	**113**	**3,935**
Other derivatives						
Options	13	14	431	13	14	431
Other	15	13	32	15	13	32
Total	**28**	**27**	**463**	**28**	**27**	**463**
Total derivatives held for trading	**69,625**	**66,806**	**6,693,315**	**69,625**	**66,806**	**6,693,315**

31 Dec 2013, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom. amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom. amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	565	144	62,386	565	144	62,386
Total	**565**	**144**	**62,386**	**565**	**144**	**62,386**
Foreign exchange derivatives						
Currency and interest rate swaps	44	159	1,026	44	159	1,026
Currency forwards	-	-	-	-	-	-
Total	**44**	**159**	**1,026**	**44**	**159**	**1,026**
Total derivatives used for hedge accounting	**609**	**303**	**63,412**	**609**	**303**	**63,412**
Total derivatives	**70,234**	**67,109**	**6,756,727**	**70,234**	**67,109**	**6,756,727**
[1] of which cash flow hedges	39	219	13,957 [2]	39	219	13,957 [2]
[1] of which fair value hedges	570	84	62,212 [2]	570	84	62,212 [2]

[2] some cross currency interest rate swaps are used both as fair value hedges and as 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

Group EURm	<1 year	1-3 years	3-5 years	5-10 years	Over 10 years
Cash inflows (assets)	-	-	-	-	-
Cash outflows (liabilities)	2,569	3,663	3,724	3,829	69
Net cash flows	**2,569**	**3,663**	**3,724**	**3,829**	**69**

Note 17 *Derivatives and hedge accounting, cont.*

	Group			Parent company		
	Fair value		Total nom.	Fair value		Total nom.
31 Dec 2012, EURm	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	89,987	86,528	3,744,280	89,987	86,528	3,744,280
Futures and forwards	352	397	1,421,573	352	397	1,421,573
Options	12,159	12,161	458,797	12,159	12,161	458,797
Total	**102,498**	**99,086**	**5,624,650**	**102,498**	**99,086**	**5,624,650**
Equity derivatives						
Equity swaps	242	241	9,654	242	241	9,654
Futures and forwards	2	2	286	2	2	286
Options	425	396	11,458	425	396	11,458
Total	**669**	**639**	**21,398**	**669**	**639**	**21,398**
Foreign exchange derivatives						
Currency and interest rate swaps	11,377	13,599	846,588	11,377	13,599	846,588
Currency forwards	429	735	81,304	429	735	81,304
Options	200	213	26,288	200	213	26,288
Total	**12,006**	**14,547**	**954,180**	**12,006**	**14,547**	**954,180**
Credit derivatives						
Credit default swaps	637	655	47,053	637	655	47,053
Total rate of return swaps	-	-	-	-	-	-
Total	**637**	**655**	**47,053**	**637**	**655**	**47,053**
Commodity derivatives						
Swaps	493	434	5,694	493	434	5,694
Futures and forwards	5	26	600	5	26	600
Options	30	28	1,534	30	28	1,534
Other	-	-	-	-	-	-
Total	**528**	**488**	**7,828**	**528**	**488**	**7,828**
Other derivatives						
Options	10	8	254	10	8	254
Other	23	14	57	23	14	57
Total	**33**	**22**	**311**	**33**	**22**	**311**
Total derivatives held for trading	**116,371**	**115,437**	**6,655,420**	**116,371**	**115,437**	**6,655,420**

			Group			Parent company
		Fair value	Total nom.		Fair value	Total nom.
31 Dec 2012, EURm	Positive	Negative	amount	Positive	Negative	amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	775	211	38,886	775	211	38,886
Total	**775**	**211**	**38,886**	**775**	**211**	**38,886**
Foreign exchange derivatives						
Currency and interest rate swaps	67	188	2,569	67	188	2,569
Currency forwards	-	-	-	-	-	-
Total	**67**	**188**	**2,569**	**67**	**188**	**2,569**
Total derivatives used for hedge accounting	**842**	**399**	**41,455**	**842**	**399**	**41,455**
Total derivatives	**117,213**	**115,836**	**6,696,875**	**117,213**	**115,836**	**6,696,875**

Periods when hedged cashflows are expected to occur and when they are expected to affect the income statement

Group EURm	<1 year	1-3 years	3-5 years	5-10 years	Over 10 years
Cash inflows (assets)	-	-	-	-	-
Cash outflows (liabilities)	-	-5,092	-4,301	-3,084	-70
Net cash flows	**-**	**-5,092**	**-4,301**	**-3,084**	**-70**

Note 18 Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Carrying amount at beginning of year	124	138	124	138
Changes during the year				
- Revaluation of hedged items	-66	-14	-66	-14
Carrying amount at end of year	**58**	**124**	**58**	**124**

Liabilities	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Carrying amount at beginning of year	637	195	637	195
Changes during the year				
- Revaluation of hedged items	-268	442	-268	442
Carrying amount at end of year	**369**	**637**	**369**	**637**

The carrying amount at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset respectively a liability. When the hedged item is an asset, the change in the fair value of the hedged item is presented within assets and when the hedged item is a liability, the change is presented as a liability.

Note 19 Investments in group undertakings

Parent company

	31 Dec	31 Dec
EURm	2013	2012
Acquisition value at beginning of year	373	370
Acquisitions / capital contributions during the year	7	3
Sales during the year	-4	-
Translation differences	0	0
Acquisition value at end of year	**376**	**373**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Translation differences	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**376**	**373**

Note 19 *Investments in group undertakings, cont.*

Specification

This specification includes all directly owned group undertakings and major group undertakings to the directly owned companies.

Group

31 Dec 2013	Number of shares	Carrying amount 2013 EURm	Carrying amount 2012 EURm	Voting power of holding, %	Domicile	Business ID
Domestic						
Credit institutions						
Nordea Finance Finland Ltd	1,000,000	306	306	100.0	Espoo	0112305-3
Financial institutions						
Tukirahoitus Oy[1]	672	7	7	100.0	Espoo	0677131-6
Real estate companies						
Kiinteistö Oy Tampereen Kirkkokatu 7[1]	280	50	50	100.0	Tampere	0819781-3
Kiinteistö Oy Levytie 6[1]	147	12	18	100.0	Helsinki	0818921-5
Kiinteistö Oy Lahden Aleksanterinkatu 19-21[1, 2]	-	-	10	100.0	Lahti	0150108-5
Other companies						
Fidenta Oy[3]	-	-	0	-	Espoo	0988412-1
International						
Financial institutions						
Nordea Finance Polska S.A[1]	19,690,000	0	0	100.0	Warsaw	PL5861944082
Nordea Finance Estonia Ltd[1]	60,000	6	6	100.0	Tallinn	EE100212426
Nordea Finance Latvia Ltd[1]	1,100	4	4	100.0	Riga	LV40003348054
Nordea Finance Lithuania Ltd[1]	6,540	4	4	100.0	Vilnius	LT111667277
Nordea Securities Holding (U.K.) Ltd	49,010,000	2	2	100.0	London	01803666
Real estate companies						
Promano Est OÜ	1	10	10	100.0	Tallinn	11681888
Promano Lit UAB	34,528	10	10	100.0	Vilnius	302423219
SIA Promano Lat	21,084	30	30	100.0	Riga	40103235197
SIA Realm	7,030	10	10	100.0	Riga	50103278681

Other subsidiaries included in the consolidated financial statements; total assets of less than EUR 10m	Number of companies	Carrying amount of shares EURm	Total assets EURm
Real estate companies	7	11	13
Other companies	9	7	86

[1] Indirect holding through Nordea Finance Finland Ltd, a subsidiary of Nordea Bank Finland Plc.
[2] Sold in March 2013
[3] Merged to Nordea Bank Finland Plc in December 2013

The parent company of Nordea Bank Finland Plc is Nordea Bank AB (publ) domiciled in Stockholm, registration number 516406-0120. The Annual Report 2013 of Nordea Bank AB (publ) may be down-loaded on the Internet at www.nordea.com and is available from Nordea Group Investor Relations, SE 105 71 Stockholm, Sweden. The Annual Report 2013 of the Nordea Group is also available at branches of Nordea Bank Finland Plc.

Group

Special Purpose Entities (SPEs) – Consolidated

6 SPEs have been setup in the Baltics to acquire assets from commercial customers. The total consolidated value of these assets is EUR 2m (13).

Note 20 Investments in associated undertakings

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Acquisition value at beginning of year	80	81	43	43
Acquisitions during the year	1	-	-	-
Sales during the year	-	-	-	-
Share in earnings	8	18	-	-
Dividend received	-27	-19	-	-
Reclassifications	-1	1	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**61**	**81**	**43**	**43**
Accumulated impairment charges at beginning of year	-2	-2	-9	-9
Reversed impairment charges during the year	-	-	-	-
Impairment charges during the year	-	-	-	-
Impairment charges reclassifications during the year	-	0	-	-
Translation differences	0	0	-	-
Accumulated impairment charges at end of year	**-2**	**-2**	**-9**	**-9**
Total	**59**	**79**	**34**	**34**

Nordea Bank Finland Plc's and Nordea Bank Finland Group's associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

	31 Dec	31 Dec
EURm	2013	2012
Total assets	242	274
Total liabilities	162	175
Operating income	52	84
Operating profit	10	33

Nordea Bank Finland Plc's and Nordea Bank Finland Group' s share of contingent liabilities and commitments in favour of associated undertakings of Nordea Bank Finland Group amounts to EUR 83m (84), of which the unused portion of approved overdraft facilities is EUR 63m (64).

Group

31 Dec 2013	Business ID	Domicile	Carrying amount 2013, EURm	Carrying amount 2012, EURm	Voting power of holding %
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	8	8	33.3
Fenestra Oy[1]	0177676-7	Vantaa	0	0	9.9
NF Fleet Oy	2006935-5	Espoo	3	2	20.0
UAB ALD Automotive, Lithuania	300156575	Vilnius	1	1	25.0
ALD Automotive Eesti AS, Estonia	11094435	Tallin	1	1	25.0
ALD Automotive SIA, Latvia	50003825931	Riga	1	1	25.0
Oy Realinvest Ab	0680035-9	Helsinki	0	0	49.3
Realia Holding Oy	2106796-8	Helsinki	20	20	25.0
Securus Oy	0742429-5	Helsinki	0	0	35.2
Suomen Luotto-osuuskunta	0201646-0	Helsinki	25	46	27.3
Total			**59**	**79**	

[1] Nordea Bank Finland Plc holds currently convertible bonds which, if converted, would give Nordea Bank Finland significant influence over the entity.

Parent company

31 Dec 2013	Business ID	Domicile	Carrying amount 2013, EURm	Carrying amount 2012, EURm	Voting power of holding %
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	5	5	33.3
Fenestra Oy[1]	0177676-7	Vantaa	0	0	9.9
Realia Holding Oy	2106796-8	Helsinki	20	20	25.0
Oy Realinvest Ab	0680035-9	Helsinki	0	0	49.3
Securus Oy	0742429-5	Helsinki	0	0	35.2
Suomen Luotto-osuuskunta	0201646-0	Helsinki	9	9	27.3
Total			**34**	**34**	

[1] Nordea Bank Finland Plc holds currently convertible bonds which, if converted, would give Nordea Bank Finland significant influence over the entity.

Note 21 Intangible assets

EURm	Group 31 Dec 2013	Group 31 Dec 2012	Parent Company 31 Dec 2013	Parent Company 31 Dec 2012
Other intangible assets				
Computer software	94	100	97	105
Other intangible assets	6	8	1	1
Other intangible assets, total	**100**	**108**	**98**	**106**
Intangible assets, total	**100**	**108**	**98**	**106**

	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Computer software				
Acquisition value at beginning of year	156	130	163	136
Acquisitions during the year	11	26	9	30
Sales/disposals during the year	-	0	-	-
Reclassifications	-1	0	-1	-3
Translation differences	0	0	-	-
Acquisition value at end of year	**166**	**156**	**171**	**163**
Accumulated amortisation at beginning of year	-50	-34	-52	-36
Amortisation according to plan for the year	-15	-16	-15	-15
Accumulated amortisation on sales/disposals during the year	-	-	-	-
Reclassifications	1	0	1	-1
Translation differences	-	-	-	-
Accumulated amortisation at end of year	**-64**	**-50**	**-66**	**-52**
Accumulated impairment charges at beginning of year	-6	-	-6	-
Impairment charges during the year	-2	-6	-2	-6
Accumulated impairment charges at end of year	**-8**	**-6**	**-8**	**-6**
Total	**94**	**100**	**97**	**105**

	Group 31 Dec 2013	Group 31 Dec 2012	Parent Company 31 Dec 2013	Parent Company 31 Dec 2012
Other intangible assets				
Acquisition value at beginning of year	21	20	7	11
Acquisitions during the year	-	2	-	0
Sales/disposals during the year	-	-1	-	-
Reclassifications	-1	0	-2	-4
Translation differences	0	0	-	-
Acquisition value at end of year	**20**	**21**	**6**	**7**
Accumulated amortisation at beginning of year	-13	-10	-6	-8
Amortisation according to plan for the year	-2	-3	-1	-2
Accumulated amortisation on sales/disposals during the year	-	0	-	-
Reclassifications	1	0	2	4
Translation differences	0	0	-	-
Accumulated amortisation at end of year	**-14**	**-13**	**-5**	**-6**
Accumulated impairment charges at beginning of year	0	0	-	-
Impairment charges during the year	-	0	-	-
Accumulated impairment charges at end of year	**0**	**0**	**-**	**-**
Total	**6**	**8**	**1**	**1**

Note 22 Property and equipment

EURm	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Property and equipment	94	96	74	59
- of which buildings for own use	2	2	1	1
Total	**94**	**96**	**74**	**59**
Equipment				
Acquisition value at beginning of year	243	263	181	177
Acquisitions during the year	59	45	56	29
Sales/disposals during the year	-26	-27	-	-
Reclassifications	-36	-38	-32	-25
Translation differences	-1	0	-	-
Acquisition value at end of year	**239**	**243**	**205**	**181**
Accumulated depreciation at beginning of year	-148	-142	-122	-110
Accumulated depreciation on sales/disposals during the year	17	16	-	-
Reclassifications	4	2	5	2
Depreciation according to plan for the year	-21	-24	-15	-14
Translation differences	1	0	-	-
Accumulated depreciation at end of year	**-147**	**-148**	**-132**	**-122**
Accumulated impairment charges at beginning of year	-1	0	-1	-
Impairment charges during the year	-	-1	-	-1
Reclassifications	1	-	1	-
Accumulated impairment charges at end of year	**0**	**-1**	**0**	**-1**
Total	**92**	**94**	**73**	**58**
Land and buildings				
Acquisition value at beginning of year	4	5	3	4
Acquisitions during the year	-	-	-	-
Sales/disposals during the year	-	-1	-	-1
Reclassifications	-	-	-	-
Acquisition value at end of year	**4**	**4**	**3**	**3**
Accumulated depreciation at beginning of year	-2	-2	-2	-2
Accumulated depreciation on sales/disposals during the year	-	-	-	-
Depreciation according to plan for the year	0	0	0	0
Accumulated depreciation at end of year	**-2**	**-2**	**-2**	**-2**
Total	**2**	**2**	**1**	**1**

Note 23 Leasing

NBF as a lessor

Finance leases
Nordea Bank Finland Group 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 13) 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:

	Group	
EURm	31 Dec 2013	31 Dec 2012
Gross investments	2,596	2,509
Less unearned finance income	-139	-130
Net investments in finance leases	**2,457**	**2,379**
Less unguaranteed residual values accruing to the benefit of the lessor	-73	-81
Present value of future minimum lease payments receivable	**2,384**	**2,298**
Accumulated allowance for uncollectible minimum lease payments receivable	10	5

As of 31 December 2013 the gross investment and the net investment by remaining maturity was distributed as follows:

	Group	
EURm	31 Dec 2013 Gross investment	31 Dec 2013 Net investment
2013	810	804
2014	737	651
2015	496	472
2016	297	287
2017	172	168
Later years	83	75
Total	**2,596**	**2,457**

Operating leases
Assets subject to operating leases mainly comprise vehicles and other equipment. In the balance sheet they are reported as tangible assets.

Under non-cancellable operating leases, the future minimum lease payments receivables are distributed as follows:

	Group	
	31 Dec	31 Dec
EURm	2013	2012
2013	2	6
2014	1	2
2015	1	1
2016	0	0
2017	0	0
Later years	0	0
Total	**4**	**9**

NBF as a lessee

Finance leases

Nordea Bank Finland Group has only to a minor extent entered into finance lease agreements. The carrying amount of assets subject to finance leases amounts to EUR 0m (0).

Operating leases

Nordea Bank Finland Group has entered into operating lease agreements for premises and office equipment.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
Leasing expenses during the year, EURm	2013	2012	2013	2012
Leasing expenses during the year	-66	-59	-69	-72
- of which minimum lease payments	-65	-59	-69	-72
- of which contingent rents	0	-1	-	-
Leasing income during the year regarding sublease payments	-	-	-	-

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

	Group	Parent company
EURm	31 Dec 2013	31 Dec 2013
2013	66	66
2014	45	45
2015	31	31
2016	25	24
2017	21	21
Later years	108	107
Total	**296**	**294**

Note 24 Investment property

Movement in the balance sheet	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Carrying amount at beginning of year	104	71	10	10
Acquisitions during the year	29	34	2	0
Sales/disposals during the year	-20	-1	-4	0
Net result from fair value adjustments	0	0	-	-
Carrying amount at end of year	**113**	**104**	**8**	**10**

Amounts recognised in the income statement[1]

EURm	2013	2012	2013	2012
Rental income	1	1	1	1
Direct operating expenses that generate rental income	-3	-3	-3	-3
Direct operating expenses that did not generate rental income	-1	-	-1	-
Total	**-3**	**-2**	**-3**	**-2**

[1]Together with fair value adjustments included in Net result from items at fair value.

Market value	113	104	8	10

Note 25 Other assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Claims on securities settlement proceeds	906	1,109	905	1,109
Cash/ margin receivables	6,607	8,370	6,607	8,370
Other	764	841	721	799
Total	**8,277**	**10,320**	**8,233**	**10,278**

Note 26 Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Accrued interest income	313	339	308	335
Other accrued income	248	617	69	435
Prepaid expenses	11	13	9	7
Total	**572**	**969**	**386**	**777**

Note 27 Deposits by credit institutions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Central banks	5,780	2,326	5,780	2,326
Other banks	60,908	44,331	60,796	44,218
Other credit institutions	12,738	28,009	12,739	28,009
Total	**79,426**	**74,666**	**79,315**	**74,553**

Note 28 Deposits and borrowings from the public

EURm	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Deposits from the public	53,983	53,285	53,992	53,308
Borrowings from the public	26,926	16,927	26,916	16,916
Total	**80,909**	**70,212**	**80,908**	**70,224**

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.

Note 29 Debt securities in issue

EURm	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Certificates of deposit	16,408	18,726	16,408	18,726
Commercial papers	7,122	9,650	7,122	9,650
Bond loans[1]	23,600	20,623	23,600	20,623
Total	**47,130**	**48,999**	**47,130**	**48,999**

[1] Of which Finnish covered bonds EUR 15,473m (12,362).

Note 30 Other liabilities

EURm	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Liabilities on securities settlement proceeds	665	1,577	665	1,577
Sold, not held, securities	10,405	5,151	10,405	5,151
Accounts payable	60	83	40	42
Cash/margin payables	5,872	5,802	5,872	5,802
Other	1,853	1,626	1,705	1,452
Total	**18,855**	**14,239**	**18,687**	**14,024**

Note 31 Accrued expenses and prepaid income

EURm	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Accrued interest	303	345	303	345
Other accrued expenses	413	523	302	328
Prepaid income	150	78	63	71
Total	**866**	**946**	**668**	**744**

Note 32 Provisions

EURm	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Reserve for restructuring costs	26	33	26	33
Transfer risks, off-balance	9	11	9	11
Individually assessed, guarantees and other commitments	21	21	21	21
Tax	1	1	-	-
Other	15	17	11	14
Total	**72**	**83**	**67**	**79**

Movement in the balance sheet:

Group

EURm	Restructuring	Transfer risks	Off-balance sheet	Tax	Other	Total
At the beginning of year	33	11	21	1	17	83
New provisions made	1	3	5	-	0	9
Provisions utilised	-8	-	-	0	-2	-10
Reversals	0	-5	-5	-	-	-10
Reclassifications	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
At the end of year	**26**	**9**	**21**	**1**	**15**	**72**

Provisions for restructuring costs amounts to EUR 26m of which EUR 24m is related to redundancy packages and EUR 2m to redundant premises. The restructuring activities have mainly been launched to reach the anticipated cost efficiency and profitability, and as a part of this Nordea plans to reduce the number of employees, partly through close down of branches. Approximately a half of the provision is expected to be used during 2014. As with any other provision there is an uncertainty around timing and amount, which is expected to be decreased as the plan is being executed during 2014.

Provision for Transfer risk of EUR 9m is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 13. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed, guarantees and other commitments amounted to EUR 21m.

Other provisions refer to the following provisions: Rental liabilities EUR 1m (of which a half is expected to be settled during 2014), provision for environmental and property-related obligations of EUR 3m (not expected to be settled during 2014) and other provisions amounting to EUR 11m (of which 7m expected to be settled during 2014).

Parent company

EURm	Restructuring	Transfer risks	Off-balance sheet	Other	Total
At beginning of year	33	11	21	14	79
New provisions made	1	3	5	-	9
Provisions utilised	-8	-	-	-3	-11
Reversals	0	-5	-5	-	-10
Translation differences	-	-	-	-	-
At the end of year	**26**	**9**	**21**	**11**	**67**

Provisions for restructuring costs amounts to EUR 26m of which EUR 24m is related to redundancy packages and EUR 2m to redundant premises. The restructuring activities have mainly been launched to reach the anticipated cost efficiency and profitability, and as a part of this Nordea plans to reduce the number of employees, partly through close down of branches. Approximately a half of the provision is expected to be used during 2014. As with any other provision there is an uncertainty around timing and amount, which is expected to be decreased as the plan is being executed during 2014.

Provision for Transfer risk of EUR 9m is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 13. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed, guarantees and other commitments amounted to EUR 21m.

Other provisions refer to the following provisions: Rental liabilities EUR 1m (of which a half is expected to be settled during 2014), provision for environmental and property-related obligations of EUR 3m (not expected to be settled during 2014) and other provisions amounting to EUR 7m (total amount expected to be settled during 2014).

Note 33 Retirement benefit obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Defined benefit plans, net	-112	-30	-111	-34
Total	**-112**	**-30**	**-111**	**-34**

NBF has various pension plans, which are classified both as defined benefit plans as well as defined contribution plans. IAS 19 secures that the pension obligations net of plan assets backing these obligations is reflected on the Group's balance sheet. The defined benefit plans in Finland are closed to new employees and instead, pensions for new employees are based on defined contribution (DCP) arrangements. The plans for the foreign branches are also mainly defined contribution plans. The existing defined benefit plans in London and New York are closed to new employees. Defined contribution plans are not reflected on the balance sheet except when earned pension rights have not yet been paid for.

The pension plans are structured in accordance with local regulations, legislations and local practice. Plan assets are generally held in a separate pension fund or foundation. Minimum funding requirement differ between plans but generally the pension obligation measured using local requirements shall be covered in full or with a predetermined surplus.

The most significant of the Finnish plans is the Nordea Pension Foundation. The Nordea Pension Foundation was formed when the Pension Fund (UBF) assigned its liabilities to the Pension Foundation (KOP) on 31 August 2013. At the same time, the Pension Fund surrendered its insurance operations and other assets and liabilities to the Pension Foundation. The Pension Fund was placed in liquidation on 1 September 2013. The name of the Pension foundation (KOP) was changed to Nordea Pension Foundation. After this assignment of liability the Pension Foundation repurchased on 30 December 2013 from Nordea Life Assurance Finland Ltd the pensions and paid-up free policies which were transferred there in 1998 from the Pension Fund as a transfer of liability.

Characteristics of the Nordea Pension Foundation

Nordea Pension Foundation plan is a final salary and service based pension plan providing pension benefits on top of the statutory systems. The employer has promised a certain level of benefit after retirement to a certain group of employees within the plan. Plan’s operation is managed by the Board of Members. The board consists of both employers’ and employee’s representatives. The Board of Members has named a managing director to take care of regular operations in the foundation.

The plan exposes the employer to certain risks. If the return of foundation’s assets is not enough to cover the increment of liability and benefit payments over the financial year then the employer funds the deficit with contributions. The present value of the defined benefit liability is calculated using a discount rate determined by reference to high quality bond yields. A decrease in the corporate bond yields increases the liabilities along with increment of plan’s benefit obligation calculated according to IAS 19. However, part of increment of obligation is offset by asset increment along with the increment of plan’s bond holdings. Asset volatility may also impact NBF although basically the distribution of assets to different asset classes is strictly dictated by authorities so significant concentration risk cannot be borne. The plan’s benefits in payment are tied to TyEL-index which depends on inflation (80 %) and common salary index (20 %). Higher inflation increases the TyEL-index which leads to an increase in liabilities. Higher inflation causes extra challenges to investment activities from which the employer in the last resort is responsible. The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in life expectancy of the plan participants will increase the plan’s liability.

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions.

Assumptions[1]	Finland
2013	
Discount rate[2]	3.5%
Salary increase	2.5%
Inflation	1.5%
2012	
Discount rate[2]	3.5%
Salary increase	3.0%
Inflation	2.0%

[1]The assumptions disclosed for 2013 have an impact on the liability calculation by year-end 2013, while the assumptions disclosed for 2012 are used for calculating the pension expense in 2013.

[2]More information on the discount rate can be found in Note 1, section 19. The sensitivities to changes in the discount rate can be found below.

Sensitivities - Impact on Pension Benefit Obligation (PBO) %	Group	Parent company
Discount rate - Increase 50bps	-6.3%	-6.3%
Discount rate - Decrease 50bps	7.1%	7.1%
Salary increase - Increase 50bps	0.3%	0.3%
Salary increase - Decrease 50bps	-0.3%	-0.3%
Inflation - Increase 50bps	4.3%	4.2%
Inflation -Decrease 50bps	-4.0%	-3.9%

Note 33 *Retirement benefit obligations, cont.*

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 enables the reader 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.

Net retirement benefit liabilities/assets

	Group		Parent company	
EURm	2013	2012	2013	2012
Obligations	788	863	776	839
Plan assets	900	893	887	873
Net liability(-)/asset (+)	**112**	**30**	**111**	**34**
- of which retirement benefit liabilities	21	50	20	45
- of which retirement benefit assets	133	80	132	80

Changes in the obligation

	Group		Parent company	
EURm	2013	2012	2013	2012
Opening balance	863	754	839	738
Current service cost	3	2	2	2
Interest cost	29	33	29	33
Pensions paid	-41	-41	-41	-41
Past service cost	1	0	1	0
Settlements	-4	-5	-4	-5
Business combinations	-	-	12	-
Remeasurement from changes in demographic assumptions	-1	-3	-1	-3
Remeasurement from changes in financial assumptions	-46	90	-45	87
Remeasurement from experience adjustments	-14	30	-14	24
Translation differences	-2	3	-2	4
Closing balance	**788**	**863**	**776**	**839**

The average duration of the obligation is 13 years both in the Group and the parent company. The duration is based on discounted cash flows. The fact that the main part of the defined benefit plans are closed for new entrants leads to a lower duration.

Changes of the fair value of plan assets

	Group		Parent company	
EURm	2013	2012	2013	2012
Opening balance	893	823	873	807
Interest income (calculated using the discount rate)	30	36	30	36
Pensions paid	-41	-41	-41	-40
Settlements	-1	-4	-1	-4
Business combinations	-	-	8	-
Contributions by employer	10	9	10	9
Remeasurement (actual return less interest income)	11	66	10	62
Administrative expenses	0	-	0	-
Translation differences	-2	4	-2	3
Closing balance	**900**	**893**	**887**	**873**

Note 33 *Retirement benefit obligations, cont.*

Asset composition
The combined return on assets in 2013 was 5% (13). Main drivers were positive returns on equities, credit investment and real estate whereas sovereign bonds subtracted from the result. At the end of the year, the equity exposure represented 27% (22) of total assets.

Asset composition in funded schemes	2013	2012
Bonds	57%	61%
- of which sovereign	36%	50%
- of which covered bonds	5%	-
- of which corporate bonds	16%	11%
- of which issued by Nordea entities	0%	-
- of which with quoted market price in an active market	57%	61%
Equity	27%	22%
- of which domestic	9%	8%
- of which European	8%	5%
- of which US	6%	5%
- of which emerging	4%	3%
- of which with quoted market price in an active market	27%	22%
Real Estate	13%	13%
- of which occupied by Nordea	4%	4%
Cash and cash equivalents	3%	4%

Both the Group and the parent company is expected to contribute EUR 7m to its defined benefit plans in 2014.

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 2013 is EUR 0m (1m positive). In the parent company's income statement the respective cost was EUR 1m positive (2m positive) in 2013.

Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 8.)

	Group		Parent company	
Recognised in the income statement, EURm	2013	2012	2013	2012
Current service cost	3	2	2	2
Net interest	-1	-3	-1	-3
Past service cost	1	0	1	0
Settlements	-3	0	-3	-1
Administrative expenses	0	0	0	0
Pension cost on defined benefit plans	**0**	**-1**	**-1**	**-2**

The pension cost is in line with what was expected at the start of the year.

	Group		Parent company	
Recognised in other comprehensive income, EURm	2013	2012	2013	2012
Remeasurement from changes in demographic assumptions	-1	-3	-1	-3
Remeasurement from changes in financial assumptions	-46	90	-45	87
Remeasurement from experience adjustments	-14	30	-14	24
Remeasurement of plan assets (actual return less interest income)	-11	-66	-10	-62
Pension cost on defined benefit plans	**-72**	**51**	**-70**	**46**

	Group		Parent company	
Net retirement benefit asset//liability	2013	2012	2013	2012
Opening balance	-30	-69	-34	-69
Pension cost in the income statement	0	-1	-1	-2
Remeasurements in other comprehensive income	-72	50	-70	46
Business combinations	-	-	4	-
Pensions paid	0	0	0	0
Contributions by employer	-10	-9	-10	-9
Translation differences	0	-1	0	0
Closing balance	**-112**	**-30**	**-111**	**-34**

Note 33 *Retirement benefit obligations, cont.*

Key management personnel
The members of the Board of Directors of Nordea Bank Finland Plc and the President, are members of the Nordea Bank AB (publ) Group Executive Management, except for the one external member Carl-Johan Granvik. In 2013 Nordea Bank AB (publ) has paid all salaries, fees, pensions and other staff-related expenses to the above mentioned other members of the Board and the President. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation expenses.

Information on salaries, loans and pension liabilities regarding the above mentioned other members of the Board and the President is presented in the Annual Report of Nordea Bank AB (publ).

Note 34 Subordinated liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Dated subordinated debenture loans	-	-	-	-
Undated subordinated debenture loans	429	514	429	514
Total	**429**	**514**	**429**	**514**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans. Within each respective category, the loans entitle lenders to equal payment rights.

Group and parent company

On 31 December 2013 loans - with terms specified below - exceeded 10% of the total outstanding volume.

Issued by	Year of issue / maturity	Nominal value	Carrying amount EURm	Interest rate (coupon)
Nordea Bank Finland Plc[1]	2002/undated	MGBP 300	360	6.25%
Nordea Bank Finland Plc[2]	1999/undated	MJPY 10,000	69	4.21%

[1] Call date 18 July 2014
[2] Call date 26 February 2029

Note 35 Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Assets pledged for own liabilities				
Securities etc.[1]	9,739	8,078	9,739	8,078
Loans to the public	18,803	15,494	18,803	15,494
Other pledged assets	6,519	8,694	6,514	8,694
Total	35,061	32,266	35,056	32,266
The above pledges pertain to the following liabilities				
Deposits by credit institutions	3,210	4,427	3,209	4,426
Deposits and borrowings from the public	6,530	3,652	6,530	3,652
Derivatives	6,307	8,370	6,307	8,370
Debt securities in issue	15,473	12,362	15,473	12,362
Other liabilities	195	196	195	196
Total	**31,715**	**29,007**	**31,714**	**29,006**

[1] Relates only to securities recognised in the balance sheet. Securities borrowed or bought under repurchase agreements are not recognised in the balance sheet and thus not included in the amount. Such transactions are disclosed in Note 43 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.

Loans to the public amounting to EUR 18,803m (15,493) have been registered as collateral for issued Finnish covered bonds amounting to EUR 15,473m (12,362). In the event of the company's insolvency, the holders of these bonds have priority to the assets registered as collateral. Collaterals are valuated up to the first 70% of the market value of the property. Nordea Bank has used Realia Oy, Newsec Oy, Huoneistokeskus Oy, Kiinteistömaailma Oy and Catella Oy to valuate commercial real estate collaterals.

Note 36 Other assets pledged

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Other assets pledged[1]				
Securities etc.	2,876	5,957	2,876	5,957
Other assets pledged	1,517	1,021	1,517	1,021
Total	**4,393**	**6,978**	**4,393**	**6,978**

[1] Collaterals 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 accounted for under this item.

Note 37 Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Guarantees				
Loan guarantees	1,686	2,482	1,917	2,786
Other guarantees	12,637	12,146	12,637	12,146
Documentary credits	1,493	1,771	1,493	1,771
Other contingent liabilities	20	20	20	20
Total	**15,836**	**16,419**	**16,067**	**16,723**

In the normal business of Nordea Bank Finland, the bank issues various forms of guarantees in favour of bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are off-balance sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

Note 38 Commitments

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Future payment obligations	7	7	7	7
Credit commitments[1]	15,882	15,956	13,422	13,275
Other commitments	714	626	319	253
Total	**16,603**	**16,589**	**13,748**	**13,535**

[1]Including unutilised portion of approved overdraft facilities of EUR 8,302m (8,565) for the Group and EUR 8,302m (8,566) for the parent company.

Reverse repurchase agreements are recognised on and derecognised from the balance sheet on settlement date. Nordea has as per 31 December 2013 signed reverse repurchase agreements of EUR 11,335m (5,803) 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 2013. These instruments have not been disclosed as commitments.

Note 39 Capital adequacy

Capital adequacy is a measure of the financial strength of a bank, usually expressed as a ratio of capital to assets. There is now a worldwide capital adequacy standard (Basel II) drawn up by the Basel Committee on Banking Supervision. Within the EU, the capital adequacy requirements are outlined in the CRD.

The capital base figures for 2012 have not been restated due to the implementation of IAS 19 Employee Benefits.

Capital base

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Tier 1 capital				
Paid up capital	2,319	2,319	2,319	2,319
Share premium	599	599	599	599
Eligible capital	**2,918**	**2,918**	**2,918**	**2,918**
Reserves	5,759	5,195	5,278	4,782
Non-controlling interests	1	4	-	-
Income from current year	828	1,184	780	1,122
Eligible reserves	**6,587**	**6,383**	**6,058**	**5,904**
Core tier 1 capital (before deductions)	**9,505**	**9,301**	**8,976**	**8,822**
Proposed/actual dividend	-750	-625	-750	-625
Deferred tax assets	-5	-16	-2	-13
Intangible assets	-100	-108	-98	-106
Deductions for investments in credit institutions	-2	-1	0	0
IRB provisions shortfall (-)	-118	-207	-103	-196
Other items, net	-100	-98	-100	-98
Deductions	**-1,075**	**-1,055**	**-1,052**	**-1,038**
Tier 1 capital (net after deduction)	**8,430**	**8,246**	**7,923**	**7,784**
Tier 2 capital				
Undated sudordinated loans	537	556	537	556
Dated sudordinated loans	-	-	-	-
Other additional own funds	17	13	17	13
Tier 2 capital (before deductions)	**555**	**569**	**555**	**569**
Deductions for investments in credit institutions	-2	-1	0	0
IRB provisions excess (+) / shortfall (-)	-118	-207	-103	-196
Deductions	**-119**	**-208**	**-103**	**-196**
Tier 2 capital (net after deductions)	**435**	**361**	**452**	**373**
Capital base	**8,866**	**8,607**	**8,375**	**8,157**

Core tier 1 capital and tier 1 capital
Core tier 1 capital is defined as eligible capital including eligible reserves, net of regulatory required deductions made directly to the tier 1 capital. The capital recognised as core tier 1 capital holds the ultimate characteristics for loss absorbance defined from a going concern perspective and represents the most subordinated claim in the event of liquidation. The tier 1 capital is defined as core tier 1 capital and capital of the same or close to the character of eligible capital and eligible reserves. Tier 1 capital can include a limited component of undated subordinated capital loans. Deductions mandatory for tier 1 capital will accordingly also be required as deduction in the defined core tier 1 capital.

Eligible capital and eligible reserves
Paid up capital is the share capital contributed by shareholders, including the share premium paid. Eligible reserves consist primarily of retained earnings, other reserves, minority interest and income from current year. Retained earnings are earnings from previous years reported via the income statement. Other reserves are related to revaluation and translation reserves referred to acquisitions and associated companies under the equity method. The equity interests of minority shareholdings in companies that are fully consolidated in the financial group are also included. Positive income from current year is included as eligible capital after verification by the external auditors, however negative income must be deducted.

Tier 1 instruments subject to limits
The inclusion of undated subordinated loans in tier 1 capital is restricted and repurchase can normally not take place until five years after original issuance of the instrument. Undated subordinated loans may be repaid only upon decision from Board of Directors in Nordea Bank Finland and with the permission of the Finnish FSA. Further, there are restrictions related to step-up conditions, order of priority, interest payments under constraint conditions and the level of amount that can be part of tier 1 capital.

Currently, there are no undated subordinated capital loans included in the tier 1 capital of Nordea Bank Finland.

Deductions from tier 1 capital
Proposed/actual dividend
In relation to income for the period, the corresponding dividend should be deducted. The amount deducted from the tier 1 capital is based on the dividend proposed by the Board of Directors of Nordea Bank Finland to be decided at the annual general meeting of Nordea Bank Finland's shareholders.

Deferred tax assets
In accordance with local legal requirements deferred tax assets have been deducted from the tier 1 capital. The deducted amount is calculated based on accounting standards relevant for the individual companies included in the finacial group.

Intangible assets
The significant part of deducted intangible assets contains goodwill and other intangible assets related to IT software and development.

Deductions for investments in credit institutions
The institutions should in its capital base deduct for equity holdings and some other types of contributions to institutions that are not consolidated into the financial group (in Nordea Bank Finland foremost associated companies). 50% should be deducted from tier 1 capital and 50% should be deducted from tier 2 capital.

IRB provisions shortfall
In accordance with Finnish legislation, the differences between actual IRB provision made for the related exposure and expected loss are adjusted for in the capital base. The negative difference (when the expected loss amount is larger than the provision amount) is defined as a shortfall. According to the rules in the CRD, the shortfall amount is to be deducted equally from tier 1 capital and tier 2 capital. A positive difference (provisions exceeding expected loss) can be included in tier 2 capital subject to certain limitations (maximum 0.6% of IRB RWA).

Other items
Surplus net value of pension plans for employees should under certain circumstances be deducted from the capital base.

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 subordinated loans
Tier 2 capital consists mainly of subordinated debt. Tier 2 capital includes two different types of subordinated loan capital; undated loans and dated loans. According to the regulation, tier 2 capital may not exceed tier 1 capital and dated tier 2 loans must not exceed 50% of tier 1 capital. The limits are set net of deductions.

The basic principle for subordinated debt in the capital base is the order of priority in case of a default or bankruptcy situation. Under such conditions, the holder of the subordinated loan would be repaid after other creditors, but before shareholders. The share of outstanding loan amount possible to include in the tier 2 capital related to dated loans is reduced if the remaining maturity is less than five years. Outstanding amount in the specific issue is deducted by 20% for each year.

The table below shows the booked outstanding amounts of undated subordinated loans included in the tier 2 capital. Call date is where the issuer has the legal right to redeem outstanding loan amounts according the terms of agreement. The carrying amount in the table can deviate from capital amounts used in the capital base due to swap arrangements and adjustments for maturities.

Other Tier 2 capital
Other additional funds consists of adjustment to valuation differences in available for sale equities transferred to core additional own funds. Unrealised gains from equity holdings classified as available for sale securities can according to regulation only be included in tier 2 capital. Nordea has no significant holdings in this category and therefore only has a minor impact on tier 2 capital from such items.

Deductions from tier 2 capital
Deductions for investments in credit institutions
The institutions should in its capital base deduct for equity holdings and some other types of contributions to institutions that are not consolidated into the financial group (in Nordea Bank Finland foremost associated companies). 50% should be deducted from tier 1 capital and 50% should be deducted from tier 2 capital.

IRB provisions excess (+) / shortfall
In accordance with Finnish legislation, the differences between actual IRB provision made for the related exposure and expected loss are adjusted for in the capital base. The negative difference (when the expected loss amount is larger than the provision amount) is defined as a shortfall. According to the rules in the CRD, the shortfall amount is to be deducted from the capital base and be divided equally into tier 1 capital and tier 2 capital. A positive difference (provisions exceeding expected loss) can be included in tier 2 capital subject to certain limitations (maximum 0.6% of IRB RWA).

Undated loans

Undated loans, tier 2

Issuer	Carrying amount EURm	Capital base 31 Dec 2013	Start	Maturity	Call date	Step-up
Nordea Bank Finland Plc	360	468	2004	n/a	Jul 2014	Y
Nordea Bank Finland Plc	69	69	1999	n/a	Feb 2029	Y
Total undated loans tier 2	**429**	**537**				

Capital requirements and RWA

Group

	31 Dec 2013		31 Dec 2012	
EURm	Capital requirement	RWA	Capital requirement	RWA
Credit risk	**3,163**	**39,543**	**2,872**	**35,899**
IRB	1,827	22,837	1,163	14,538
- of which corporate	1,217	15,217	408	5,103
- of which institutions	279	3,490	439	5,492
- of which retail	313	3,910	299	3,732
- of which real estate	222	2,769	184	2,299
- of which retail other	91	1,140	115	1,433
- of which other	18	220	17	210
Standardised	1,336	16,706	1,709	21,362
- of which sovereign	21	256	20	245
- of which retail	343	4,291	331	4,132
- of which residential real estate	75	933	69	863
- of which other	269	3,359	262	3,269
- of which other	973	12,158	1,359	16,985
Market risk	**644**	**8,048**	**379**	**4,732**
- of which trading book, Internal Approach	421	5,262	306	3,829
- of which trading book, Standardised Approach	208	2,595	72	903
- of which banking book, Standardised Approach	15	191	-	-
Operational risk	**405**	**5,060**	**408**	**5,101**
-of which standardised	405	5,060	408	5,101
Sub total	**4,212**	**52,652**	**3,659**	**45,733**
Adjustment for transition rules				
Additional capital requirement according to transition rules	274	3,425	-	-
Total	**4,486**	**56,077**	**3,659**	**45,733**

Capital requirements and RWA

Parent company

	31 Dec 2013		31 Dec 2012	
EURm	Capital requirement	RWA	Capital requirement	RWA
Credit risk	**2,805**	**35,064**	**2,507**	**31,343**
IRB	1,717	21,463	1,054	13,175
- of which corporate	1,112	13,897	305	3,818
- of which institutions	279	3,488	439	5,482
- of which retail	313	3,910	299	3,732
- of which real estate	222	2,769	184	2,299
- of which retail other	91	1,140	115	1,433
- of which other	13	168	11	142
Standardised	1,088	13,600	1,453	18,168
- of which sovereign	20	256	20	245
- of which retail	142	1,775	158	1,981
- of which residential real estate	75	933	69	863
- of which other	67	842	89	1,118
- of which other	926	11,570	1,275	15,942
Market risk	**644**	**8,048**	**379**	**4,732**
- of which trading book, Internal Approach	421	5,262	306	3,829
- of which trading book, Standardised Approach	208	2,595	72	903
- of which banking book, Standardised Approach	15	191	-	-
Operational risk	365	4,557	370	4,630
-of which standardised	365	4,557	370	4,630
Sub total	**3,814**	**47,669**	**3,256**	**40,706**
Adjustment for transition rules				
Additional capital requirement according to transition rules	222	2,781	-	-
Total	**4,036**	**50,451**	**3,256**	**40,706**

Nordea Bank AB (publ) has in December 2012 issued a guarantee 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 net effect of the guarantee in RWA in Nordea Bank Finland Plc was EUR -7,6bn as end of 2013 (-16.5).

Capital requirements for market risk, 31 December 2013

	Trading book, IA		Trading book, SA	
EURm	RWA	Capital requirement	RWA	Capital requirement
Interest rate risk[1]	1,756	140	2,042	163
Equity risk	97	8	306	25
Foreign exchange risk	235	19		
Commodity risk			246	20
Diversification effect	-1,002	-80		
Stressed Value-at-Risk	2,751	220		
Incremental Risk Charge	1,003	80		
Comprehensive Risk Charge	421	34		
Total	**5,262**	**421**	**2,595**	**208**

[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.

Capital requirements for market risk, 31 December 2012

	Banking book, SA		Total	
	RWA	Capital requirement	RWA	Capital requirement
Interest rate risk[1]	-	-	3,798	304
Equity risk	-	-	404	32
Foreign exchange risk	191	15	426	34
Commodity risk	-	-	246	20
Diversification effect	-	-	-1,002	-80
Stressed Value-at-Risk	-	-	2,751	220
Incremental Risk Charge	-	-	1,003	80
Comprehensive Risk Charge	-	-	421	34
Total	**191**	**15**	**8,048**	**644**

[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.

Specification over group undertakings consolidated/deducted from the Nordea Bank Finland Group

31 Dec 2013	Number of shares	Carrying amount EURm	Voting power of holding, %	Domicile	Consolidation method
Group undertakings included in the NBF Group					
Nordea Finance Finland Ltd	1,000,000	306	100	Espoo	purchase method
SIA Promano Lat	21,084	30	100	Riga	purchase method
Promano Est OÜ	1	10	100	Tallinn	purchase method
Promano Lit UAB	34,528	10	100	Vilnius	purchase method
SIA Realm	7,030	10	100	Riga	purchase method
SIA Lidosta	2	1	100	Riga	purchase method
UAB Recurso	15,000	4	100	Vilnius	purchase method
Other companies		4			purchase method
Total included in the capital base		**376**			
Over 10 % investments in credit institutions deducted from the capital base					
NF Fleet Oy	13,625	3	20	Espoo	equity method
Total investments in credit institutions deducted from the capital base		**3**			

More Capital Adequacy information for the Group can be found in the section Risk, Liquidity and Capital management in the Directors' Report.

Note 40 Classification of financial instruments

Group

31 Dec 2013, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	30,904	-	-	-	-	-	-	30,904
Loans to central banks	94	-	563	-	-	-	-	657
Loans to credit institutions	28,542	-	6,568	-	-	-	-	35,110
Loans to the public	73,603	-	40,176	-	-	-	-	113,779
Interest-bearing securities	-	2,166	21,322	-	-	10,758	-	34,246
Financial instruments pledged as collateral	-	-	9,739	-	-	-	-	9,739
Shares	-	-	665	15	-	-	-	680
Derivatives	-	-	69,625	-	609	-	-	70,234
Fair value changes of the hedged items in portfolio hedge of interest rate risk	58	-	-	-	-	-	-	58
Investments in associated undertakings	-	-	-	-	-	-	59	59
Intangible assets	-	-	-	-	-	-	100	100
Property and equipment	-	-	-	-	-	-	94	94
Investment property	-	-	-	-	-	-	113	113
Deferred tax assets	-	-	-	-	-	-	5	5
Current tax assets	-	-	-	-	-	-	1	1
Retirement benefit assets	-	-	-	-	-	-	133	133
Other assets	1,410	-	-	6,606	-	-	261	8,277
Prepaid expenses and accrued income	324	-	-	-	-	-	248	572
Total	**134,935**	**2,166**	**148,658**	**6,621**	**609**	**10,758**	**1,014**	**304,761**

31 Dec 2013, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	22,333	-	-	57,093	-	79,426
Deposits and borrowings from the public	26,924	-	-	53,985	-	80,909
Debt securities in issue	8,119	-	-	39,011	-	47,130
Derivatives	66,806	-	303	-	-	67,109
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	369	-	369
Current tax liabilities	-	-	-	-	8	8
Other liabilities	10,405	5,871	-	2,240	339	18,855
Accrued expenses and prepaid income	-	-	-	453	413	866
Deferred tax liabilities	-	-	-	-	53	53
Provisions	-	-	-	-	72	72
Retirement benefit liabilities	-	-	-	-	21	21
Subordinated liabilities	-	-	-	429	-	429
Total	**134,587**	**5,871**	**303**	**153,580**	**906**	**295,247**

Note 40 *Classification of financial instruments, cont.*

Group 31 Dec 2012, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	30,004	-	-	-	-	-	-	30,004
Loans to central banks	285	-	524	-	-	-	-	809
Loans to credit institutions	29,184	-	6,834	-	-	-	-	36,018
Loans to the public	74,049	-	26,716	-	-	-	-	100,765
Interest-bearing securities	-	2,373	17,821	-	-	9,624	-	29,818
Financial instruments pledged as collateral	-	-	8,078	-	-	-	-	8,078
Shares	-	-	818	20	-	-	-	838
Derivatives	-	-	116,371	-	842	-	-	117,213
Fair value changes of the hedged items in portfolio hedge of interest rate risk	124	-	-	-	-	-	-	124
Investments in associated undertakings	-	-	-	-	-	-	79	79
Intangible assets	-	-	-	-	-	-	108	108
Property and equipment	-	-	-	-	-	-	96	96
Investment property	-	-	-	-	-	-	104	104
Deferred tax assets	-	-	-	-	-	-	37	37
Current tax assets	-	-	-	-	-	-	1	1
Retirement benefit assets	-	-	-	-	-	-	80	80
Other assets	1,745	-	-	8,370	-	-	205	10,320
Prepaid expenses and accrued income	353	-	-	-	-	-	616	969
Total	**135,744**	**2,373**	**177,162**	**8,390**	**842**	**9,624**	**1,326**	**335,461**

31 Dec 2012, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	17,625	-	0	57,041	-	74,666
Deposits and borrowings from the public	16,892	-	0	53,320	-	70,212
Debt securities in issue	8,251	-	0	40,748	-	48,999
Derivatives	115,437	-	399	-	-	115,836
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	637	-	637
Current tax liabilities	-	-	-	-	4	4
Other liabilities	5,151	5,802	-	3,194	92	14,239
Accrued expenses and prepaid income	-	-	-	422	524	946
Deferred tax liabilities	-	-	-	-	58	58
Provisions	-	-	-	-	83	83
Retirement benefit liabilities	-	-	-	-	50	50
Subordinated liabilities	-	-	-	514	-	514
Total	**163,356**	**5,802**	**399**	**155,876**	**811**	**326,244**

Parent company

31 Dec 2013, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	30,904	-	-	-	-	-	-	30,904
Loans to central banks	94	-	563	-	-	-	-	657
Loans to credit institutions	33,995	-	6,568	-	-	-	-	40,563
Loans to the public	67,092	-	40,176	-	-	-	-	107,268
Interest-bearing securities	-	2,166	21,322	-	-	10,758	-	34,246
Financial instruments pledged as collateral	-	-	9,739	-	-	-	-	9,739
Shares	-	-	665	14	-	-	-	679
Derivatives	-	-	69,625	-	609	-	-	70,234
Fair value changes of the hedged items in portfolio hedge of interest rate risk	58	-	-	-	-	-	-	58
Investments in group undertakings	-	-	-	-	-	-	376	376
Investments in associated undertakings	-	-	-	-	-	-	34	34
Intangible assets	-	-	-	-	-	-	98	98
Property and equipment	-	-	-	-	-	-	74	74
Investment property	-	-	-	-	-	-	8	8
Deferred tax assets	-	-	-	-	-	-	2	2
Current tax assets	-	-	-	-	-	-	-	-
Retirement benefit assets	-	-	-	-	-	-	132	132
Other assets	1,377	-	-	6,606	-	-	250	8,233
Prepaid expenses and accrued income	317	-	-	-	-	-	69	386
Total	**133,837**	**2,166**	**148,658**	**6,620**	**609**	**10,758**	**1,043**	**303,691**

31 Dec 2013, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	22,333	-	-	56,982	-	79,315
Deposits and borrowings from the public	26,924	-	-	53,984	-	80,908
Debt securities in issue	8,119	-	-	39,011	-	47,130
Derivatives	66,806	-	303	-	-	67,109
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	369	-	369
Current tax liabilities	-	-	-	-	4	4
Other liabilities	10,405	5,871	-	2,139	272	18,687
Accrued expenses and prepaid income	-	-	-	366	302	668
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	67	67
Retirement benefit liabilities	-	-	-	-	20	20
Subordinated liabilities	-	-	-	429	-	429
Total	**134,587**	**5,871**	**303**	**153,280**	**665**	**294,706**

Note 40 *Classification of financial instruments, cont.*

Parent company

31 Dec 2012, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	30,004	-	-	-	-	-	-	30,004
Loans to central banks	285	-	524	-	-	-	-	809
Loans to credit institutions	34,629	-	6,834	-	-	-	-	41,463
Loans to the public	67,597	-	26,716	-	-	-	-	94,313
Interest-bearing securities	-	2,373	17,821	-	-	9,624	-	29,818
Financial instruments pledged as collateral	-	-	8,078	-	-	-	-	8,078
Shares	-	-	818	17	-	-	-	835
Derivatives	-	-	116,371	-	842	-	-	117,213
Fair value changes of the hedged items in portfolio hedge of interest rate risk	124	-	-	-	-	-	-	124
Investments in group undertakings	-	-	-	-	-	-	373	373
Investments in associated undertakings	-	-	-	-	-	-	34	34
Intangible assets	-	-	-	-	-	-	106	106
Property and equipment	-	-	-	-	-	-	59	59
Investment property	-	-	-	-	-	-	10	10
Deferred tax assets	-	-	-	-	-	-	31	31
Current tax assets	-	-	-	-	-	-	-	-
Retirement benefit assets	-	-	-	-	-	-	80	80
Other assets	1,715	-	-	8,370	-	-	193	10,278
Prepaid expenses and accrued income	342	-	-	-	-	-	435	777
Total	**134,696**	**2,373**	**177,162**	**8,387**	**842**	**9,624**	**1,321**	**334,405**

31 Dec 2012, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	17,625	-	-	56,928	-	74,553
Deposits and borrowings from the public	16,892	-	-	53,332	-	70,224
Debt securities in issue	8,251	-	-	40,748	-	48,999
Derivatives	115,437	-	399	-	-	115,836
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	637	-	637
Current tax liabilities	-	-	-	-	4	4
Other liabilities	5,151	5,802	-	3,048	23	14,024
Accrued expenses and prepaid income	-	-	-	417	327	744
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	79	79
Retirement benefit liabilities	-	-	-	-	45	45
Subordinated liabilities	-	-	-	514	-	514
Total	**163,356**	**5,802**	**399**	**155,624**	**478**	**325,659**

Note 41 Assets and liabilities at fair value

Group

	31 Dec 2013		31 Dec 2012	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	30,904	30,904	30,004	30,004
Loans	149,546	149,607	137,592	137,816
Interest-bearing securities	34,246	34,252	29,818	29,823
Financial instruments pledged as collateral	9,739	9,739	8,078	8,078
Shares	680	680	838	838
Derivatives	70,234	70,234	117,213	117,213
Other assets	8,840	8,840	10,949	10,949
Prepaid expenses and accrued income	572	572	969	969
Total financial assets	**304,761**	**304,828**	**335,461**	**335,690**
Financial liabilities				
Deposits and debt instruments	207,465	208,094	193,877	193,215
Derivatives	67,109	67,109	115,836	115,836
Other liabilities	19,378	19,378	15,071	15,071
Accrued expenses and prepaid income	866	866	946	946
Subordinated liabilities	429	429	514	514
Total financial liabilities	**295,247**	**295,876**	**326,244**	**325,582**

Parent company

	31 Dec 2013		31 Dec 2012	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	30,904	30,904	30,004	30,004
Loans	148,489	148,547	136,585	136,804
Interest-bearing securities	34,246	34,252	29,818	29,823
Financial instruments pledged as collateral	9,739	9,739	8,078	8,078
Shares	679	679	835	835
Derivatives	70,234	70,234	117,213	117,213
Other assets	9,014	9,014	11,095	11,095
Prepaid expenses and accrued income	386	386	777	777
Total financial assets	**303,691**	**303,755**	**334,405**	**334,629**
Financial liabilities				
Deposits and debt instruments	207,353	207,982	193,776	193,114
Derivatives	67,109	67,109	115,836	115,836
Other liabilities	19,147	19,147	14,789	14,789
Accrued expenses and prepaid income	668	668	744	744
Subordinated liabilities	429	429	514	514
Total financial liabilities	**294,706**	**295,335**	**325,659**	**324,997**

For information about valuation of items measured at fair value on the balance sheet, see Note 1 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".

Assets and liabilities at fair value on the balance sheet

Group

Categorisation into the fair value hierarchy

31 Dec 2013, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks	-	563	-	563
Loans to credit institutions	-	6,568	-	6,568
Loans to the public	-	40,176	-	40,176
Interest-bearing securities	21,985	9,880	215	32,080
Financial instruments pledged as collateral	5,998	3,741	-	9,739
Shares	236	-	444	680
Derivatives	52	68,553	1,629	70,234
Investment properties	-	9	104	113
Other assets	-	6,606	-	6,606
Prepaid expenses and accrued income	-	-	-	-
Total	**28,271**	**136,096**	**2,392**	**166,759**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	22,333	-	22,333
Deposits and borrowings from the public	-	26,924	-	26,924
Debt securities in issue	-	8,119	-	8,119
Derivatives	55	65,625	1,429	67,109
Other liabilities	8,680	7,595	1	16,276
Accrued expenses and prepaid income	-	-	-	-
Total	**8,735**	**130,596**	**1,430**	**140,761**

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

31 Dec 2012, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks	-	524	-	524
Loans to credit institutions	-	6,834	-	6,834
Loans to the public	-	26,716	-	26,716
Interest-bearing securities	12,978	14,190	277	27,445
Financial instruments pledged as collateral	7,242	836	0	8,078
Shares	311	-	527	838
Derivatives	42	115,241	1,930	117,213
Other assets	-	8,370	-	8,370
Prepaid expenses and accrued income	-	-	-	-
Total	**20,573**	**172,711**	**2,734**	**196,018**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	17,625	-	17,625
Deposits and borrowings from the public	-	16,892	-	16,892
Debt securities in issue	-	8,251	-	8,251
Derivatives	36	114,139	1,661	115,836
Other liabilities	4,759	6,194	-	10,953
Accrued expenses and prepaid income	-	-	-	-
Total	**4,795**	**163,101**	**1,661**	**169,557**

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

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Parent company

Categorisation into the fair value hierarchy

31 Dec 2013, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks	-	563	-	563
Loans to credit institutions	-	6,568	-	6,568
Loans to the public	-	40,176	-	40,176
Interest-bearing securities	21,985	9,880	215	32,080
Financial instruments pledged as collateral	5,998	3,741	-	9,739
Shares	235	-	444	679
Derivatives	52	68,553	1,629	70,234
Investment properties		4	4	8
Other assets	-	6,606	-	6,606
Prepaid expenses and accrued income	-	-	-	-
Total	**28,270**	**136,091**	**2,292**	**166,653**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	22,333	-	22,333
Deposits and borrowings from the public	-	26,924	-	26,924
Debt securities in issue	-	8,119	-	8,119
Derivatives	55	65,625	1,429	67,109
Other liabilities	8,680	7,595	1	16,276
Accrued expenses and prepaid income	-	-	-	-
Total	**8,735**	**130,596**	**1,430**	**140,761**

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

31 Dec 2012, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks	-	524	-	524
Loans to credit institutions	-	6,834	-	6,834
Loans to the public	-	26,716	-	26,716
Interest-bearing securities	12,978	14,190	277	27,445
Financial instruments pledged as collateral	7,242	836	0	8,078
Shares	308	-	527	835
Derivatives	42	115,241	1,930	117,213
Other assets	-	8,370	-	8,370
Prepaid expenses and accrued income	-	-	-	-
Total	**20,570**	**172,711**	**2,734**	**196,015**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	17,625	-	17,625
Deposits and borrowings from the public	-	16,892	-	16,892
Debt securities in issue	-	8,251	-	8,251
Derivatives	36	114,139	1,661	115,836
Other liabilities	4,759	6,194	-	10,953
Accrued expenses and prepaid income	-	-	-	-
Total	**4,795**	**163,101**	**1,661**	**169,557**

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

Determination of fair values 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 that reflects the observability and significance of inputs. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

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 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. Investment properties are classified to level 2 if the parameters used to measure fair value of the investment property are derived from observable market data and any unobservable input has an insignificant impact on the fair values. These inputs may include prices per square meter derived from prices in observed transactions involving comparable or similar buildings in similar locations.

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 and hedge funds. This is generally also the case for more complex OTC derivatives, including OTC derivatives where less active markets supply input to the valuation techniques or models, certain complex or structured financial instruments such as CLNs and CDOs, and illiquid interest bearing securities. Complex valuation models are generally characterised by the use of unobservable and model specific parameters. Investment properties are classified to level 3 when unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. An adjustment to a level 2 input, that is significant to the entire measurement, might result in a fair value measurement categorised within level 3 if the adjustment is a significant unobservable input.

All valuation models, both complex and simple models, make use of market parameters. These parameters comprise interest rates, volatilities, correlations etc. Some of these parameters are observable while others are not. For non-exotic currencies the interest rates are all observable, and the volatilities and the correlations of the interest rates and FX rates are observable up to a certain maturity. Volatilities and correlations are also observable for the most liquid equity instruments in the short end. For less liquid equity instruments, and for commodities, the option market is fairly illiquid, and hence the volatilities and correlations are unobservable. For each instrument the sensitivity towards unobservable parameters is measured. If the impact from unobservable parameters on the valuation is significant the instrument is categorised as level 3 in the fair value hierarchy.

For interest-bearing securities the categorisation into the three levels are based on the internal pricing methodology. These instruments can either be directly quoted in active markets (level 1) or measured using a methodology giving a quote based on observable inputs (level 2). Level 3 bonds are characterised by illiquidity.

For OTC derivatives valuation models are used for establishing fair value. For collateralised contracts OIS interest rates are used for discounting. These rates are observable in the market. The valuation is in addition based on several other market parameters, depending on the nature of the contract. Complex valuation models are used for more exotic OTC derivatives. The models are usually in-house developed, and based on assumptions about the behaviour of the underlying asset and statistical scenario analysis. As mentioned above OTC derivatives are generally categorised as level 2 in the fair value 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.

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. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counterparty credit risk and liquidity risk. An important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

The portfolio adjustment for uncertainties associated with model assumptions comprises two components (The calculation principles are defined as part of the internal approval process for valuation models):
- Benchmarking of the model output (market values) against market information or against results from alternative models, where available.
- Sensitivity calculations where unobservable parameters are changed to other reasonable values.

The portfolio adjustment for counterparty risk in OTC-derivatives is based on the current exposure towards each counterpart, the estimated potential future exposure as well as an estimate of the cost of hedging the counterparty risk. This cost of hedging is either based directly on market prices (where available) or on a theoretical calculation based on the internal credit rating of the counterpart.

Financial assets and liabilities with offsetting positions in market risk or credit risk are measured on the basis of the price that would be received to sell the net asset exposed to that particular risk or paid to transfer the net liability exposed to that particular risk.

Transfers between level 1 and 2

During the year, NBF transferred debt securities of EUR 3,097m (2,982m) from level 1 to level 2 and EUR 1,032m (997m) from level 2 to level 1 of the fair value hierarchy for financial assets and liabilities which are recorded at fair value. 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 has again been actively traded during the year and reliable quoted prices are obtained in the market.

Movements in level 3

Group

		Fair value gains/losses recognised in the income statement during the year			
31 Dec 2013, EURm	1 Jan 2013	Realised	Unrealised[1]	Purchases	Sales
Interest-bearing securities	277	4	71	96	-227
Shares	527	13	-16	38	-118
Derivatives (net assets and liabilities)	269	289	-69	-	-
Investment properties	94	0	0	28	-17
Other liabilities	-	-20	0	-	-

31 Dec 2013, EURm	Settlements	Issues	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2013
Interest-bearing securities	-6	-	-	-	-	215
Shares	-	-	-	-	-	444
Derivatives (net assets and liabilities)	-289	-	-	-	-	200
Investment properties	-	-	-	-	-1	104
Other liabilities	-608	608	22	-1	0	1

[1] Relates to those assets and liabilities held at the end of the reporting period.

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the period NBF transferred other liabilities of EUR 21m from level 2 to level 3. The reason for the transfer from level 2 to level 3 was that observable market data was no longer available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note 5). Assets and liabilities related to derivatives are presented net.

Group

		Fair value gains/losses recognised in the income statement during the year			
31 Dec 2012, EURm	1 Jan 2012	Realised	Unrealised[1]	Purchases	Sales
Interest-bearing securities	208	-6	14	91	-36
Shares	650	-27	3	145	-292
Derivatives (net assets and liabilities)	-203	-263	472	0	0

31 Dec 2012, EURm	Settlements	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2012
Interest-bearing securities	6	-	-	-	277
Shares	-	-	-	46	527
Derivatives (net assets and liabilities)	263	-	-	-	269

[1] Relates to those assets and liabilities held at the end of the reporting period.

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note 5). Assets and liabilities related to derivatives are presented net.

Parent company

31 Dec 2013, EURm	1 Jan 2013	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Interest-bearing securities	277	4	71	96	-227
Shares	527	13	-16	38	-118
Derivatives (net assets and liabilities)	269	289	-69	-	-
Investment properties	4	-	0	0	0
Other liabilities	-	-20	0	-	-

31 Dec 2013, EURm	Settlements	Issues	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2013
Interest-bearing securities	-6		-	-	-	215
Shares	-		-	-	-	444
Derivatives (net assets and liabilities)	-289		-	-	-	200
Investment properties	-	-	-	-	-	4
Other liabilities	-608	608	22	-1	-	1

[1] Relates to those assets and liabilities held at the end of the reporting period.

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the period NBF transferred other liabilities of EUR 21m from level 2 to level 3. The reason for the transfer from level 2 to level 3 was that observable market data was no longer available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note 5). Assets and liabilities related to derivatives are presented net.

Parent company

31 Dec 2012, EURm	1 Jan 2012	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Interest-bearing securities	208	-6	14	91	-36
Shares	650	-27	3	145	-292
Derivatives (net assets and liabilities)	-203	-264	472	-	-

31 Dec 2012, EURm	Settlements	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2012
Interest-bearing securities	6	-	-	-	277
Shares	-	-	-	46	527
Derivatives (net assets and liabilities)	264	-	-	-	269

[1] Relates to those assets and liabilities held at the end of the reporting period.

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note 5). Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in level 3

Financial instruments
Valuation principles in Nordea are determined in and approved by the Group Valuation Committee (GVC). GVC issues guiding policies to the business units on how to establish a robust valuation process and minimise the valuation uncertainty. The GVC also serves as escalation point.

The valuation process in Nordea consists of several steps. The first step is the initial end of day (EOD) marking of mid-prices. The mid-prices are either fixed by front office or received from external sources. The second step is the control part, which is performed by independent control units. The cornerstone in the control is the independent price verification (IPV). The IPV test comprises verification of the correctness of prices and other parameters used in the net present value (NPV) calculation, the adequacy of the valuation models, including an assessment of whether to use quoted prices or valuation models, and the reliability of the assumptions and parameters used in the fair value adjustments (FVA) covering mainly liquidity (bid/offer spread), model and credit risk adjustments.

The verification of the correctness of prices and other parameters is carried out daily. Third-party information, such as broker quotes and pricing services, is used as benchmark data in the verification. The quality of the benchmark data is assessed on a regular basis. This quality assessment is used in the measurement of the valuation uncertainty.

The FVAs and the deferrals of day 1 P/L on level 3 trades are calculated and reported on a monthly basis. The actual assessment of instruments in the fair value hierarchy is performed on a continuous basis.

Investment properties
For investment properties there are no active markets as the investment properties are not identical. When there are observable inputs available, those will be used to evaluate investment properties. Observable input are inputs that are developed using market data, such as publicly available information about actual events or transactions and that reflect the assumptions that market participants would use when pricing the asset or liability. When observable inputs are not available unobservable inputs are used to measure fair value to the extent that observable inputs are not available. Unobservable inputs are developed based on the best information available in the circumstances, which might include internal data as well.

Investment Properties have been valuated based on the observed comparable transactions, adjusted by an unobservable input as well as based on discounted cash flow transactions using discounted rate as an unobservable input. The variation range of discount rate has been between 6.6% and 18.0%.

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

Group and parent company

31 Dec 2013, EURm	Fair value[1]	Valuation techniques
Shares		
Private equity funds	271	Net asset value[1]
Hedge funds	162	Net asset value[1]
Credit Funds	-	Net asset value/market consensus[1]
Other funds	-	Net asset value/Fund prices[1]
Other	11	-
Total[2]	**444**	

[1]The fair values are based on prices and net assets values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. 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).

[2]Effects of reasonably possible alternative assumptions are EURm -36/36 (-39/39).

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

Group and parent company

31 Dec 2013, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value[3]
Derivatives				
Interest rate derivatives	112	Option model	Correlations	-6/5
			Volatilities	
Equity derivatives	99	Option model	Correlations	-17/11
			Volatilities	
			Dividend	
Foreign exchange derivatives	103	Option model	Correlations	+/-0
			Volatilities	
Credit derivatives	-129	Credit derivatives model	Correlations	-7/9
			Recovery rates	
Other	15	Option model	Correlations	+/-0
			Volatilities	
Total	**200**			

31 Dec 2013, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value[3]
Interest-bearing securities				
Municipalities and other public bodies	-	Discounted cash flows	Credit spread	-
Mortgage and other credit institutions[2]	200	Discounted cash flows	Credit spread	-19/19
Corporates	15	Discounted cash flows	Credit spread	-1/1
Other	-	-	-	-
Total	**215**			
Other liabilities	1	Discounted cash flows	Credit spread	-
Total	**1**			

31 Dec 2013, EURm	Fair value[4]	Valuation techniques	Unobservable input	Range of unobservable input
Investment properties				
Commercial real estates	10	Discounted cash flows	Discount rate	6.6%-18.0%
Residential and some commercial real estates	94	Comparable transactions with adjustments	-	
Total	**104**			

[3]Range of fair value for derivatives 31 Dec 2012 was EURm -24/20 and for interest-bearing securities EURm -23/23.
[4]Of which the parent company EUR 4m in respect of Residential and some commercial real estates.

The tables on previous page show, 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.

Fair value of assets and liabilities in level 3 are estimated using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. For financial instruments portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques (for further information see Note G1 section 11 "Determination of fair value of financial instruments").

The column “range of fair value” and the footnote 3 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 range 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 range of 5-10 percentage units which are assessed to be reasonable changes in market movements.

As the fair value measurement of investment properties is based on the comparable transactions in the market and adjusted by unobservable inputs and as it is based on the discounted cash flow transactions, the fair value measurement is sensitive for the changes in general interest rate levels as well as the economic growth.

Deferred Day 1 profit or loss

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 1 "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 changes in how this aggregated difference has been changed during the year (movement of deferred Day 1 profit).

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Amount at beginning of year	-43	-47	-43	-47
Deferred profit/loss on new transactions	-11	-8	-11	-8
Recognised in the income statement during the year	13	12	13	12
Amount at end of year	**-41**	**-43**	**-41**	**-43**

Financial assets and liabilities not at fair value on the balance sheet

Group

31 Dec 2013, EURm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	30,904	30,904	1
Loans	102,297	102,358	3
Interest bearing-securities	2,166	2,173	1, 2, 3
Other assets and Prepaid expenses and accrued income	1,734	1,734	3
Total	**137,101**	**137,169**	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	150,887	151,517	3
Other liabilities and Accrued expenses and prepaid income	2,693	2,693	3
Total	**153,580**	**154,210**	

Parent

31 Dec 2013, EURm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	30,904	30,904	1
Loans	101,239	101,297	3
Interest bearing-securities	2,166	2,173	1, 2, 3
Other assets and Prepaid expenses and accrued income	1,694	1,694	3
Total	**136,003**	**136,068**	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	150,775	151,405	3
Other liabilities and Accrued expenses and prepaid income	2,505	2,505	3
Total	**153,280**	**153,910**	

Cash and balances with central banks
The fair value equals the carrying amount. The fair value is based on quoted prices in active markets for relevant currencies and therefore the fair value measurement is categorised into level 1 in the fair value hierarchy.

Loans
The fair value of "Loans to central banks", "Loans to credit institutions" and "Loans to the public" has been calculated as the carrying amount adjusted for fair value changes in interest rate risk. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rates in the portfolios. The fair value measurement is categorised into level 3 in the fair value hierarchy.

Interest bearing-securities
The fair value is EUR 2,173m, of which EUR 27m is categorised in level 1 and EUR 2,146m in level 2 of the fair value hierarchy. 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 a 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 issuance 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.

Note 42 Financial instruments set off on balance or subject to netting agreements

Group

31 Dec 2013, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	128,024	-58,022	70,002	-56,569	-	-4,359	9,074
Reverse repurchase agreements	47,307	-	47,307	-24,688	-22,201	-	419
Total	**175,331**	**-58,022**	**117,309**	**-81,257**	**-22,201**	**-4,359**	**9,493**

31 Dec 2013, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	124,005	-58,022	65,983	-56,569	-	-4,869	4,545
Repurchase agreements	49,257	-	49,257	-24,688	-20,894	-	3,675
Total	**173,262**	**-58,022**	**115,240**	**-81,257**	**-20,894**	**-4,869**	**8,220**

[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.

Group

31 Dec 2012, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	192,222	-76,704	115,518	-100,110	-	-4,265	11,143
Reverse repurchase agreements	34,075	-	34,075	-15,549	-18,297	-	228
Total	**226,297**	**-76,704**	**149,593**	**-115,659**	**-18,297**	**-4,265**	**11,371**

31 Dec 2012, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	190,351	-76,704	113,647	-100,110	-	-7,823	5,714
Repurchase agreements	34,518	-	34,518	-15,549	-18,880	-	89
Total	**224,869**	**-76,704**	**148,165**	**-115,659**	**-18,880**	**-7,823**	**5,803**

[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.

Note 42 *Financial instruments set off on balance or subject to netting agreements, cont.*

Parent company

31 Dec 2013, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	128,024	-58,022	70,002	-56,569	-	-4,359	9,074
Reverse repurchase agreements	47,307	-	47,307	-24,688	-22,201	-	419
Total	**175,331**	**-58,022**	**117,309**	**-81,257**	**-22,201**	**-4,359**	**9,493**

31 Dec 2013, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	124,005	-58,022	65,983	-56,569	-	-4,869	4,545
Repurchase agreements	49,257	-	49,257	-24,688	-20,894	-	3,675
Total	**173,262**	**-58,022**	**115,240**	**-81,257**	**-20,894**	**-4,869**	**8,220**

[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.

Parent company

31 Dec 2012, EURm	Gross recognised financial assets1	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet2	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	192,222	-76,704	115,518	-100,110	-	-4,265	11,143
Reverse repurchase agreements	34,075	-	34,075	-15,549	-18,297	-	228
Total	**226,297**	**-76,704**	**149,593**	**-115,659**	**-18,297**	**-4,265**	**11,371**

31 Dec 2012, EURm	Gross recognised financial liabilities1	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet2	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	190,351	-76,704	113,647	-100,110	-	-7,823	5,714
Repurchase agreements	34,518	-	34,518	-15,549	-18,880	-	89
Total	**224,869**	**-76,704**	**148,165**	**-115,659**	**-18,880**	**-7,823**	**5,803**

[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.

Note 42 *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 both in the ordinary course of business and in the case of default towards its counter parties, in any calculations involving counterparty credit risk. The reason why the netted exposures are not reflected under assets and liabilities on the balance sheet, would in most instances depend on the limited application of net settlement of financial transactions.

Note 43 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 holds the securities as collateral, but has no recourse to other assets in Nordea.

The securities still reported on the balance sheet and the corresponding liabilities are measured at fair value.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Repurchase agreements				
Interest-bearing securities	9,739	8,078	9,739	8,078
Total	**9,739**	**8,078**	**9,739**	**8,078**

Liabilities associated with the assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Repurchase agreements				
Deposits by credit institutions	3,085	2,975	3,085	2,975
Deposits and borrowings from the public	6,654	5,103	6,654	5,103
Total	**9,739**	**8,078**	**9,739**	**8,078**
Net	**0**	**0**	**0**	**0**

Obtained collaterals which are permitted to be sold or repledged
NBF obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under standard terms for most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions. The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements are disclosed below.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	45,944	33,447	45,944	33,447
- of which repledged or sold	39,068	14,855	39,068	14,855
Total	**45,944**	**33,447**	**45,944**	**33,447**

Note 44 Maturity analysis for assets and liabilities

Group

Expected maturity

		31 Dec 2013 Expected to be recovered or settled:			31 Dec 2012 Expected to be recovered or settled:		
EURm	Note	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with central banks		30 904	-	30 904	30 004	-	30 004
Loans to central banks	13	657	-	657	809	-	809
Loans to credit institutions	13	21 070	14 040	35 110	19 779	16 239	36 018
Loans to the public	13	58 339	55 440	113 779	45 428	55 337	100 765
Interest-bearing securities	14	10 031	24 215	34 246	12 994	16 824	29 818
Financial instruments pledged as collateral	15	7 088	2 651	9 739	3 885	4 193	8 078
Shares	16	665	15	680	-	838	838
Derivatives	17	8 026	62 208	70 234	10 675	106 538	117 213
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	7	51	58	-1	125	124
Investments in group undertakings	19	-	-	0	-	-	0
Investments in associated undertakings	20	-	59	59	-	79	79
Intangible assets	21	3	97	100	-	108	108
Property and equipment	22, 23	2	92	94	-	96	96
Investment property	24	1	112	113	8	96	104
Deferred tax assets	12	4	1	5	-	37	37
Current tax assets	12	1	-	1	1	-	1
Retirement benefit assets	33	-	133	133	-	80	80
Other assets	25	8 273	4	8 277	3	10 317	10 320
Prepaid expenses and accrued income	26	572	-	572	889	80	969
Total assets		**145 643**	**159 118**	**304 761**	**124 474**	**210 987**	**335 461**
Deposits by credit institutions	27	73 991	5 435	79 426	68 173	6 493	74 666
Deposits and borrowings from the public	28	79 820	1 089	80 909	70 211	1	70 212
Debt securities in issue	29	25 648	21 482	47 130	28 645	20 354	48 999
Derivatives	17	8 810	58 299	67 109	11 810	104 026	115 836
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	25	344	369	-8	645	637
Current tax liabilities	12	8	-	8	-	4	4
Other liabilities	30	18 855	-	18 855	14 239	-	14 239
Accrued expenses and prepaid income	31	863	3	866	865	81	946
Deferred tax liabilities	12	39	14	53	-	58	58
Provisions	32	2	70	72	21	62	83
Retirement benefit liabilities	33	-	21	21	-	50	50
Subordinated liabilities	34	360	69	429	-1	515	514
Total liabilities		**208 421**	**86 826**	**295 247**	**193 955**	**132 289**	**326 244**

Parent company

Expected maturity

EURm	Note	31 Dec 2013 Expected to be recovered or settled: Within 12 months	After 12 months	Total	31 Dec 2012 Expected to be recovered or settled: Within 12 months	After 12 months	Total
Cash and balances with central banks		30 904	-	30 904	30 004	-	30 004
Loans to central banks	13	657	-	657	809	-	809
Loans to credit institutions	13	25 671	14 892	40 563	24 355	17 108	41 463
Loans to the public	13	54 647	52 621	107 268	41 775	52 538	94 313
Interest-bearing securities	14	10 031	24 215	34 246	12 994	16 824	29 818
Financial instruments pledged as collateral	15	7 088	2 651	9 739	3 885	4 193	8 078
Shares	16	665	14	679	-	835	835
Derivatives	17	8 026	62 208	70 234	10 675	106 538	117 213
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	7	51	58	-1	125	124
Investments in group undertakings	19	-	376	376	-	373	373
Investments in associated undertakings	20	-	34	34	-	34	34
Intangible assets	21	-	98	98	-	106	106
Property and equipment	22, 23	-	74	74	-	59	59
Investment property	24	-	8	8	-	10	10
Deferred tax assets	12	2	-	2	-	31	31
Current tax assets	12	-	-	-	-	-	-
Retirement benefit assets	33	-	132	132	-	80	80
Other assets	25	8 233	-	8 233	0	10 278	10 278
Prepaid expenses and accrued income	26	386	-	386	777	-	777
Total assets		**146 317**	**157 374**	**303 691**	**125 273**	**209 132**	**334 405**
Deposits by credit institutions	27	73 949	5 366	79 315	73 949	5 366	79 315
Deposits and borrowings from the public	28	79 819	1 089	80 908	79 819	1 089	80 908
Debt securities in issue	29	25 648	21 482	47 130	25 648	21 482	47 130
Derivatives	17	8 810	58 299	67 109	8 810	58 299	67 109
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	25	344	369	25	344	369
Current tax liabilities	12	4	-	4	4	-	4
Other liabilities	30	18 687	-	18 687	18 687	-	18 687
Accrued expenses and prepaid income	31	668	-	668	668	-	668
Deferred tax liabilities	12	-	-	-	-	-	-
Provisions	32	-	67	67	-	67	67
Retirement benefit liabilities	33	-	20	20	-	20	20
Subordinated liabilities	34	360	69	429	360	69	429
Total liabilities		**207 970**	**86 736**	**294 706**	**207 970**	**86 736**	**294 706**

Contractual undiscounted cash flows

Group

31 Dec 2013, EURm	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	**Total**
Interest bearing assets	36,850	67,487	26,151	67,676	41,783	**239,948**
Non interest bearing assets	-	-	-	-	80,423	**80,423**
Total assets	**36,850**	**67,487**	**26,151**	**67,676**	**122,206**	**320,370**
Interest bearing liabilities	41,808	110,698	28,689	21,628	7,964	**210,786**
Non interest bearing liabilities	-	-	-	-	96,866	**96,866**
Total liabilities	**41,808**	**110,698**	**28,689**	**21,628**	**104,830**	**307,652**
Derivatives, cash inflow	-	467,888	125,713	212,976	68,318	**874,896**
Derivatives, cash outflow	-	-469,864	-125,876	-212,411	-69,415	**-877,566**
Net exposure	**-**	**-1,975**	**-162**	**565**	**-1,097**	**-2,670**
Exposure	**-4,958**	**-45,186**	**-2,700**	**46,613**	**16,279**	**10,048**
Cumulative exposure	**-4,958**	**-50,144**	**-52,844**	**-6,230**	**10,048**	

31 Dec 2012, EURm[1]	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	**Total**
Interest bearing assets	33,325	63,458	25,197	59,911	38,406	**220,296**
Non interest bearing assets	-	-	-	-	129,970	**129,970**
Total assets	**33,325**	**63,458**	**25,197**	**59,911**	**168,376**	**350,266**
Interest bearing liabilities	47,433	94,051	26,955	22,238	6,302	**196,979**
Non interest bearing liabilities	-	-	-	-	141,070	**141,070**
Total liabilities	**47,433**	**94,051**	**26,955**	**22,238**	**147,372**	**338,049**
Derivatives, cash inflow	-	502,103	185,362	373,663	167,094	**1,228,221**
Derivatives, cash outflow	-	-522,227	-184,337	-365,728	-166,886	**-1,239,177**
Net exposure	**-**	**-20,124**	**1,025**	**7,934**	**209**	**-10,956**
Exposure	**-14,108**	**-50,717**	**-733**	**45,608**	**21,212**	**1,261**
Cumulative exposure	**-14,108**	**-64,825**	**-65,558**	**-19,950**	**1,261**	

[1] The figures for 2012 have been restated

The table is based on contractual maturities for on balance sheet 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 15,882m (15,956), which could be drawn on at any time.

NBF has also issued guarantees of EUR 14,323m (14,628) which may lead to future cash outflows if certain events occur.

Contractual undiscounted cash flows

Parent company

31 Dec 2013, EURm	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	**Total**
Interest bearing assets	37,624	67,494	25,779	66,139	41,434	**238,470**
Non interest bearing assets	-	-	-	-	80,323	**80,323**
Total assets	**37,624**	**67,494**	**25,779**	**66,139**	**121,757**	**318,794**
Interest bearing liabilities	47,209	105,119	28,556	20,882	8,593	**210,360**
Non interest bearing liabilities	-	-	-	-	95,909	**95,909**
Total liabilities	**47,209**	**105,119**	**28,556**	**20,882**	**104,502**	**306,269**
Derivatives, cash inflow	-	467,888	125,713	212,976	68,318	**874,896**
Derivatives, cash outflow	-	-469,864	-125,876	-212,411	-69,415	**-877,566**
Net exposure	**-**	**-1,975**	**-162**	**565**	**-1,097**	**-2,670**
Exposure	**-9,584**	**-39,601**	**-2,939**	**45,821**	**16,158**	**9,855**
Cumulative exposure	**-9,584**	**-49,185**	**-52,124**	**-6,303**	**9,855**	

31 Dec 2012, EURm[1]	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	**Total**
Interest bearing assets	30,627	66,552	24,928	58,074	37,265	**217,446**
Non interest bearing assets	-	-	-	-	129,917	**129,917**
Total assets	**30,627**	**66,552**	**24,928**	**58,074**	**167,182**	**347,363**
Interest bearing liabilities	47,450	93,946	26,928	22,209	6,298	**196,831**
Non interest bearing liabilities	-	-	-	-	140,111	**140,111**
Total liabilities	**47,450**	**93,946**	**26,928**	**22,209**	**146,410**	336,942
Derivatives, cash inflow	-	502,101	185,362	373,661	167,090	**1,228,214**
Derivatives, cash outflow	-	-522,224	-184,337	-365,718	-166,875	**-1,239,153**
Net exposure	**-**	**-20,123**	**1,025**	**7,944**	**215**	**-10,939**
Exposure	**-16,822**	**-47,517**	**-975**	**43,809**	**20,987**	**-519**
Cumulative exposure	**-16,822**	**-64,339**	**-65,314**	**-21,505**	**-519**	

[1] The figures for 2012 have been restated

Note 45 Related-party transactions

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 parties of similar standing, and if they did not involve more than normal risktaking, the transactions are not included in the table.

Group

	Nordea Group undertakings		Nordea Group associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012	2013	2012
Assets						
Loans	28,488	29,613	143	204	-	-
Interest-bearing securities	3,683	5,254	120	11	-	-
Financial instruments pledged as collateral	1,097	1,150	-	-	-	-
Derivatives	2,163	2,829	141	278	-	-
Other assets	1,259	630	-	-	-	-
Prepaid expenses and accrued income	23	411	-	-	-	-
Total assets	**36,713**	**39,887**	**404**	**493**	**-**	**-**
Liabilities						
Deposits	42,073	41,202	44	55	74	5
Debt securities in issue	1,243	975	11	39	-	-
Derivatives	2,795	3,344	34	4	-	-
Other liabilities	403	158	-	-	-	-
Accrued expenses and deferred income	261	202	-	-	-	-
Total liabilities	**46,775**	**45,881**	**89**	**98**	**74**	**5**
Off balance[1]	**203,052**	**219,010**	**5,662**	**8,085**	**-**	**-**

Group	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012	2013	2012
Net interest income	128	85	3	3	-	-
Net fee and commission income	-649	-296	2	2	1	1
Net result from items at fair value	24	-276	9	81	-	-
Other operating income	9	26	-	-	-	-
Total operating expenses	-157	-95	-1	-	-	-
Profit before loan losses	**-645**	**-556**	**13**	**86**	**1**	**1**

[1] Including nominal values on derivatives.

Parent company	Group undertakings		Associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012	2013	2012
Assets						
Loans and receivables	5,775	5,674	143	171	-	-
Interest-bearing securities	-	-	-	-	-	-
Financial instruments pledged as collateral	-	-	-	-	-	-
Derivatives	-	-	9	9	-	-
Investments in associated undertakings	-	-	34	34	-	-
Investments in group undertakings	376	373	-	-	-	-
Other assets	4	4	-	-	-	-
Prepaid expenses and accrued income	4	7	-	-	-	-
Total assets	**6,159**	**6,058**	**186**	**214**	**-**	**-**

Note 45 *Related-party transactions, cont.*

Parent company

EURm	Group undertakings 31 Dec 2013	Group undertakings 31 Dec 2012	Associated undertakings 31 Dec 2013	Associated undertakings 31 Dec 2012	Other related parties 31 Dec 2013	Other related parties 31 Dec 2012
Liabilities						
Deposits	9	22	1	7	74	5
Debt securities in issue	-	-	-	35	-	-
Derivatives	-	-	-	0	-	-
Other liabilities	0	0	-	-	-	-
Accrued expenses and deferred income	0	2	-	-	-	-
Total liabilities	**9**	**24**	**1**	**42**	**74**	**5**
Off balance[1]	**651**	**519**	**174**	**191**	**-**	**-**

[1] Including nominal values on derivatives.

Parent company

EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Net interest income	35	66	2	3	-	0
Net fee and commission income	53	49	1	1	1	1
Net result from items at fair value	-	-	2	6	-	-
Other operating income	6	10	-	-	-	0
Total operating expenses	-28	-38	-	-	-	-
Profit before loan losses	**66**	**87**	**5**	**10**	**1**	**1**

The terms "group undertakings" and "associated undertakings" refer to group undertakings and associated undertakings of the Nordea Bank Finland Group. In addition to the parent company figures stated above, the parent company's assets included receivables, interest-bearing securities, derivatives and other assets from other Nordea group undertakings in the amount of EUR 36,579m (39,885), liabilities in the amount of EUR 46,588m (45,688), profit before loan losses in the amount of EUR -641m (-569) and off-balance sheet commitments in the amount of EUR 203,052m (218,491). Off balance sheet transactions with Nordea group associated undertakings amounted to EUR 5,488m (7,895) and corresponding balance sheet values of derivatives were EUR 132m (268) in assets and EUR 34m (4) in liabilities.

Compensations and loans and receivables to Key management personnel

Compensations and loans to Key management personnel are specified in Note 8.

Note 46 Mergers, acquisitions, disposals and dissolutions

Subsidiaries acquired during 2013	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
SIA Baltic Ipasums (Latvia)	Real estate activities	0	0

Other subsidiaries established during 2013	Number of companies	Total assets EURm	Profit/loss for the year as included in the Bank Group
Other companies	1	2	0

Subsidiaries sold during 2013	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
Lahden Aleksanterinkatu 19-21	Real estate company	5	0

Other subsidiaries sold during 2013	Number of companies	Total assets EURm	Profit/loss for the year as included in the Bank Group
Other companies	1	1	0

Subsidiaries merged during 2013	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
Fidenta Oy	Computer programming activities	4	2

Subsidiaries dissolved during 2013	Number of companies	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Associated undertakings dissolved during 2013	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Note 47 Credit risk disclosure

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 3) 2013, which is available on www.nordea.com.

Group

Exposure types, EURm	31 Dec 2013	31 Dec 2012
On-balance sheet items	153,299	159,345
Off-balance sheet items	15,301	14,675
Securities financing	1,740	1,120
Derivatives	18,698	31,580
Exposure At Default (EAD)	**189,038**	**206,720**

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 CRD III. The main differences are outlined in this section to illustrate the link between the different reporting methods.

Original exposure is the exposure before taking into account substitution effects stemming from credit risk mitigation, credit conversion factors (CCFs) for off-balance sheet exposure and allowances within the standardised approach. In this note, however, exposure is defined as exposure at default (EAD) for IRB exposure and exposure value for standardised exposure unless otherwise stated. In accordance with the CRD, credit risk exposure presented in this report, 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 the Annual Report, in accordance with the accounting standards, are divided as follows:

- On-balance sheet items (e.g. loans to central banks and to credit institutions, loans to the public, reversed repurchase agreements, positive fair value for derivatives and interest-bearing securities)
- Off-balance sheet items (e.g. guarantees and unutilised lines of credit)

The table below shows the link between the CRD credit risk exposure and items presented in the Annual Report.

On-balance sheet items
The following items have been excluded from the balance sheet, when calculating on-balance exposure in accordance with the CRD:

- Market risk related items in the trading book, such as certain interest-bearing securities and pledged instruments.
- Repos, derivatives and securities lending. These transactions are either included in the calculation of market risk in the trading book or reported as separate exposure types (derivatives or securities financing).
- Other, mainly allowances, intangible assets and deferred tax assets.

Off-balance sheet items
The following off-balance sheet items specified in the Annual Report are excluded when off-balance exposure is calculated in accordance with the CRD:

- Assets pledged as security for own liabilities and "Other assets pledged" (apart from leasing). These transactions are reported as securities financing (i.e. a separate exposure type)
- Derivatives

Derivatives and securities financing
Derivatives can be both on-balance sheet (i.e. positive fair value) and off-balance (i.e. nominal amounts) in accordance with accounting standards. However, in the CRD, the derivatives and securities financing are reported as separate exposure types. Also, re-purchase agreements and securities lending/borrowing transactions are in the balance sheet calculated based on nominal value. In the CRD calculations these exposure types are determined net of the collateral value.

On-balance sheet items
Group

31 Dec 2013, EURm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Other	Balance sheet
Cash and balances with central banks	30,904				30,904
Interest-bearing securities and pledged instruments	17,912	26,073			43,985
Loans to central banks and credit institutions	28,636		7,131	0	35,767
Loans to the public	74,422		40,176	-820	113,779
Derivatives[1]			70,234		70,234
Intangible assets				100	100
Other assets and prepaid expenses	1,551	7,271	65	1,104	9,991
Total assets	**153,425**	**33,344**	**117,607**	**384**	**304,761**

31 Dec 2012, EURm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Other	Restate-ments[2]	Balance sheet
Cash and balances with central banks	30,004					30,004
Interest-bearing securities and pledged instruments	23,188	-21,159			6,451	37,896
Loans to central banks and credit institutions	29,468		-7,358	0		36,827
Loans to the public	74,814		-26,716	766		100,765
Derivatives[1]	0		-117,213			117,213
Intangible assets	0			-108		108
Other assets and prepaid expenses	2,060	-9,188	-55	-1,381	35	12,649
Total assets	**159,534**	**-30,347**	**-151,343**	**-723**	**6,487**	**335,461**

[1] Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives is included in the credit risk.
[2] The change in presentation of forward starting bonds has impacted the balance sheet (see Note 1), but has not impacted the capital adequacy calculations.

Off-balance sheet items
Group

31 Dec 2013, EURm	Credit risk in Basel II calculation
Contingent liabilities	15,836
Commitments	16,603
Total off-balance sheet items	**32,439**

31 Dec 2013, EURm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities and Checking accounts	13,435	4,676	18,111	31%	5,633
Loan commitments	2,767	259	3,026	26%	793
Guarantees	14,760		14,760	57%	8,415
Other	1,476		1,476	31%	459
Total	**32,439**	**4,935**	**37,374**		**15,301**

31 Dec 2012, EURm	Credit risk in Basel II calculation
Contingent liabilities	16,419
Commitments	16,589
Total off-balance sheet items	**33,008**

31 Dec 2012, EURm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities and Checking accounts	14,168	4,371	18,539	26%	4,784
Loan commitments	2,428	248	2,675	24%	653
Guarantees	15,279		15,279	58%	8,929
Other	1,134		1,134	27%	309
Total	**33,008**	**4,619**	**37,627**		**14,675**

The table below presents the distribution of collateral used in the capital adequacy calculation process. The table shows real estate to be the major part of the eligible collateral items in relative terms, also showing that residential real estate as collateral experienced the highest relative increase during the year. Real estate is commonly used as collateral for credit risk mitigation purposes. There is no certain concentration of real estate collateral to any region within the Nordic and Baltic countries. Other physical collateral consist of vessels, machinery, equipment and other movables. The relative share of financial collaterals decreased during the year due to the different treatment of financial collaterals in IMM approach.

Collateral distribution

Group

EURm	31 Dec 2013	31 Dec 2012
Financial Collateral	2%	13%
Receivables	2%	2%
Residential Real Estate	82%	76%
Commercial Real Estate	8%	5%
Other Physical Collateral	7%	4%

When Nordea sells protection in a CDO transaction, Nordea carries the risk of losses in the reference portfolio on the occurrence of a credit event. When Nordea buys protection in a CDO transaction, any losses in the reference portfolio, in which Nordea has not necessarily invested, triggered by a credit event is then carried by the seller of protection.

The risk from CDOs is hedged with a portfolio of CDSs. The risk positions are subject to various types of market risk limits, including VaR, and the CDO valuations are subject to fair value adjustments for model risk. These fair value adjustments are recognised in the income statement.

Collateralised Debt Obligations (CDO) - Exposure [1]

Group and parent company

	31 Dec 2013		31 Dec 2012	
Nominals, EURm	Bought protection	Sold protection	Bought protection	Sold protection
CDOs, gross	1,266	1,587	1,833	2,314
Hedged exposures	965	966	1,442	1,444
CDOs, net[2]	**301**[3]	**621**[4]	**391**[3]	**870**[4]
- of which Equity	57	102	53	173
- of which Mezzanine	108	306	80	148
- of which Senior	136	213	258	549

[1] First-to-Default swaps are not classified as CDOs and are therefore not included in the table. Net bought protection amounts to EUR 47m (214) and net sold protection to EUR 18m (50). 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 184m (349) and sub investment grade EUR 115m (42).

[4] Of which investment grade EUR 411m (769) and sub investment grade EUR 273m (101) and not rated EUR 0m (0).

Restructured loans current year[1]

	Group		Parent company	
EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Loans before restructuring, carrying amount	0	31	0	31
Loans after restructuring, carrying amount	0	0	0	0

[1] Loans classified as impaired that subsequently have improved and are not classified as impaired at the reporting date.

Assets taken over for protection of claims[1]

	Group		Parent company	
EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Current assets, carrying amount:				
Land and buildings	108	93	108	93
Shares and other participations				
Other assets	3	4	0	0
Total	**111**	**97**	**108**	**93**

[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 table below shows loans past due 6 days or more that are not considered impaired split by corporate and household customers. Past due loans to corporate customers that are not considered impaired were at end of 2013 EUR 251m down from EUR 316m one year ago, while past due loans for household customers increased to EUR 438m (405).

Past due loans, excl. impaired loans

	Group				Parent company			
	31 Dec 2013		31 Dec 2012		31 Dec 2013		31 Dec 2012	
EURm	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers
6-30 days	92	215	110	183	34	194	37	163
31-60 days	70	144	62	144	37	101	23	94
61-90 days	30	71	26	68	18	51	17	47
>90 days	58	8	118	9	53	8	112	9
Total	**251**	**438**	**316**	**405**	**142**	**354**	**189**	**314**
Past due not impaired loans divided by loans to the public after allowances, %	0.34	1.15	0.50	1.08	0.20	1.00	0.32	0.91

The distribution of loans to corporate by size of loans, seen in the table below, shows a high degree of diversification where approximately 80% of the corporate volume represents loans up to EUR 50m per customer.

Loans to corporate customers, by size of loan

	Group				Parent company			
EURm	31 Dec 2013	%	31 Dec 2012	%	31 Dec 2013	%	31 Dec 2012	%
0-10	41,146	54.9	33,812	54.0	39,041	54.9	31,766	54.0
10-50	19,140	25.6	16,316	26.1	18,161	25.6	15,329	26.1
50-100	5,199	6.9	4,717	7.5	4,933	6.9	4,432	7.5
100-250	5,939	7.9	6,038	9.6	5,635	7.9	5,673	9.6
250-500	3,471	4.6	1,735	2.8	3,293	4.6	1,630	2.8
500-	0	0.0	0	0.0	0	0.0	0	0
Total	**74,895**	**100.0**	**62,618**	**100.0**	**71,064**	**100.0**	**58,830**	**100.0**

Interest-bearing securities

Group	31 Dec 2013			31 Dec 2012		
EURm	At fair value	At amortised cost	Total	At fair value	At amortised cost	Total
State and sovereigns	8,672		8,672	6,483		6,483
Municipalities and other public bodies	146		146	97		97
Mortgage institutions	12,353		12,353	9,004		9,004
Other credit institutions	8,600	2,166	10,766	10,476	2,373	12,849
Corporates	1,881		1,881	1,151		1,151
Corporates, sub-investment grade	428		428	234		234
Other	0		0	0		-
Total	**32,080**	**2,166**	**34,246**	**27,445**	**2,373**	**29,818**

Parent company	31 Dec 2013			31 Dec 2012		
EURm	At fair value	At amortised cost	Total	At fair value	At amortised cost	Total
State and sovereigns	8,672		8,672	6,483		6,483
Municipalities and other public bodies	146		146	97		97
Mortgage institutions	12,353		12,353	9,004		9,004
Other credit institutions	8,600	2,166	10,766	10,476	2,373	12,849
Corporates	1,881		1,881	1,151		1,151
Corporates, sub-investment grade	428		428	234		234
Other	0		-	0		-
Total	**32,080**	**2,166**	**34,246**	**27,445**	**2,373**	**29,818**

Note 48 Nordea shares

Nordea Bank Finland Plc does not possess own shares. During the year Nordea Bank Finland has bought and sold shares in its parent company Nordea Bank AB (publ) as part of its normal trading and market making activities. The trades are specified in the table enclosed.

Acquisitions

Month	Quantity	Average acq.price	Amount, EUR
January	69,189	7.72	528,605.85
February	456	8.24	3,757.44
March	65,884	8.97	602,862.87
April	177,806	8.58	1,539,078.41
May	117,103	9.65	1,132,049.86
June	8,455	8.50	70,010.90
July	2,638	9.04	24,116.90
August	134,187	9.51	1,278,093.26
September	46,997	9.01	420,291.23
October	229,419	8.91	2,086,514.32
November	131,899	9.19	1,210,670.81
December	83,942	9.12	752,058.39
	1,067,975		9,648,110.23

Sales

Month	Quantity	Average price	Amount, EUR
January	-284,570	7.57	-2,160,718.81
February	-11,725	8.51	-100,506.07
March	-113,091	8.97	-1,030,519.36
April	-115,124	8.63	-1,039,752.90
May	-124,125	9.43	-1,186,326.96
June	-3,006	9.17	-27,282.40
July	-8,600	8.86	-75,281.47
August	-105,453	9.53	-950,382.79
September	-124,270	9.05	-1,133,033.73
October	-262,302	9.22	-2,452,024.76
November	-68,353	9.36	-638,041.72
December	-97,207	9.16	-876,125.61
	-1,317,826		-11,669,996.57

The quota value of the Nordea Bank AB (publ) share is EUR 1.00. The trades had an insignificant effect on the shareholding and voting-power in Nordea Bank AB (publ). At year-end 2013 NBF owned 32,441 shares of the parent company.

The proposal of the Board of Directors to the Annual General Meeting

The parent company’s distributable funds on 31 December 2013 were EUR 6,040,396,280.47, of which the profit for the year was EUR 780,036,821.89. The Board of Directors proposes that

1. a dividend of EUR 750,000,000.00 be paid
2. whereafter the distributable funds will be EUR 5,290,396,280.47.

Signatures of the Directors’ report and of the Financial Statements:

Helsinki, 28 February 2014

Torsten Hagen Jørgensen	Casper von Koskull
Carl-Johan Granvik	Gunn Wærsted

Our auditors’ report has been issued today.

Helsinki, 28 February 2014

KPMG OY AB

Marcus Tötterman
Authorised Public Accountant

Auditors’ report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Nordea Bank Finland Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Nordea Bank Finland Plc for the year ended on 31 December 2013. The financial statements comprise both the consolidated and the parent company’s statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company’s accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor’s responsibility
Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Finnish Credit Institutions Act, the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements and report of the Board of Directors that give a true and fair view 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 management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion,

- both the consolidated and the parent company’s financial statements give a true and fair view of their financial position, financial performance, and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland
- the information in the report of the Board of Directors is consistent with the information in the financial statements.

Other opinions
We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Managing Director be discharged from liability for the financial period audited by us.

Helsinki 28 February 2014

KPMG OY AB

Marcus Tötterman
Authorized Public Accountant in Finland

APPENDIX 1
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 these Issuers. 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 relevant 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:**	*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 Issuers 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.*
A.2	**Consent:**	Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "**Public Offer**".
		*Not applicable; the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency)./The Issuer consents to the use of this Base Prospectus in connection with a Public Offer of the Notes by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) (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: [•]].*

		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 – Issuers	
B.1	**Legal names of the Issuers:**	Nordea Bank AB (publ) Nordea Bank Finland Plc
	Commercial names of the Issuers:	Nordea
B.2	**Domicile and legal forms of the Issuers:**	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, 105 71 Stockholm. The principal legislation under which NBAB operates is the Swedish Companies Act and the Swedish Banking and Financing Business Act. NBF is a company with limited liability pursuant to the Finnish Companies Act. NBF is registered in the trade register with business identity code 1680235-8. NBF has its head office in Helsinki at the following address: Aleksanterinkatu 36 B, 00100 Helsinki, Finland. The principal legislation under which NBF operates is the Finnish Companies Act and the Finnish Act on Commercial Banks and Other Credit Institutions in the form of a limited company.
B.4b	**Trends:**	Not applicable. There are no clear trends affecting the Issuers or the markets in which they operate.
B.5	**The Group:**	NBAB is the parent company of the Nordea Group. The Nordea Group is the largest financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income (based on research by Nordea Markets (Nordea Bank Finland Plc)), with additional operations in Russia, the Baltic countries and Luxembourg, as well as branches in a number of other international locations. The three main subsidiaries of Nordea Bank are Nordea Bank Danmark A/S in Denmark, NBF in Finland and Nordea Bank Norge ASA in Norway. NBAB believes that the Nordea Group has the largest customer base of any financial services group based in the Nordic markets (based on research by Nordea Markets (Nordea Bank Finland Plc)) with approximately 11 million customers across the markets in which it operates, including approximately 10 million household customers in its customer programme and approximately 0.6 million active corporate customers, in each case as of 31 December 2013. As of the same date, the Nordea Group had total assets of EUR 630.4 billion and Tier 1 capital of EUR 24.4 billion, and was the largest Nordic-based asset manager with EUR 233.3 billion in assets under management[1].
B.9	**Profit Forecasts and Profit Estimates:**	Not Applicable. The Issuers do not make a profit forecast or profit estimate in the Base Prospectus.

[1] By virtue of the Supplement dated 12 March 2014, the figures in relation to the number of customers, total assets, Tier 1 capital and assets under management have been updated to reflect the position as at 31 December 2013, being the date of the last published audited financial statements.

	Section B – Issuers	
B.10	**Audit Report Qualifications:**	Not Applicable. There are no qualifications in the audit reports for the Issuers.
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 Issuers' audited consolidated financial statements for the year ended 31 December 2013 (in the case of the 2013 and 2012 financial information) which restates certain figures for 2012 (please refer to Note G1 of the NBAB Annual Report 2013 and Note 1 of the NBF Annual Report 2013) and Issuers' audited consolidated financial statements for the year ended 31 December 2012 (in the case of the 2011 financial information), which are set out in the annexes to this Supplement and the Base Prospectus and the auditors' reports and notes thereto[2].

NBAB – selected key financial information:

	Year ended 31 December		
	2013	**2012**	**2011**
		(EUR millions)	
Income Statement[3]			
Total operating income	9,891	9,998	9,501
Net loan losses	-735	-895	-735
Net profit for the period	3,116	3,126	2,634
Balance Sheet[4]			
Total assets	630,434	668,178	701,131
Total liabilities	601,225	640,173	675,486
Total equity	29,209	28,005	25,645
Total liabilities and equity	630,434	668,178	701,131
Cash Flow Statement			
Cash flow from operating activities before changes in operating assets and liabilities	7,607	6,633	3,103
Cash flow from operating activities	6,315	19,754	3,730
Cash flow from investing activities	572	774	7,565
Cash flow from financing activities	-1,927	-170	-2,509
Cash flow for the period	4,960	20,358	8,786
Change	4,960	20,358	8,786

NBF – selected key financial information:

2 By virtue of the Supplement dated 12 March 2014, selected key information for the year ending 31 December 2013 has been added, and information for the six months to 30 June 2013 has been removed. By virtue of the Supplement dated 12 March 2014 certain figures for 2012 have been restated.

3 The comparative figures for 2012 (but not for 2011) have been restated due to discontinued operations (Nordea's Polish operations).

4 The comparative figures for 2012 and 2011 have been restated due to the amendment to IAS 19 and forward starting bonds.

	Section B – Issuers	
		(financial table below)

	Year ended 31 December 2013	2012	2011
	(EUR millions)		
Income Statement			
Total operating income	2,224	2,824	2,644
Net profit for the period	828	1,181	1,101
Balance Sheet			
Total assets	304,761	335,461	399,287
Total liabilities	295,247	326,244	387,667
Total equity	9,514	9,217	11,620
Total liabilities and equity	304,761	335,461	399,287
Cash Flow Statement			
Cash flow from operating activities before changes in operating assets and liabilities	1,489	-441	674
Cash flow from operating activities	5,686	18,720	469
Cash flow from investing activities	85	333	3,180
Cash flow from financing activities	-615	-3,526	-692
Cash flow for the period	5,156	15,527	2,957
Change	5,156	15,527	2,957

There has been no material adverse change in the ordinary course of business or in the prospects or condition of NBAB or NBF since 31 December 2013[5], being the date of its last published audited financial statements.

There has been no significant change in the financial or trading position of NBAB or NBF which has occurred since 31 December 2013[6], being the date of its last published audited financial statements.

B.13	**Recent Events:**	Not Applicable for either Issuer. There have been no recent events particular to either Issuer which are to a material extent relevant to the evaluation of such Issuer's solvency since the publication of the relevant Issuer's audited financial statements for the year ended 31 December 2013[7].
B.14	**Dependence upon other entities within the Group:**	Not Applicable. Neither NBAB nor NBF is dependent upon other entities within the Nordea Group.
B.15	**The Issuer's Principal Activities:**	The Nordea Group's organisational structure is built around three main business areas: Retail Banking, Wholesale Banking and Wealth Management. In addition to these business areas, the Nordea Group's organisation includes the business unit Group Operations and Other Lines of Business, together with Group Corporate Centre and Group Risk Management which are the other central parts of the Nordea Group's organisation.

5 By virtue of the Supplement dated 12 March 2014, the date since which there has been no material adverse change in the ordinary course of business or in the prospects or condition of NBAB or NBF has been updated to 31 December 2013, being the date of their last published audited financial statements.

6 By virtue of the Supplement dated 12 March 2014, the date since which there has been no significant change in the financial or trading position of NBAB or NBF has been updated to 31 December 2013, being the date of their last published audited financial statements.

7 By virtue of the Supplement dated 12 March 2014, the date since which there have been no recent events particular to either Issuer which are to a material extent relevant to the evaluation of such Issuer's solvency has been updated to 31 December 2013, being the date of the Issuers' last published audited financial statements.

	Section B – Issuers	
		As a universal bank, the Nordea Group offers a comprehensive range of banking and financial products and services to household and corporate customers, including financial institutions. The Nordea Group's products and services comprise a broad range of household banking services, including mortgages and consumer loans, credit and debit cards, and a wide range of savings, life insurance and pension products. In addition, the Nordea Group offers a wide range of corporate banking services, including business loans, cash management, payment and account services, risk management products and advisory services, debt and equity-related products for liquidity and capital raising purposes, as well as corporate finance, institutional asset management services and corporate life and pension products. The Nordea Group also distributes general insurance products. With approximately 1,000 branch office locations (including approximately 210 branch office locations in Russia and the Baltic countries), call centres in each of the Nordic markets, and a highly competitive net bank, the Nordea Group also has the largest distribution network for customers in the Nordic markets. The Nordea Group is present in 18 countries around the world. 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. NBF conducts banking operations in Finland as a part of the Nordea Group and its operations are fully integrated into the Nordea Group's operations. NBF holds a licence to conduct banking operations in accordance with the Finnish Act on Credit Institutions.
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. NBF is a direct, wholly-owned subsidiary of NBAB.
B.17	**Ratings assigned to the Issuer or its Debt Securities:**	As of the date of this Base Prospectus, the long term (senior) debt ratings of each of the Issuers are: Moody's Investors Service Limited: Aa3 Standard & Poor's Credit Market Services Europe Limited: AA- (negative outlook) Fitch Ratings Limited: AA- DBRS Ratings Limited: AA The Issuers' credit ratings do not always mirror the risk related to individual Notes issued under the Programme. *The Notes to be issued have not been rated*

	Section C – The Notes

	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. *The Series number of the Notes is [ ]. [The Tranche number is [ ].* ***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. *The Notes are in bearer form/The Notes are in registered Form.* 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 Bank Danmark A/S will act as the VP Issuing Agent in respect of VP Notes. Notes may be specified in the applicable Final Terms as "**VPS Notes**". VPS Notes will be issued pursuant to a registrar agreement with Nordea Bank Norge ASA as VPS Paying Agent and will be registered in uncertificated and dematerialised book entry form with the Norwegian Central Securities Depositary (*Verdipapirsentralen ASA* and referred to herein as the "**VPS**"). Notes may be specified in the applicable Final Terms as "**Swedish Notes**". Swedish Notes will be issued in uncertificated and dematerialised book entry form, with the legal title thereto being evidenced by book entries in the register for such Swedish Notes kept by Euroclear Sweden on behalf of the relevant 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 relevant 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 Finland Plc will act as the Finnish Issuing Agent in respect of Finnish Notes. *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.

	Section C – The Notes	
		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. *The Notes will be cleared through [ ]. The Notes have been assigned the following securities identifiers: [ ].*
C.2	**Currency of the Securities Issue:**	U.S. dollars, euro, sterling, Swedish Krona, Swiss francs, Norwegian Krone, Danish Krone and Yen 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, be issued as dual currency Notes. *The currency of the Notes is [ ].*
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, and Japan. 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 dealer appointed in relation to the Programme (each a "**Dealer**") has represented and agreed, and each further Dealer appointed under the Programme 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 Dealer has represented and agreed and each further Dealer appointed under the Programme 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 Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Securities Trading Act (Consolidated Act No. 883 of 9 August 2011, as amended) (in Danish: *Værdipapirhandelsloven*) and Executive Orders issued thereunder.

	Section C – The Notes	
		Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, in respect of any offers or sales of Notes in Ireland, that it will comply 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; the provisions of the Companies Acts 1963 to 2012 (as amended), the Central Bank Acts 1942 to 2013 (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 (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, 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 (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) 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*. Notes which qualify as "derivative instruments" within the meaning of Section 2 of the SMA, Directive 2004/39/EC (MiFID Directive) and Commission Regulation No EC/1287/2006 (MiFID Implementation Regulation), all as amended from time to time, may only be offered in Estonia after assessment of the suitability and appropriateness of the relevant structured instrument to the investor in accordance with applicable Estonian and European Union law. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been offered and will not be offered in Lithuania by way of a public offering, unless in compliance with all applicable provisions of the laws of Lithuania and in particular in compliance with the Law on Securities of the Republic of Lithuania of 18 January 2007 No X-1023 and any regulation or rule made thereunder, as supplemented and amended from time to time. The Notes have not been registered under the Financial Instruments Market Law of Latvia and may not be publicly offered or sold in Latvia. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in Latvia other than in accordance with the laws of the Republic of Latvia.
		Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Securities Trading etc. Act (*Værdipapirhandelsloven*), as amended from time to time, and Executive Orders issued thereunder.

	Section C – The Notes	
		Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it will not publicly offer the Notes or bring the Notes into general circulation in Finland other than in compliance with all applicable provisions of the laws of Finland and especially in compliance with the Finnish Securities Market Act (495/1989) and any regulation or rule made thereunder, as supplemented and amended from time to time. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it will comply with all laws, regulations and guidelines applicable to the offering of Notes in Norway. 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 Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only made and will only make an offer of Notes to the public (*oferta pública*) in Spain in accordance with the Spanish Securities Market Act (*Ley 24/1988 de 28 de julio, del Mercado de Valores*) (the "**LMV**"), Royal Decree 1310/2005, of 4 November, developing partially the Spanish Securities Market Law as regards admission to listing on official secondary markets, public offers and the prospectus required thereto and the regulations made thereunder. The Notes may not be offered or sold in Spain other than by institutions authorised under the LMV and Royal Decree 217/2008, of 15 February, on the legal regime applicable to investment services companies, to provide investment services in Spain, and in compliance with the provisions of the LMV and any other applicable legislation. 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 Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any 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 either the Issuer or a member firm of Euronext Amsterdam by NYSE Euronext in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations.
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 relevant 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 relevant 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.

	Section C – The Notes	
		The Notes are issued in denomination(s) of [ ]. ***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 Swedish or Finnish laws, regulations or other rules, or decisions by Finnish or Swedish public authorities. In the event that any of the Issuers is obliged to effect deductions or withholdings of Finnish or Swedish tax for someone who is not subject to taxation in Sweden or Finland, such 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. *The Notes are governed by [English law/ Finnish law/ Danish law/ Swedish law/ Norwegian law].* ***Enforcement of Notes in Global Form:*** In the case of Global Notes, individual investors' rights against the relevant Issuer will be governed by a deed of covenant dated 20 December 2013 (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 Representative of the Holders:**	***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; • be linked to whether or not a Credit Event occurs in respect of the debt obligations of a number of specified 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. 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;

	Section C – The Notes	
		• 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**"). In respect of Coupon-bearing Notes, if the return generated by the Basket of Reference Assets on any valuation date (each a "**Valuation Date**") is at or above one or more pre-determined levels, then interest (the "**Coupon**") will be payable on the Notes. The amount of any Coupon will depend on the coupon barrier level which is reached, and which of the following structures is selected as applicable to the Notes: • *Flat Coupon*: the Coupon will be the principal amount of the Notes multiplied by the relevant Coupon rate. • *Memory Coupon*: the Coupon will be the principal amount of the Notes multiplied by the relevant Coupon rate and multiplied by the number of preceding Interest Payment Dates for which a Coupon has not been paid. • *Plus Flat Coupon*: the Coupon will be the principal amount of the Notes multiplied by the higher of the relevant Coupon rate and the Basket Return (as defined below).
		• *Plus Memory Coupon*: the Coupon will be the principal amount of the Notes multiplied by the higher of: a) the Basket Return, and b) the relevant Coupon rate multiplied by the number of preceding Interest Payment Dates for which a Coupon has not been paid. 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. *The Notes do not bear interest./The Notes are interest-bearing:* *Interest basis: [ ]* *Nominal interest rate: [ ].* *Interest Commencement Date: [ ].* *Interest Payment Date(s): [ ].* *Description of underlying Reference Rate: [ ].]* *Information about the past and further performance of the Reference Rate can be obtained from: [ ].*

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		[Margin: +/– [ ].] *[Maximum Rate of Interest: [ ].]* *[Minimum Rate of Interest: [ ].]* *[Day Count Fraction: [ ].]* ***Redemption:*** The Issuer shall 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 below 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 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. Early redemption of Notes may be permitted: (i) upon the request of the relevant Issuer or the holder of the Notes in accordance with the Conditions, **provided that** such early redemption is applicable pursuant to the Final Terms or (ii) if the relevant 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 relevant Issuer's jurisdiction of incorporation.
		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 call barrier level on any Observation Date, then the relevant Issuer will redeem the Notes early on the next following early redemption date at an amount equal to the Principal Amount of the Note together with (if any) a pre-determined coupon. If selected as 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. *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/Noteholders]/[The Notes are Autocallable]* *The Redemption Date is [ ]/The Notes are redeemable in Instalments on [•].* ***Issue Price:*** The issue price of each Tranche of Notes to be issued under the Programme will be determined by the relevant Issuer at the time of issuance in accordance with prevailing market conditions.

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		The Issue Price of the Notes is: [ ]. ***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. *Based upon the Issue Price of [ ], at the Issue Date the anticipated yield of the Notes is [ ] per cent. per annum.* ***Representative of the Noteholders:*** Not Applicable. 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 relevant 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, price corrections and other material developments affecting one or more of the underlying Reference Asset(s).
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:
		"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 is often 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), 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[8]. *"Basket Short" structure*: the Additional Amount is equal to the Principal Amount of the Notes multiplied by (i) the aggregate return generated by the Basket 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.

8 By virtue of the Supplement dated 14 February 2014 the words "or a cap which acts as a maximum level of performance" were added.

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		"Barrier outperformance" structure: if the performance of the Basket exceeds a specified barrier level (a price cap), 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. *"Barrier underperformance" structure*: the performance of the Basket falls below a specified barrier level (a price floor), 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. *"Best of/Worst of" Barrier Outperformance" Structure:* 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. *"Best of/Worst of" Barrier Underperformance" Structure:* 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.
		"Autocallable Structure – Long": 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 the Basket Return and the pre-determined maximum basket return. If the Basket Return is not below a 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. 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. 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 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. *"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.

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		"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. *"Rainbow Basket" structure*: the Additional Amount is calculated in a similar manner to the Basket Long 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. "*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.
		"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. *"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 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.

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		"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 will 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 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.
		"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. *"Rainbow Replacement Cliquet" structure*: 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.

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		"Reverse Convertible" structure: if the sum of the Basket Return and 1 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. *"Reverse Convertible Risk Barrier" structure*: if the sum of the Basket Return and 1 is equal to or above the Initial Basket Level on the final Valuation Date, the Redemption Amount will be equal to the Principal Amount of the Notes. If the sum of the Basket Return and 1 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 amount to the Principal Amount of the Notes (in this case the Redemption Amount will be less than the Principal Amount of the Notes).
		"Best of/Worst of Reverse Convertible" structure: the Redemption Amount is calculated in the same manner as the "Reverse Convertible" 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).
		Up and In Long: The Up and In Long Structure is a barrier put option. The Additional Amount is calculated as the product of the Participation Ratio, the Principal Amount of the Notes, and the difference between the final value of the Basket and the Basket Strike Level, **provided that** the Basket has, on every Valuation Date during the lifetime of the Notes, performed at or above the predefined Barrier Level. If the Barrier Level is not reached on any Valuation Date, the Additional Amount will equal zero and the Redemption Amount will equal the Principal Amount of the Notes. The Barrier Level is always higher than the Basket Strike Level. *Up and Out Long:* The Up and Out Long Structure is a barrier put option. The Additional Amount is calculated as the product of the Participation Ratio, the Principal Amount of the Notes, and the difference between the final value of the Basket and the Basket Strike Level, or, if higher, a pre-specified coupon level, **provided that** the Basket has, on every Valuation Date during the lifetime of the Notes, performed at or above the predefined Barrier Level. If the Barrier Level is not reached on any Valuation Date, the Additional Amount will equal zero and the Redemption Amount will equal the Principal Amount of the Notes. The Barrier Level is always higher than the Basket Strike Level.

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		Down and Out Basket Long: The Down and Out Basket Long Structure is a barrier call option. The Additional Amount is calculated as the product of the Participation Ratio, the Principal Amount of the Notes, and the difference between the final value of the Basket and the Basket Strike Level, if the Basket has not, on any Valuation Date during the lifetime of the Notes, performed at or below a predefined Barrier Level. This means that if the Barrier Level is breached on any Valuation Date, the Additional Amount is zero. *Worst of Down and Out Basket Long:* This is the same as the Down and Out Basket Long Structure save that the Additional Amount is calculated by reference to the lowest performing Reference Asset rather than the Basket as a whole. *Worst of Call Option:* 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. *Outperformance Option:* 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.
		"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. *"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 potentially 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. *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.

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		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. *"Best of/Worst" of digitals*: 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 N^{th} best performing Reference Asset rather than the Basket as a whole. *Worst of Digital Memory Coupon 1:* The Worst of Digital Memory Coupon option is a strip of dependent worst of digital options. An Additional Amount equal to the Principal Amount of the Notes multiplied by the Coupon and K will be paid on the Redemption Date. Where K is the greatest Valuation Date number on which the digital condition is satisfied (first valuation date = 1, second = 2 etc). *Worst of Digital Memory Coupon 2:* The Worst of Digital Memory Coupon option is a strip of worst of digital options. If the digital condition is met on the relevant Valuation Date then the current coupon together with previous coupons which have not been paid earlier (due to the condition not being met earlier) are paid on the relevant Interest Payment Date. "*Series of Digitals*": the Redemption Amount is affected by the percentage of Reference Assets within the Basket that are above a pre-determined barrier level on each business day up to an including the relevant Valuation Date.
		"*Delta 1 Structure*": the Redemption Amount will be equal to the redemption proceeds received upon a redemption of all Reference Assets in the Basket by the holder of such 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. If it is not possible for the hedging entity to redeem the Reference Assets before the scheduled maturity date or if the hedging entity determines that it will not receive the full amount of the redemption proceeds before the scheduled maturity date, a deferred redemption will occur and the Issuer may make a partial redemption of the Notes as and when the relevant hedging party receives a material part of the redemption proceeds, or cancel the Notes without making any payment to the holders if the Issuer determines that the redemption proceeds will not be received prior to the specified long-stop date. "*Inflation Linker*": 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. *"Barrier outperformance" 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 Basket Return does not exceed the Barrier Level on any Valuation Date, the Additional Amount will be zero. The Basket Return may be calculated on the basis of either a Basket Long or a Basket Short Structure.

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		"Barrier Underperformance" 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. The Basket Return may be calculated on the basis of either a Basket Long or a Basket Short Structure. *Target Volatility Structure:* 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. *The applicable performance structure(s) is/are: [ ].* [*The underlying Basket Return Structure is the Basket Long/Basket Short Structure]/[Not applicable*]
		FX Components: if FX components are applied to one or more performance structures set out above, 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. [*The FX Component is applicable to the Basket Return/Reference Asset Return*] [*The FX Component is Not Applicable*] *Best of/Worst of Modifier*: 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. [*The Best of/Worst of Modifier is Applicable and the value of N is: [ ]/Not Applicable*] *Lookback Initial Price Modifier:* 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 (at the start of any Valuation Period) in respect of the relevant Basket or Reference Asset, as specified in the Final Terms. [*The Lookback Initial Price Modifier is Applicable/Not Applicable]*

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		Lookback Final Price Modifier: 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 (at the end of any Valuation Period) in respect of the relevant Basket or Reference Asset, as specified in the Final Terms. [*The Lookback Final Price Modifier is Applicable/Not Applicable*] *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 pre-determined percentage which corresponds to the highest lock in level which is reached or exceeded by the Basket Return on any Valuation Date. [*The Lock-in Modifier is Applicable/Not Applicable*] *Combination of Structures:* 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 fraction which represents 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.
		[*Not Applicable/Combination of Structures is Applicable and the relevant Performance Structures are listed above. The method of combination is Addition/Subtraction/Alternative Calculation.*] *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. *Not Applicable/the Maximum Redemption Amount is [ ]* *"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) the product of the Principal Amount and a pre-determined minimum redemption level determined by the Issuer on the Issue Date. *Not Applicable/the Minimum Redemption Amount is [ ]* *"Inflation-Protected Principal"*: if specified as applicable, the Redemption Amount determined in accordance with the performance structures 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. *Inflation-Protected Principal is Applicable/Not Applicable*

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		TOM Cumulative Strategy: The TOM Cumulative Strategy replicates an investment in particular Reference Assets (the "**RiskyAssets**") 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[9]. *The TOM Cumulative Strategy is [Applicable/Not Applicable]*
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. 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 relevant Issuer.
		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 [ ].
C.15 [10]	**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. *Details of the applicable performance structure(s) and the return on the Notes are set out in Element C.10.* 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 relevant Issuer and is determined by, among other things, the term, volatility, market interest rate and expected return on the Reference Asset. *The [indicative] Participation Ratio is: [ ]*

9 Paragraph inserted by virtue of Supplement dated 14 February 2014

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

	Section C – The Notes	
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. *The maturity date of the Notes is: [•]*
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 purchase of calculating the return on the Notes. *The Valuation Date(s) [and the related Averaging Dates] are: [ ]* [*The Observation Date(s) [and the related Averaging Dates] are: [ ]*] Settlement of any Notes that are represented by a Global Note shall take place on the relevant redemption date and will be effected by the relevant Issuer paying the Redemption Amount (or Early Redemption Amount, if applicable) 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. *Settlement of the Notes shall take place: [ ]*
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. *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.*
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. *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 [•].*

	Section C – The Notes	
C.20	**Type of Underlying:**	The underlying may constitute one or a combination of the following: equities, indices, reference credits, interest rates, funds, commodities or currencies. *The type of underlying is: [ ].*

	Section D - Risks	
D.2	**Risks Specific to the Issuers:**	In purchasing Notes, investors assume the risk that the relevant 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 relevant 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 relevant 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 relevant Issuer's control. The Issuers have identified in the Base Prospectus a number of factors which could materially adversely affect its respective business and ability to make payments due under the Notes. These factors include: ***Risks relating to current macroeconomic conditions*** Risks related to the European economic crisis have had, and may continue to have, a negative impact on global economic activity and the financial markets. If these conditions continue to persist, or should there be any further turbulence in these or other markets, this could have a material adverse effect on the Nordea Group's ability to access capital and liquidity on financial terms acceptable to the Nordea Group.
		Furthermore, the Nordea Group's performance is significantly influenced by the general economic condition in the countries in which it operates, in particular the Nordic markets (Denmark, Finland, Norway and Sweden). Negative economic developments and conditions in the markets in which it operates can adversely affect its business, financial condition and results of operations, and measures implemented by the Nordea Group might not be satisfactory to reduce any credit, market and liquidity risks. ***Risks relating to the Nordea Group's credit portfolio*** Adverse changes in the credit quality of the Nordea Group's borrowers and counterparties or a decrease in collateral values are likely to affect the recoverability and value of the Nordea Group's assets and require an increase in its individual provisions and potentially in collective provisions for impaired loans. A significant increase in the size of the Nordea Group's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Nordea Group's business, financial condition and results of operations. The Nordea Group is exposed to counterparty credit risk, settlement risk and transfer risk on transactions executed in the financial services industry and its transactions in financial instruments. If counterparties default on their obligations, this could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

Risks relating to market exposure

The value of financial instruments held by Nordea Group are sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. Write-downs or realise impairment charges may have a material adverse effect on the Nordea Group's business, financial condition and results of operations, while the performance of financial markets and volatile market conditions could result in a significant decline in the Nordea Group's trading and investment income, or result in a trading loss.

The Nordea Group is exposed to structural market risk

The Nordea Group is exposed to structural interest income risk when there is a mismatch between the interest rate re-pricing periods, volumes or reference rates of its assets, liabilities and derivatives. It is also exposed to currency translation risk primarily as a result of its Swedish and Norwegian banking businesses, as it prepares its consolidated financial statements in its functional currency, the euro. Any mismatch in any given period in the event of changes in interest rates, or failure to successfully hedge currency risk exposure, could have a material adverse effect on the Nordea Group's financial condition and results of operations.

Risks relating to liquidity and capital requirements

A substantial part of the Nordea Group's liquidity and funding requirements is met through reliance on customer deposits, as well as ongoing access to wholesale lending markets, including issuance of long-term debt market instruments such as covered bonds. Turbulence in the global financial markets and economy may adversely affect the Nordea Group's liquidity and the willingness of certain counterparties and customers to do business with the Nordea Group.

The Nordea Group's business performance could be affected if the capital adequacy ratios it is required to maintain under the European Capital Requirements Directive (comprising Directive 2006/48/EC and Directive 2006/49/EC) are reduced or perceived to be inadequate.

The Nordea Group's funding costs and its access to the debt capital markets depend significantly on its credit ratings. A reduction in credit ratings could adversely affect the Nordea Group's access to liquidity and its competitive position, and therefore, have a material adverse effect on its business, financial condition and results of operations.

Other risks relating to the Nordea Group's business

The Nordea Group's business operations are dependent on the ability to process a large number of complex transactions across different markets in many currencies and operations are carried out through a number of entities. Although the Nordea Group has implemented risk controls and taken other actions to mitigate exposures and/or losses, there can be no assurances that such procedures will be effective in controlling each of the operational risks faced by the Nordea Group, or that the Nordea Group's reputation will not be damaged by the occurrence of any operational risks.

The Nordea Group's operations in Russia and the Baltic countries – markets which are typically more volatile and less developed economically and politically than markets in Western Europe and North America – present various risks that do not apply, or apply to a lesser degree, to its businesses in the Nordic markets. Additionally, some of these markets are typically more volatile and less developed economically and politically than markets

		in Western Europe and North America. The Nordea Group's performance is, to a large extent, dependent on the talents and efforts of highly skilled individuals, and the continued ability of the Nordea Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future could have an adverse effect on the Nordea Group's business. There is competition for the types of banking and other products and services that the Nordea Group provides and there can be no assurances that the Nordea Group can maintain its competitive position. ***Risks relating to the legal and regulatory environments in which the Nordea Group operates*** The Nordea Group is subject to substantial regulation and oversight by a number of different regulators as well as laws and regulations, administrative actions and policies in each of the jurisdictions in which it operates, all of which are subject to change, and compliance with which may from time to time require significant costs. The Nordea Group may incur substantial costs in monitoring and complying with new capital adequacy and recovery and resolution requirements, which may also impact existing business models. In addition, there can also be no assurances that breaches of legislation or regulations by the Nordea Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.
		In the ordinary course of its business, the Nordea Group is subject to regulatory oversight and liability risk and is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active. These types of claims and proceedings expose the Nordea Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on its businesses. The Nordea Group's activities are subject to tax at various rates around the world computed in accordance with local legislation and practice. Legislative changes or decisions by tax authorities may impair the present or previous tax position of the Nordea Group.
D.3	**Risks Specific to the Notes:**	There are also risks related to any issue of Notes under the Programme and specific types of Notes, which prospective investors should carefully consider and make sure they understand prior to making any investment decision with respect to the Notes, including: • *Complexity of the product* – 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. • *Notes which are not principal protected* – 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.

		• *Pricing of structured Notes* – the pricing of structured notes is normally decided by the relevant Issuer rather than being determined on the basis of negotiated terms. There may, therefore, be a conflict of interest between the relevant Issuer and the investors, to the extent that the relevant 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 Issuer does not have a fiduciary duty to act in the best interests of Noteholders. • *Performance of the Reference Assets* – 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 interests rates and expected distributions on the Reference Asset(s).
		• *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. • *Equities as Reference Assets* – 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. • *Indices as Reference Assets* – 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. • *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 relevant 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 relevant 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. There are also certain risks relating to the Notes generally, such as modification and waivers, the risk of withholding pursuant to the EU Savings Directive and change of law.
D.6	**Risk Warning:**[11]	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.

	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. *The net proceeds of the issue will be used for: [ ]*

[11] To be deleted in the case of a straight debt issuance.

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. *Not applicable; the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency)./A Public Offer of the Notes will take place in the Public Offer Jurisdiction(s) during the Offer Period. [Summarise details of the Public Offer included in the "Distribution–Public Offer" and "Terms and Conditions of the Offer" items in Part B of the Final Terms.]*
E.4	**Interests Material to the Issue:**	Dealers or Authorised Offerors may be paid fees in relation to the issue of the Notes under the Programme. *So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer./[ ].*
E.7	**Estimated Expenses:**	It is not anticipated that the relevant Issuer will charge any expenses to investors in connection with any issue of Notes. Other Authorised Offerors may, however, charge expenses to investors. Any expenses chargeable by an Authorised Offeror to an investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer. Such expenses (if any) will be determined on a case by case basis. *No expenses are being charged to an investor in the Notes by the Issuer [or any Authorised Offeror]./The Authorised Offeror(s) will charge expenses to investors. The estimated expenses chargeable to investors by the Authorised Offeror(s) are [ ].*

Denna sammanfattning är en inofficiell översättning av den sammanfattning som återfinns omedelbart före detta avsnitt och investerare skall läsa och ta till sig den engelska versionen av sammanfattningen då denna kan avvika från den svenska översättningen.

SAMMANFATTNING AV GRUNDPROSPEKTET

Sammanfattningar består av informationskrav vilka redogörs för i ett antal punkter. Punkterna är numrerade i avsnitt A–E (A.1–E.7).

Denna sammanfattning innehåller alla de punkter som krävs i en sammanfattning för aktuella typer av värdepapper och emittenter. Eftersom vissa punkter inte är tillämpliga för denna typ av värdepapper och emittenter, kan det finnas luckor i punkternas numrering.

Även om det krävs att en punkt inkluderas i en sammanfattning för aktuella typer av värdepapper och för den relevanta emittenten, är det möjligt att ingen relevant information kan ges rörande punkten. Informationen har då ersatts med angivelsen "Ej tillämpligt".

Särskilt punkter i kursiv stil betecknar utrymmen för att färdigställa den emissionsspecifika sammanfattningen för en Tranch av Lån för vilka en sådan emissionsspecifik sammanfattning ska förberedas.

Ord och uttryck som definieras i avsnitten som kallas "Allmänna Villkor" eller på andra ställen i detta Grundprospekt har samma betydelse i denna sammanfattning.

	Avsnitt A – Inledning och varningar	
A.1	**Inledning**	*Denna sammanfattning ska läsas som en inledning till detta Grundprospekt och varje beslut om att en placering i dessa Lån ska baseras på en bedömning av Grundprospektet i dess helhet av investeraren. Om ett yrkande gällande informationen i detta Grundprospekt framförs inför domstol i en Medlemsstat i det Europeiska Ekonomiska Samarbetsområdet kan käranden enligt den nationella lagstiftningen i Medlemsstaterna bli skyldig att stå för kostnaderna för att översätta Grundprospektet innan de rättsliga förfarandena inleds. Inget civilrättsligt ansvar kommer kunna göras gällande mot Emittenterna i någon sådan Medlemsstat enbart på grund av denna sammanfattning, inklusive alla översättningar av den, såvida den inte är vilseledande, felaktig eller oförenlig när den läses tillsammans med de andra avsnitten av detta Grundprospekt eller om den inte innehåller, när den läses tillsammans med de andra avsnitten i detta Grundprospekt, relevant information för att hjälpa investerare att fatta beslut om att investera i Lånen.*
A.2	**Samtycke:**	Vissa Trancher av Lån med valörer om mindre än € 100 000 (eller ett motsvarande värde i någon annan valuta) kan komma att erbjudas under omständigheter där det inte finns något undantag från förpliktelsen enligt Prospektdirektivet att publicera ett prospekt. Alla sådana erbjudanden kallas ett "**Erbjudande till Allmänheten**".
		*Ej tillämpligt; Lånen upptas i valörer om minst € 100 000 (eller ett motsvarande värde i annan valuta)./Emittenten samtycker till användning av detta Grundprospekt i samband med ett Erbjudanden till Allmänheten av Lånen av en finansiell mellanhand som är behörig att lämna sådana erbjudanden enligt direktivet om Marknader för Finansiella Instrument (direktiv 2004/39/EG) (en "***Behörig Säljare***") på följande förutsättningar: (a) det relevanta Erbjudandet till Allmänheten måste inträffa under perioden från och med [•] till men inte inklusive [ ] ("***Erbjudandeperioden***") i [•] [och [•]] ("***Erbjudanden till Allmänheten - Jurisdiktioner***") och (b) den relevanta Behöriga Säljaren måste ha godkänt Villkoren för Behöriga Säljare [och uppfylla följande ytterligare villkor: [•]]./Emittenten samtycker till användning av detta Grundprospekt i samband med ett Erbjudande till Allmänheten av Lånen av [•] (en "***Behörig***

	Avsnitt A – Inledning och varningar	
		Säljare") *på följande förutsättningar: (a) det relevanta Erbjudandet till Allmänheten måste inträffa under perioden från och med [•]] till men inte inklusive [ ] ("**Erbjudandeperioden**"")i [•] [och [•]] (**Erbjudanden till Allmänheten - Jurisdiktioner**“) och (b) den relevanta Behöriga Säljaren måste ha godkänt Villkoren för Behöriga Säljare [och uppfylla följande ytterligare villkor: [•]]* **Behöriga Säljare kommer lämna information till en Investerare i enlighet med villkoren för Erbjudandet till Allmänheten för de relevanta Lånen vid tidpunkten för när ett sådant Erbjudande till Allmänheten lämnas från den Behöriga Säljaren till Investeraren.**

	Avsnitt B – Emittenter	
B.1	**Registrerad firma för Emittenterna:**	Nordea Bank AB (publ) Nordea Bank Finland Plc
	Handels-beteckning för Emittenterna:	Nordea
B.2	**Säte och bolagsform för Emittenterna:**	NBAB är ett publikt aktiebolag med organisationsnummer 516406-0120. Sätet är i Stockholm på följande adress: Smålandsgatan 17, 105 71 Stockholm. Den huvudsakliga lagstiftningen som reglerar NBAB:s verksamhet är aktiebolagslagen och lagen om bank- och finansieringsrörelse. NBF är ett aktiebolag enligt den finska aktiebolagslagen. NBF är registrerat i handelsregistret med registreringsnummer 1680235-8. NBF har sitt säte i Helsingfors på följande adress: Aleksanterinkatu 36 B, SF-00100 Helsingfors, Finland. Den huvudsakliga lagstiftningen som reglerar NBF:s verksamhet är den finska aktiebolagslagen och den finska lagen om affärsbanker och andra kreditinstitut i aktiebolagsform.
B.4b	**Kända trender:**	Ej tillämpligt. Det finns inte några tydliga trender som påverkar Emittenterna eller de marknader de verkar på.
B.5	**Koncern-beskrivning:**	NBAB är moderbolaget i Nordea-koncernen. Nordea-koncernen är den största koncernen som erbjuder finansiella tjänster på den nordiska marknaden (Danmark, Finland, Norge och Sverige) mätt i totala intäkter (baserat på undersökningar av Nordea Markets (Nordea Bank Finland Plc)), med ytterligare verksamhet i Ryssland, de baltiska länderna och Luxemburg, samt filialer på ett antal andra internationella platser. De tre största dotterbolagen till Nordea Bank är Nordea Bank Danmark A/S i Danmark, NBF i Finland och Nordea Bank Norge ASA i Norge.

	Avsnitt B – Emittenter	
		NBAB anser att Nordea-koncernen har den största kundbasen för en koncern som erbjuder finansiella tjänster inom den nordiska marknaden (baserat på undersökningar av Nordea Markets (Nordea Bank Finland Plc)) med cirka 11 miljoner kunder inom marknaderna som koncernen har verksamhet i, inklusive cirka 10 miljoner hushållskunder i sitt kundprogram och cirka 0,6 miljoner aktiva företagskunder, per den 31 december 2013. Per samma datum var de totala tillgångarna för Nordea-koncernen EUR 630,4 miljarder och primärkapitalet uppgick till EUR 24,4 miljarder, och var den största Norden-baserade kapitalförvaltaren med EUR 233,3 miljarder i förvaltade tillgångar.[12]
B.9	**Resultat-prognoser och resultat-uppskattningar:**	Ej tillämpligt. Emittenterna gör inte någon resultatprognos eller resultatuppskattning i Grundprospektet.
B.10	**Eventuella anmärkningar i revisionsberättelsen:**	Ej tillämpligt. Det finns inte några anmärkningar för Emittenterna i deras revisionsberättelser.
B.12	**Utvald central finansiell information:**	Tabellerna nedan visar viss utvald finansiell information i sammandrag som, utan väsentliga ändringar har hämtats från och måste läsas tillsammans med Emittenternas respektive reviderade redovisning för det år som slutar den 31 december 2013 (vad gäller 2013 och 2012 finansiell information) som omräknar vissa siffror för 2012 (se not G1 i NBAB:s årsredovisning 2013 och not 1 i NBF:s årsredovisning 2013) och emittenternas reviderade redovisning för det år som slutar den 31 december 2012 (vad gäller finansiell information för 2011), som finns bilagda till detta Tillägg och Grundprospektet, och revisorernas rapporter och kommentarer därtill.[13]

[12] Genom Tillägget daterat 12 mars 2014 har siffror vad gäller antalet kunder, totala tillgångar, primärkapital och förvaltade tillångar uppdaterats för att återspegla position per den 31 december 2013 vilket är datumet för senast publicerad finansiell rapport.

[13] Genom Tillägget daterat 12 mars 2014 har utvald nyckelinformation för året som slutar den 31 december 2013 lagts till, och information från de sex månader som slutade 30 juni 2013 har tagits bort. Genom Tillägget daterat 12 mars 2014 så har vissa siffror för 2012 räknats om.

	Avsnitt B – Emittenter

NBAB – utvald central finansiell information:

	Årsslut per 31 december		
	2013	**2012**	**2011**
	(Miljoner EUR)		
Resultaträkning[14]			
Summa rörelseintäkter............................	9 891	9 998	9 501
Kreditförluster...	-735	-895	-735
Periodens resultat....................................	3 116	3 126	2 634
Balansräkning[15]			
Summa tillgångar....................................	630 434	668 178	701 131
Summa skulder	601 225	640 173	675 486
Summa eget kapital	29 209	28 005	25 645
Summa skulder och eget kapital.............	630 434	668 178	701 131
Kassaflödesanalys			
Kassaflöde från den löpande verksamheten före förändringar av den löpande verksamhetens tillgångar och skulder	7 607	6 633	3 103
Kassaflöde från den löpande verksamheten	6 315	19 754	3 730
Kassaflöde från investeringsverksamheten	572	774	7 565
Kassaflöde från finansieringsverksamheten	-1 927	-170	-2 509
Årets kassaflöde......................................	4 960	20 358	8 786
Förändring...	4 960	20 358	8 786

NBF – utvald central finansiell information:

	Årsslut per 31 december		
	2013	**2012**	**2011**
	(Miljoner EUR)		
Resultaträkning			
Summa rörelseintäkter............................	2 224	2 824	2 644
Periodens resultat....................................	828	1 181	1 101
Balansräkning			
Summa tillgångar....................................	304 761	335 461	399 287
Summa skulder	295 247	326 2443	387 667
Summa eget kapital	9 514	9 217	11 620
Summa skulder och eget kapital.............	304 761	335 461	399 287
Kassaflödesanalys			
Kassaflöde från den löpande verksamheten före förändringar av den löpande verksamhetens tillgångar och skulder	1 489	-441	674
Kassaflöde från den löpande verksamheten	5 686	18 720	469
Kassaflöde från investeringsverksamheten	85	333	3 180
Kassaflöde från finansieringsverksamheten	-615	-3 526	-692
Årets kassaflöde......................................	5 156	15 527	2 957
Förändring...	5 156	15 527	2 957

[14] De jämförande siffrorna från 2012 (men inte för 2011) har omräknats på grund av avbruten verksamhet (Nordeas polska verksamhet).

[15] De jämförande siffrorna från 2012 och 2011 har omräknats på grund av tillägget till IAS 19 och obligationer med framtida start.

	Avsnitt B – Emittenter	
		Det har inte inträffat några väsentliga negativa förändringar i den normala affärsverksamheten eller i prospekten eller i tillståndet för NBAB eller NBF sedan den 31 december 2013, vilket är datumet för deras senaste publicerade reviderade årsredovisning.[16] Det har inte inträffat någon betydande förändring av NBAB:s eller NBF:s handels- eller finansiella position sedan den 31 december 2013[17] vilket är datumet förderas senaste reviderade årsredovisningar.
B.13	**Nyligen inträffade händelser:**	Ej tillämpligt för någon av Emittenterna. Det har inte nyligen förekommit några särskilda händelser för någon av Emittenterna som väsentligen påverkar bedömningen av respektive Emittents solvens sedan publiceringen av respektive Emittents reviderade årsredovisning för året som avslutades den 31 december 2013.[18]
B.14	**Koncern-beroende:**	Ej tillämpligt. Vare sig NBAB eller NBF är beroende av andra enheter inom Nordea-koncernen.
B.15	**Emittenternas huvudsakliga verksamhet:**	Nordea-koncernens organisationsstruktur är byggd kring tre huvudaffärsområden: "Retail Banking", "Wholesale Banking" och "Wealth Management". Utöver dessa affärsområden innehåller Nordea-koncernens organisation affärsenheten Group Operations and Other Lines of Business, tillsammans med Group Corporate Centre och Group Risk Management som är de andra centrala delarna av Nordea-koncernens organisation. Nordea-koncernen är en universell bank och erbjuder därmed ett omfattande sortiment av bank- och finansprodukter samt tjänster till hushåll och företagskunder, inklusive finansinstitut. Nordea-koncernens produkter och tjänster består av ett brett sortiment av banktjänster för hushållen, t.ex. bolån och konsumentlån, kredit- och bankkort och ett stort antal olika sparformer, livförsäkringar och pensionsprodukter. Dessutom har Nordea-koncernen ett brett sortiment av banktjänster för företag, inklusive affärslån, kontanthantering, betalnings- och kontotjänster, riskhanteringsprodukter och rådgivningstjänster, skuld- och kapitalrelaterade produkter för likviditet och kapitalanskaffning samt företagsfinansiering, hanteringstjänster för institutionella tillgångar och livförsäkrings- och pensionsprodukter för företag. Nordea-koncernen distribuerar även allmänna försäkringsprodukter. Nordea-koncernen har också det största distributionsnätverket för kunder på den nordiska marknaden, med cirka 1 000 filialkontor (inklusive cirka 210 filialkontor i Ryssland och de baltiska staterna), telefonsupportcentraler i alla de nordiska länderna och en mycket konkurrenskraftig internetbank. Nordea-koncernen finns i 18 länder runt om i världen. NBAB utför bankverksamhet i Sverige inom ramen för Nordea-koncernens affärsorganisation. NBAB utvecklar och marknadsför finansiella produkter och tjänster till privatkunder, företagskunder och den offentliga sektorn.

16 Genom Tillägget daterat 12 mars 2014 har datumet, sedan vilket det inte inträffat några väsentliga negativa förändringar i den normala affärsverksamheten eller i prospekten eller i tillståndet för NBAB eller NBF uppdaterats till 31 december 2013 vilket är datumet för senast publicerade reviderade rapporter.

17 Genom Tillägget daterat 12 mars 2014 har datumet, sedan vilket det inte inträffat någon betydande förändring av NBAB:s eller NBF:s handels- eller finansiella position, uppdaterats till 31 december 2013 vilket är datumet för senast reviderade rapport.

18 Genom Tillägget daterat 12 mars 2014 har datumet, sedan att det inte nyligen förekommit några särskilda händelser för någon av Emittenterna som väsentligen påverkar bedömningen av respektive Emittents solvens har uppdaterats till 31 december 2013 vilket är datumet för emittenternas senaste reviderade rapporter.

	Avsnitt B – Emittenter	
		NBF utför bankverksamhet i Finland som en del av Nordea-koncernen och dess verksamhet är helt integrerad i Nordea-koncernens verksamhet. NBF har tillstånd att bedriva bankverksamhet enligt den finska kreditinstitutionslagen.
B.16	**Personer med direkt eller indirekt ägande/ kontroll:**	Ej tillämpligt. Såvitt NBAB känner till är inte Nordea-koncernen direkt eller indirekt ägd eller kontrollerad av någon enstaka person eller grupp av personer som agerar tillsammans. NBF är ett helägt dotterbolag till NBAB.
B.17	**Kreditvärdig-hetsbetyg som har tilldelats Emittenten eller dess skuld-instrument:**	Per datumet för detta Grundprospekt är kreditvärderingen för långfristig skuld för var och en av Emittenterna följande: Moody's Investors Service Limited: Aa3 Standard & Poor's Credit Market Services Europe Limited: AA- (negativ utsikt) Fitch Ratings Limited: AA- DBRS Ratings Limited: AA Emittenternas kreditvärderingar återger inte alltid risken som är förknippad med enskilda Lån under Programmet. *Lånen som ska emitteras har inte kreditvärderats.*

	Avsnitt C – Lånen	
C.1	**Beskrivning av värdepapperens typ och klass:**	***Emission i serier***: Lånen utfärdas i serier (var och en benämnd som en "**Serie**") och Lånen i varje Serie kommer att få identiska villkor (utom pris, lånedatum och räntestartdatum, som kan men inte behöver vara identiska) vad gäller valuta, valörer, ränta eller förfallodag eller annat, förutom att en Serie kan bestå av Lån i innehavarform och i registrerad form. Ytterligare trancher av Lån (var och en benämnd som en "**Tranch**") kan emitteras som en del av en befintlig Serie. *Serienumret för Lånen är [ ]. [Tranchnumret är [ ].* ***Former för Lånen***: Lånen kan ges ut i innehavarform eller i registrerad form. Lån i innehavarform kommer inte att kunna bytas ut till Lån i registrerad form och Lån i registrerad form kommer inte att kunna bytas ut till Lån i innehavarform. *Lånen är i innehavarform/Lånen är i registrerad form.* Lån kan i de tillämpliga Slutliga Villkoren specificeras som "**VP-Lån**". VP-Lån kommer att ges ut i kontoförd och dematerialiserad form, med äganderätten bestyrkt genom införandet i registret för sådana VP-Lån vilka förs av VP Securities A/S för Emittentens räkning (det "**Danska Värdepappersregistret**"). Äganderätten till VP-Lån kommer inte bestyrkas av något fysiskt papper eller dokument. Definitiva Lån kommer inte att ges ut avseende några VP-Lån. Nordea Bank Danmark A/S kommer att agera som VP-Administrerande Institut när det gäller VP-Lån. Lån kan specificeras i de tillämpliga Slutliga Villkoren som "**VPS-Lån**". VPS-Lån ges ut enligt ett registratoravtal med Nordea Bank Norge ASA som VPS-Betalningsagent och kommer att registreras i kontoförd och

	Avsnitt C – Lånen	
		dematerialiserad form hos norska värdepapperscentralen (*Verdipapirsentralen ASA* och kallas här "**VPS**").
		Lån kan specificeras i de tillämpliga Slutliga Villkoren som "**Svenska Lån**". Svenska Lån kommer att ges ut i kontoförd och dematerialiserad form, med äganderätten bestyrkt genom införande i registret för sådana Svenska Lån som förs av Euroclear Sweden för den relevanta Emittentens räkning. Äganderätten till Svenska Lån bestyrks inte av något fysiskt värdepapper eller dokument. Definitiva Lån kommer inte att ges ut avseende några Svenska Lån. Nordea Bank AB (publ) kommer att agera som Svenskt Administrerande Institut när det gäller Svenska Lån. Lån kan specificeras i de tillämpliga Slutliga Villkoren som "**Finska Lån**". Finska Lån kommer att ges ut i kontoförd och dematerialiserad form, med äganderätten bestyrkt genom införande i registret för sådana Finska Lån som förs av Euroclear Finland för den relevanta Emittentens räkning. Äganderätten till Finska Lån bestyrks inte av något fysiskt värdepapper eller dokument. Definitiva Lån kommer inte att ges ut avseende några Finska Lån. Nordea Bank Finland Plc kommer att agera som Finskt Administrerande Institut när det gäller Finska Lån. *Lån i Schweiziska Franc*: Lån kommer vara ges ut i Schweiziska Franc, ges ut i innehavarform och representeras exklusivt av ett Permanent Globalt Lån som deponeras hos SIX SIS AG, Olten, Schweiz, eller annan sådan depositarie enligt vad som godkänns av SIX Regulatory Board vid SIX Swiss Exchange. Det Permanenta Globala Lånet kommer endast att vara utbytbart mot definitiva Lån under vissa begränsade omständigheter. ***ISIN-nummer:*** Avseende varje Tranch av Lån kommer relevanta ISIN-nummer att anges i de tillämpliga Slutliga Villkoren. *Lånen kommer att clearas via [ ]. Lånen har tilldelats följande ISIN: [ ].*
C.2	**Valuta för emissionen av Lån:**	US dollar, euro, brittiska pund, svenska kronor, schweizerfranc, norska kronor, danska kronor och yen och/eller annan sådan valuta eller andra valutor enligt beslut som fattas vid tidpunkten för emissionen, i enlighet med alla rättsliga och/eller regulatoriska och/eller centralbankskrav. Lånen kan, i enlighet med efterlevnaden av sådana krav, ges ut som Lån i dubbla valutor. *Valutan för Lånen är [ ].*
C.5	**Fri rätt till överlåtelse:**	Detta Grundprospekt innehåller en sammanfattning av vissa säljrestriktioner inom USA, det Europeiska Ekonomiska Samarbetsområdet, Storbritannien, Danmark, Finland, Nederländerna, Norge, Sverige, Spanien och Japan. Lånen har inte och kommer inte att registreras under United States Securities Act of 1933 ("**Securities Act**") och får inte erbjudas eller säljas inom USA eller till, eller för amerikanska medborgares räkning förutom i vissa transaktioner som är undantagna från registreringskraven i Securities Act.

	Avsnitt C – Lånen	
		För varje medlemsstat i det Europeiska Ekonomiska Samarbetsområdet som har implementerat prospektdirektivet, inklusive konungariket Sverige (envar en "**Relevant Medlemsstat**"), har varje emissionsinstitut som utsetts under Programmet (envar ett "**Emissionsinstitut**") utfäst och godkänt, och varje ytterligare Emissionsinstitut som utses under Programmet kommer att behöva utfästa och godkänna, att från och med det datum då Prospektdirektivet implementeras i den Relevanta Medlemsstaten ("**Relevanta Implementeringsdatumet**"), har Emissionsinstitutet inte gjort och kommer inte att göra något erbjudande om Lån till allmänheten i den Relevanta Medlemsstaten utom med Emittentens samtycke lämnat i enlighet med avsnitt A.2 ovan.
		Varje Emissionsinstitut har utfäst och godkänt, och varje ytterligare Emissionsinstitut som utses under Programmet kommer att behöva utfästa och godkänna, att det har uppfyllt och kommer att uppfylla alla tillämpliga bestämmelser Financial Services and Markets Act 2000 ("**FSMA"**) avseende alla handlingar som utförs gällande Lån i, från eller på annat sätt involverande Storbritannien. Varje Emissionsinstitut har utfäst och godkänt, och alla ytterligare Emissionsinstitut som utses under Programmet kommer att behöva utfästa och godkänna, att det inte har erbjudit eller sålt och inte kommer att erbjuda, sälja eller leverera några Lån direkt eller indirekt till konungariket Danmark genom ett erbjudande till allmänheten, förutom om det sker i enlighet med den danska värdepappershandelslagen (konsoliderad lag nr 883 av den 9 augusti 2011, såsom ändrad) (på danska: *Værdipapirhandelsloven*) och andra bestämmelser utfärdade därunder. Varje Emissionsinstitut har utfäst och godkänt, och varje ytterligare Emissionsinstitut som utses under Programmet kommer att behöva utfästa och godkänna, avseende erbjudanden eller försäljning av Lån i Irland, att det kommer att uppfylla: villkoren i Europeiska Gemenskapernas (Marknader för Finansiella Instrument) Förordning 2007 (nr 1 till 3) (såsom ändrad), inklusive, utan begränsning, Förordning 7 och 152 därav eller andra förhållningsregler som används i samband därmed och villkoren i Investor Compensation Act 1998; villkoren i Companies Acts 1963 to 2012 (såsom ändrad), Central Bank Acts 1942 to 2013 (såsom ändrad) och varje annan förhållningsregel som utfärdats under avsnitt 117(1) i Central Bank Act 1989; och villkoren i Market Abuse (Direktiv 2003/6/EG) Direktivet 2005 (såsom ändrad) och varje regel som utfärdats enligt avsnitt 34 i Investment Funds, Companies and Miscellaneous Provisions Act 2005 av Central Bank. Varje Emissionsinstitut har utfäst och godkänt, och varje ytterligare Emissionsinstitut som utses under Programmet kommer behöva utfästa och godkänna, att de inte har erbjudit eller sålt, eller kommer erbjuda eller sälja, direkt eller indirekt, Lån till allmänheten i Frankrike och att det inte har distribuerat eller orsakat distribution, och att det inte kommer att distribuera eller orsaka distribution av Grundprospektet, de relevanta Slutliga Villkoren eller någon annan typ av erbjudandematerial relaterat till Lånen, till allmänheten i Frankrike, och att sådant erbjudande och sådan försäljning och distribution i Frankrike har och endast kommer göras till (a) leverantörer av investeringstjänster relaterade till portföljhantering för tredjeparts konton (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), och/eller (b) kvalificerade investerare (*investisseurs qualifiés*), samtliga såsom definierade, och i enlighet med, artiklarna L.411-1, L.411-2 och D.411-1 i den franska lagen *monétaire et financier*.

	Avsnitt C – Lånen	
		Lån som faller in under begreppet "derivatinstrument" enligt Avsnitt 2 i SMA, Direktivet 2004/39/EC (MiFID-direktivet) och Kommissionens förordning Nr. EC/1287/2006 (Implementeringsföreskrifter för MiFID), samtliga såsom ändrade från tid till annan, får endast erbjudas i Estland efter lämplighets- och vederbörlighetsbedömning av det relevanta strukturerade instrumentet för investeraren i enlighet med tillämplig estnisk och europeisk lagstiftning.
		Varje Emissionsinstitut har utfäst och godkänt, och varje ytterligare Emissionsinstitut som utses under Programmet kommer behöva utfästa och godkänna, att Lånen inte har erbjudits eller kommer erbjudas i Litauen genom erbjudande till allmänheten såvida detta inte är i enlighet med alla tillämpliga bestämmelser under Litauens lagar och i synnerhet i enlighet med Lagen om Värdepapper i Republiken Litauen från 18 januari 2007 Nr. X-1023 och alla föreskrifter eller regler som gjorts därunder, såsom ändrad från tid till annan. Lånen har inte registrerats under Lagen om Marknaden för Finansiella Instrument i Lettland och kan således inte erbjudas eller säljas till allmänheten i Lettland. Varken Emittenten eller något av Emissionsinstituten har godkänt, eller får godkänna, att Lån erbjuds i Lettland annat än i enlighet med lagarna i Republiken Lettland. Varje Emissionsinstitut har utfäst och godkänt, och varje ytterligare Emissionsinstitut som utses under Programmet kommer behöva utfästa och godkänna, att det inte har erbjudit eller sålt och ej heller kommer erbjuda, sälja eller leverera något av Lånen direkt eller indirekt i Danmark genom erbjudande till allmänheten, såvida detta ej sker i enlighet med den danska Lagen om Värdepappershandel (*Værdipapirhandelsloven*), såsom ändrad från tid till annan, och verkställande beslut som utfärdats därunder. Varje Emissionsinstitut har utfäst och godkänt, och varje ytterligare Emissionsinstitut som utses under Programmet kommer behöva utfästa och godkänna, att det inte kommer erbjuda Lånen till allmänheten i Finland, såvida detta inte sker i enlighet med alla tillämpliga Finska lagbestämmelser och särskilt i enlighet med den Finska Värdepapperslagen (495/1989) och varje bestämmelse därunder, såsom ändrad från tid till annan. Varje Emissionsinstitut har utfäst och godkänt, och varje ytterligare Emissionsinstitut som utses under Programmet kommer behöva utfästa och godkänna, att det kommer lyda alla tillämpliga lagar, bestämmelser och riktlinjer för erbjudande av Lånen i Norge. Lån i norska Krone kan inte erbjudas eller säljas inom Norge eller till personer med hemvist i Norge, eller för deras vägnar, såvida inte föreskriften relaterad till erbjudandet av VPS-Lån och registrering i VPS har åtlytts.

	Avsnitt C – Lånen	
		Varje Emissionsinstitut har utfäst och godkänt, och varje ytterligare Emissionsinstitut som utses under Programmet kommer behöva utfästa och godkänna, att det enbart har erbjudit och enbart kommer att erbjuda Lån till allmänheten (*oferta pública*) i Spanien i enlighet med den spanska lagen om värdepappersmarknaden (*Ley 24/1988 de 28 de julio, del Mercado de Valores*) ("**LMV**"), kungligt dekret 1310/2005, av den 4 november, vilken delvis ändrar spansk värdepappersmarknadsrätt avseende notering på allmänna andrahandsmarknader, erbjudanden till allmänheten och prospektet som krävs därtill och regelverken som upprättas därunder. Lånen får inte erbjudas eller säljas i Spanien förutom av institut som är auktoriserade i enlighet med LMV och kungligt dekret 217/2008 av den 15 februari, om den rättsordning som är tillämplig på företag som utför investeringstjänster, att erbjuda investeringstjänster i Spanien, och med åtlydande av bestämmelserna i LMV och alla andra tillämpliga lagar.
		Lånen har inte och kommer inte att registreras under Lagen om Finansiella Instrument och Handel i Japan (Lag Nr. 25 från 1948, såsom ändrad, "**FIEA**") och varje Emissionsinstitut har utfäst och godkänt, och varje ytterligare Emissionsinstitut som utses under Programmet kommer behöva utfästa och godkänna, att de inte kommer erbjuda eller sälja några Lån, direkt eller indirekt, i Japan eller till, eller till fördel för, bofasta personer i Japan, eller till andra för att återerbjudanden eller återsäljning, direkt eller indirekt, i Japan eller till, eller till förmån för, bofasta personer i Japan, förutom i enlighet med ett undantag från registreringskraven i, och även i övrigt i enlighet med FIEA och varje annan tillämplig lag, föreskrift och riktlinje från myndigheterna i Japan. Nollkupongslån av definitiv form kan endast överlåtas och accepteras, direkt eller indirekt, inom, från eller till Nederländerna genom försorgen av antingen Emittenten eller ett medlemsföretag i Euronext Amsterdam by NYSE Euronext i full överensstämmelse med den Nederländska lagen om Besparingscertifikat (*Wet inzake spaarbewijzen*) från 21 maj 1985 (såsom ändrad) och dess implementeringsföreskrifter.
C.8	**Rättigheter kopplade till Lånen, inklusive rangordning och begränsningar av sådana rättigheter**	***Lånens status:*** Lånen utgör icke-säkerställda och icke-efterställda förpliktelser för den relevanta Emittenten och rangordnas *pari passu* utan någon preferens mellan sig själva och minst *pari passu* gentemot alla övriga av den relevanta Emittentens nuvarande och framtida utestående icke-säkerställda och icke-efterställda förpliktelser. ***Valörer***: Lån kommer ges ut i sådana valörer som kan finnas angivna i de relevanta Slutliga Villkoren, föremål för (i) en lägsta valör om €1 000 (eller dess motsvarighet i andra valutor), och (ii) i enlighet med alla tillämpliga juridiska och/eller regulatoriska och/eller centralbankskrav. *Lånen är utställda i valör(erna) [ ].* ***Åtagande att inte ställa säkerhet:*** Ingen. ***Korsvisa uppsägningsgrunder:*** Ingen.

	Avsnitt C – Lånen	
		Beskattning: Alla betalningar med hänsyn till Lånen kommer göras utan källskatt eller avdrag för skatt såvida inte detta fordras av svensk eller finsk lag, föreskrifter eller andra regler, eller beslut från finska eller svenska myndigheter. I händelse av att någon av Emittenterna måste göra avdrag för eller undanhållande av finsk eller svensk skatt för någon som inte omfattas av beskattning i Sverige eller Finland kommer Emittenten betala ett tilläggsbelopp för att säkerställa att de relevanta innehavarna av Lån, vid förfallodagen, kommer erhålla ett nettobelopp som är lika med det belopp som innehavarna skulle ha erhållit om det inte vore för avdragen eller de undanhållna beloppen, förutom i enlighet med vissa sedvanlig undantag. ***Gällande lag:*** Lånen och alla icke-avtalsenliga förpliktelser som uppstår ur eller i samband med Lånen styrs av antingen brittisk lagstiftning, finsk lagstiftning, svensk lagstiftning, dansk lagstiftning eller norsk lagstiftning, förutom att (i) registreringen av VP-Lån i VP styrs av dansk lagstiftning, (ii) registreringen av VPS-Lån i VPS styrs av norsk lagstiftning, (iii) registreringen av Svenska Lån i Euroclear Sweden styrs av svensk lagstiftning, och (iv) registreringen av Finska Lån i Euroclear Finland styrs av finsk lagstiftning. *Lånen styrs av [brittisk lagstiftning / finsk lagstiftning / dansk lagstiftning / svensk lagstiftning / norsk lagstiftning].*
		Verkställighet av Lån i Global Form: Gällande Globala Lån kommer den individuelle investerarens rättigheter mot den relevanta Emittenten att styras av ett sidoavtal daterad till 20 december 2013 ("**Sidoavtalet**") av vilket det kommer finnas en kopia tillgängligt för inspektion på det angivna kontoret för Citibank, N.A., London Branch som fiscal agent ("**Fiscal Agent**").
C.9	**Rättigheter kopplade till Lånen (fortsättning), inklusive information angående Ränta, Förfallodag, Avkastning och Representant för Innehavarna:**	***Ränta:*** Lån kan vara räntebärande eller icke-räntebärande. Ränta (om så förekommer) kan: • utgå baserad på fast kurs eller rörlig kurs; • vara inflationsskyddad, varigenom det räntebelopp som ska betalas är kopplat till ett konsumentprisindex; • vara länkade till huruvida en Kredithändelse inträffar eller ej med avseende på skuldförpliktelserna för ett antal specificerade referensenheter ("**Kreditlänkade Lån**“ eller "**CLN**“). En Kredithändelse är en bolagshändelse som vanligtvis gör att en fordringsägare för Referensenheten drabbas av en förlust (t.ex. konkurs eller underlåtenhet att betala). Om en Kredithändelse inträffar för en Referensenhet, kan det nominella belopp som används för beräkning av ränta som ska betalas minskas. Se avsnitt C.10 för ytterligare information; • vara kumulativa, förutsatt att vissa värdeutvecklingströsklar har uppnåtts; • vara länkade till utvecklingen för en specificerad referenskurs (som skulle kunna vara en räntekurs eller en inflationsåtgärd) under en specificerad period jämfört med ett antal förbestämda lösenpris/barriärnivåer, där ett sådant räntebelopp också kan vara föremål (i vissa fall) för tak/golv;

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		• vara länkade till prestationen hos en eller flera korgar med underliggande tillgångar (envar en "**Referenstillgång** " och tillsammans en "**Korg**") eller en specifik Referenstillgång i relevant Korg (till exempel Referenstillgången med sämst värdeutveckling) jämfört med en förbestämd lösenprisnivå; och/eller • vara länkade till den procentandel av Referenstillgångarna i Korgen som är över en förbestämd barriärnivå vid varje arbetsdag, upp till och inkluderande det relevanta räntebetalningsdatumet (vart och ett utgörande en “**Räntebetalningsdag**“). Med avseende på Lån med kupong, om den avkastning som genereras av Korgen med Referenstillgångar vid någon värderingsdag (vart och ett utgörande en “**Värderingsdag**") är på eller ovanför en eller flera förbestämda nivåer kommer ränta ("**Kupongen**") att vara betalningsbar på Lånen. Beloppet för varje Kupong kommer att bero på den kupongbarriärnivå som har uppnåtts, och vilken av följande strukturer som väljs som tillämplig(a) för Lånen: • *Flat Kupong*: Kupongen kommer att utgöra kapitalbeloppet för Lånen multiplicerat med den relevanta Kupongnivån.
		• *Memory Kupong*: Kupongen kommer att utgöra kapitalbeloppet på Lånen multiplicerat med den relevanta Kupongnivån och multiplicerat med antalet omedelbart föregående Räntebetalningsdagar för vilka Kupong inte har betalats. • *Plus Flat Kupong*: Kupongen kommer att utgöra kapitalbeloppet på Lånen multiplicerat med det högre av den relevanta Kupongnivån och Korgavkastningen (som definierad nedan). • *Plus Memory Kupong*: Kupongen kommer att utgöra kapitalbeloppet på Lånen multiplicerat med det högre av: a) Korgavkastningen och b) den relevanta Kupongnivån, multiplicerad med antalet föregående Räntebetalningsdagar för vilka Kupong inte har betalats. Den tillämpliga räntesatsen eller dess beräkningsmetod kan variera vid olika tidpunkter eller vara konstant för en Serie av Lån. Lån kan ha en maxränta, miniminränta eller både och. Ränteperiodernas längd för Lånen kan också variera vid olika tidpunkter eller vara konstant för en Serie Lån. *Lånen har ingen ränta./Lånen är räntebärande:* *Räntebas: [ ].* *Nominell räntesats: [ ].* *Räntans startdatum: [ ].* *Räntebetalningsdag(ar): [ ].* *Beskrivning av underliggande Referenskurs: [ ].]* *Information om Referenskursens tidigare och fortsatta utveckling kan inhämtas från: [ ].* *[Marginal: +/– [ ].]*

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		[Högsta Räntesats: [ ].] *[Lägsta Räntesats: [ ].]* *[Dagberäkningsmetod: [ ].]* ***Återbetalning:*** Emittenten ska återbetala Lånen med deras återbetalningsbelopp ("**Återbetalningsbelopp**") och på den/de återbetalningsdag(ar) ("**Återbetalningsdag**") som specificeras i de Slutliga Villkoren. Återbetalningsbeloppet kan vara en kombination av ett fast belopp ("**Basåterbetalningsbelopp**") och ett eller flera tilläggsbelopp ("**Tilläggsbelopp**") vilka fastställs i enlighet med en eller flera av de värdeutvecklingsstrukturer som specificeras i avsnitt C.10 nedan.
		Tilläggsbeloppet kan komma att adderas till, eller subtraheras från, Basåterbetalningsbeloppet i syfte att beräkna det betalbara Återbetalningsbeloppet vid förfallodagen, och kan vara negativt. Som en följd kan en Innehavare under vissa förhållanden erhålla ett belopp mindre än Lånens Kapitalbelopp vid dess slutliga återbetalning. De Slutliga Villkoren specificerar vilken av värdeutvecklingsstrukturerna som är tillämplig på respektive Serie av Lån. Förtida återbetalning av Lån kan eventuellt bli tillåtet (i) på begäran av den relevanta Emittenten eller innehavaren av Lån, i enlighet med Villkoren, **förutsatt att** sådan förtida återbetalning är tillämpbar i enlighet med de Slutliga Villkoren eller (ii) om den relevanta Emittenten har eller kommer att bli tvungen att betala vissa tillkommande belopp med avseende på Lånen som ett resultat av någon eventuell ändring av skattelagarna i jurisdiktionen där den relevanta Emittenten har sitt säte. Där en av värdeutvecklingsstrukturerna "Autocall" gäller kommer, om den avkastning som skapas av Korgen eller viss(a) Referenstillgång(ar) är lika med eller över en förbestämd inlösenbarriärnivå vid varje Observationsdag, den relevanta Emittenten att återbetala Lånen i förtid på nästkommande förtida återbetalningsdag med ett belopp som är lika med Lånens Kapitalbelopp, tillsammans med en förbestämd kupong (om sådan finns). Om valt som tillämpligt i de Slutliga Villkoren kan det belopp som ska betalas vid förtida återbetalning ("**Förtida Återbetalningsbelopp**") reduceras med ett belopp som fastställs av Beräkningsagenten, som är lika med summorna av de kostnader, utgifter, skatter och tullavgifter som Emittenten ådragit sig i samband med den förtida Återbetalningen. *Såvida inte dessförinnan återbetalda, eller köpta och upphävda, kommer Lånen att bli återbetalade med [par/deras Återbetalningsbelopp om [ ] per Beräkningsbelopp/ett belopp beräknat i enlighet med värdeutvecklingsstrukturen[/erna] som finns specificerad i avsnitt C.10 nedan/ett belopp uppgående till summan av Basåterbetalningsbeloppet om [●] och Tilläggsbeloppet[/en] beräknat i enlighet med värdeutvecklingsstrukturen(-erna) som specificeras i avsnitt C.10 nedan]. [Lån kan inlösas före den planerade Återbetalningsdagen efter val av Emittenten/Innehavarna]/[Lånen har Autocallstruktur]* *Återbetalningsdagen är [ ]/Lånen är återbetalningsbara genom Avbetalningar på [•].*

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		Pris: Priset för varje Tranch av Lån som ska ges ut under Programmet kommer att fastställas av den relevanta Emittenten vid tiden för när Lånen ges ut, i enlighet med rådande marknadsförhållanden. *Priset för Lånen är:* [•]. ***Avkastning:*** Avkastningen på varje Tranch av Lån kommer att beräknas på grundval av det relevanta priset på det relevanta lånedatumet. Det är inte en indikation om framtida avkastning. *Baserat på Priset på [ ] på Lånedatumet, är den förväntade avkastningen från Lånen [ ] procent per år.* ***Representant för Innehavarna:*** Ej tillämpligt. Det finns ingen representant utsedd som ska agera på uppdrag av Innehavarna.
		Ersättning av Referenstillgång, förtida beräkning av Återbetalningsbeloppet eller tillägg till Villkoren: Där så är tillämpligt i enlighet med Villkoren får den relevanta utgivaren byta ut en Referenstillgång, utföra en förtida beräkning av Återbetalningsbeloppet eller göra eventuellt tillägg till Villkoren i den mån Emittenten bedömer detta som nödvändigt, om vissa händelser inträffar, inklusive marknadsavbrott, avbrott i riskhantering, förändring i lagstiftning, priskorrigeringar och andra relevanta utvecklingar som påverkar en eller fler av den/de underliggande Referenstillgången(-arna).
C.10	**Derivat-komponenter:**	De värdeutvecklingsstrukturer som beskrivs nedan bestämmer på vilket sätt värdeutvecklingen hos den/de relevanta Referenstillgången(-arna) eller Referensenheterna påverkar Återbetalningsbeloppet och/eller Tilläggsbeloppet för Lånen. Emittenten kan välja att kombinera två eller fler värdeutvecklingsstrukturer när Lån ges ut: *"Basket Long" struktur*: Tilläggsbeloppet är lika med Lånens Kapitalbelopp multiplicerat med (i) ett belopp som återspeglar Korgens avkastning ("**Korgavkastningen**") och (ii) en ratio som används för att bestämma innehavarens exponering mot utvecklingen för de olika Referenstillgångarna ("**Deltagandegrad**"). Utvecklingen för en Referenstillgång bestäms med hänvisning till det belopp med vilket slutkursen ("**Slutkursen**") överstiger Referenstillgångens startkurs ("**Referenstillgångsavkastning**"). Slutkursen bestäms ofta på grundval av ett genomsnittsvärde på Referenstillgången under Lånens giltighetstid (dvs. det finns flera värderingstidpunkter under giltighetstiden), men det kan även bestämmas på grundval av en enda värdering. Referenstillgångsavkastningen eller Korgavkastningen kan dessutom bli föremål för ett golv, vilket agerar som en lägsta nivå för utveckling, eller ett tak vilket agerar som en högsta nivå för utveckling[19]. *"Basket Short" struktur*: Tilläggsbeloppet är lika med Lånens Kapitalbelopp multiplicerat med (i) den sammantagna avkastningen som skapats av Korgen och (ii) Deltagandegraden. Om Referenstillgångarnas utveckling inom Korgen är positiv kommer detta att få en negativ inverkan på den sammantagna avkastning som skapats av Korgen och därför den avkastning som ska betalas till Innehavarna. Om Referenstillgångarnas prestation inom Korgen är negativ kommer detta att få en positiv inverkan på den sammantagna avkastning som skapats av Korgen och därför den avkastning som ska betalas till Innehavarna.

[19] Genom Tillägget daterat 14 februari 2014 har orden "eller ett tak vilket agerar som en högsta nivå för utveckling" lagts till.

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		"Barriär Outperformance" struktur: om Korgens utveckling överstiger en specificerad barriärnivå (ett pristak), kommer Tilläggsbeloppet att utgöra en förbestämd maximal Korgavkastning. Om den specificerade barriärnivån inte överskrids kommer Tilläggsbeloppet att vara noll. *"Barriär Underperformance" struktur*: om korgens utveckling faller under en specificerad barriärnivå (ett prisgolv), kommer Tilläggsbeloppet att utgöra en förbestämd maximal Korgavkastning. Om den specificerade barriärnivån inte överskrids kommer Tilläggsbeloppet att vara noll.
		"Best of/Worst of" Barriär" struktur: Detta är detsamma som "Barriär Outperformance" strukturen, förutom att observationen av barriärnivån och beräkningen av Tilläggsbeloppet kommer att bestämmas med hänvisning till värdeutvecklingen hos Referenstillgången med den Nth bästa värdeutvecklingen snarare än Korgen som helhet. Referenstillgången med den Nth bästa värdeutvecklingen kommer vara Referenstillgången med den Nth högsta Referenstillgångsavkastningen, där "N" ska vara den siffra som anges i Slutliga Villkor. *"Best of/Worst of" Barriär Underperformance" struktur*: Detta är detsamma som "Barriär Underperformance" strukturen, förutom att observationen av barriärnivån och beräkningen av Tilläggsbeloppet kommer att bestämmas med hänvisning till värdeutvecklingen hos den Referenstillgång med den Nth bästa värdeutvecklingen snarare än korgen som helhet. *"Autocallstruktur Long"*: Om Korgavkastningen understiger en förbestämd riskbarriärnivå på en relevant Observationsdag ("**Riskbarriärobservationsdag**"), kommer Tilläggsbeloppet beräknas genom att multiplicera Lånens Kapitalbelopp med Deltagandegraden och det lägre av Korgavkastningen och den på förhand bestämda högsta korgavkastningen. Om Korgavkastningen på en Riskbarriärobservationsdag inte understiger en förbestämd riskbarriärnivå, kommer Tilläggsbeloppet att vara lika med Lånens Kapitalbelopp multiplicerat med Deltagandegraden 2 och det högre av (i) Korgavkastningen och (ii) en förbestämd lägsta korgavkastning. En Kupong kan också vara förfallen till betalning (se avsnitt C.9 för detaljerad information angående Kupongen). Lånen kommer dessutom att vara föremål för förtida återbetalning om den avkastning som genereras av Korgen överstiger den relevanta inlösenbarriärnivån på någon Observationsdag. Om "*Best of/Worst of Modifier*" (såsom beskrivs nedan) är tillämplig på Autocallstruktur Long kommer Tilläggsbeloppet (och all eventuell förtida återbetalning) bestämmas med hänvisning till slutpriset hos den Nth bäst presterande Referenstillgången snarare än Korgen som helhet. Värdet på N kommer att specificeras i de tillämpliga Slutliga Villkoren. *"Autocallstruktur Kort"*: denna struktur liknar "Autocallstruktur Long" med den skillnaden att den positiva utvecklingen för Referenstillgångarna inom Korgen kommer att ha en negativ inverkan på Lånens avkastning. *"Replacement Basket" struktur*: Tilläggsbeloppet beräknas på liknande sätt som för Basket Long-strukturen, med skillnaden att de avkastningar som genereras av Referenstillgångarna med bäst värdeutveckling ersätts med ett förbestämt värde för syftet att bestämma Korgens totala värdeutveckling.

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		"Locally Capped Basket" struktur: Tilläggsbeloppet beräknas på liknande sätt som för Basket Long-strukturen eller Basket Short-strukturen, med skillnaden att den avkastning som genereras av varje Referenstillgång är föremål för ett förbestämt maximalt procentvärde för syftet att bestämma Korgens totala värdeutveckling. *"Rainbow Basket" struktur*: Tilläggsbeloppet beräknas på liknande sätt som Basket Long-strukturen, med skillnaden att viktningen för varje Referenstillgång i Korgen bestäms med hänvisning till den relativa värdeutvecklingen hos varje Referenstillgång. Avkastningen från varje Referenstillgång mäts separat på förfallodagen och rangordnas baserat på deras relativa värdeutveckling. Viktningen för varje Referenstillgång kommer att motsvara de viktningar som anges för den relativa rangordningen i de tillämpliga Slutliga Villkoren.
		"Booster" strukturer: Boosterstrukturer har en förbättrad positiv eller negativ avkastning som baseras på utvecklingen i den underliggande Referenstillgången eller de underliggande Referenstillgångarna. Investerarens exponering mot utvecklingen i Referenstillgången kan öka eller minska genom tillämpning av olika deltagandegrader. Inom en "Booster Long"-struktur kommer den positiva utvecklingen för Referenstillgångarna ha en positiv effekt på avkastningen på Lånen. I en "Booster Short"-struktur kommer en positiv utveckling i för Referenstillgångarna ha en negativ effekt på avkastningen på Lånen.
		"Booster Riskbarriär Short" struktur: Tilläggsbeloppet kommer bero på den avkastning som genererats av Korgen i jämförelse med en förbestämd barriärnivå för en Värderingsdag och Korgs startvärde. Om summan av Korgavkastningen och 1 ligger på eller över Korgs startvärde på någon Värderingsdag kommer Tilläggsbeloppet beräknas genom att multiplicera Lånens Kapitalbelopp med Deltagandegraden och Korgavkastningen. Om summan av Korgavkastningen och 1 är på eller över barriärnivån på alla Värderingsdagar men under Korgs startvärde på någon Värderingsdag kommer Tilläggsbeloppet vara noll. Om summan av Korgavkastningen och 1 ligger under barriärnivån på någon Värderingsdag och under Korgs startvärde på någon Värderingsdag kommer Tilläggsbeloppet beräknas med referens till Korgavkastningen och en annan deltagandegrad, vilket kommer resultera i ett Återbetalningsbelopp som är lägre än Kapitalbeloppet. Om utvecklingen för en Referenstillgång inom Korgen är positiv kommer detta ha en negativ inverkan på den totala avkastningen som genereras av Korgen. Om utvecklingen i en Referenstillgång inom Korgen är negativ kommer detta ha en positiv inverkan på den totala avkastningen som genereras av Korgen och således på det belopp som ska betalas vid återbetalning av Lånen. *"Booster Riskbarriär Long" struktur:* Tilläggsbeloppet beräknas på ett liknande sätt som för "Booster Riskbarriär Short"-strukturen. Skillnaden är att när utvecklingen för en Referenstillgång inom Korgen är positiv kommer detta ha en positiv inverkan på den totala avkastningen som genereras av Korgen. Om utvecklingen för en Referenstillgång inom Korgen är negativ kommer detta ha en negativ inverkan på den totala avkastningen som genereras av Korgen och således på beloppet som ska betalas vid återbetalning av Lånen.

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		"Twin Win"-struktur: Tilläggsbeloppet beräknas på ett liknande sätt som för "Basket Long"-strukturen – om utvecklingen av Korgen är positiv så kommer Tilläggsbeloppet också att vara positivt. Om utvecklingen av Korgen är negativ men över en förutbestämd Barriärnivå kommer Tilläggsbeloppet också att vara positivt. Om utvecklingen för Korgen är negativ men under den relevanta Barriärnivån kommer Tilläggsbeloppet också att vara negativt och Återbetalningsbeloppet kommer därför att vara lägre än Lånens Kapitalbelopp. *"Bonus Booster Short" struktur*: Tilläggsbeloppet beräknas på ett liknande sätt som för "Booster Riskbarriär Short"-strukturen med skillnaden att om avkastningen som genereras av Korgen inte ligger under barriärnivån på den relevanta Värderingsdagen(/arna), kommer Tilläggsbeloppet vara det högre av (i) en förbestämd kupongnivå och (ii) ett belopp som beräknas genom att multiplicera Kapitalbeloppet med Deltagandegraden och Korgavkastningen. En positiv utveckling för Referenstillgångarna inom Korgen kommer ha en negativ inverkan på den totala avkastningen som genereras av Korgen.
		"Bonus Booster Long" struktur: Tilläggsbeloppet beräknas på ett liknande sätt som för "Bonus Booster Short"-strukturen. Skillnaden är att när utvecklingen för en Referenstillgång inom Korgen är positiv kommer detta ha en positiv inverkan på den totala avkastningen som genereras av Korgen. Om utvecklingen i en Referenstillgång inom Korgen är negativ kommer detta ha en negativ inverkan på den totala avkastningen som genereras av Korgen. *"Periodsumme"-struktur* Tilläggsbeloppet kommer baseras på den ackumulerade summan av de relativa procentuella ändringarna i den underliggande Korgen för ett antal förbestämda värderingsperioder under löptiden för Lånen. Följande funktioner kan även användas: (i) de relativa ändringarna i den underliggande Korgen kan lokalt tilldelas tak/golv-nivåer för varje värderingsperiod, (ii) den ackumulerade summan av de relativa ändringarna kan bli föremål för ett globalt tak/golv, och (iii) produkten kan ha en lock-in-funktion som innebär att den ytterligare avkastningen minst kommer vara lika med lock-in-nivån om den ackumulerade avkastningen på någon värderingsdag har nått en förbestämd lock-in-nivå. *"Omvänd Periodsumme" struktur*: denna är väldigt lik "Periodsumme"-strukturen, men den ytterligare avkastningen beräknas genom att subtrahera de relativa procentuella ändringarna i den underliggande Korgen (för ett antal förbestämda värderingsperioder) från en förbestämd startkupong. *"Ersättande Periodsumme" struktur*: denna är väldigt lik "Periodsumme"-strukturen där skillnaden ligger i att avkastningarna som genereras av ett visst antal av värderingsperioderna med bäst utveckling byts ut mot ett förbestämt belopp. *"Omvänd Ersättande Periodsumme" struktur*: denna är väldigt lik "Omvänd Periodsumme"-strukturen där skillnaden är att avkastningarna som genereras av ett visst antal av värderingsperioderna med bäst utveckling byts ut mot ett förbestämt belopp. *"Rainbow Ersättande Periodsumme" struktur*: utvecklingen i varje individuell Referenstillgång beräknas på samma grund som "Periodsumme"-strukturen. Skillnaden här är att vägningen av varje Referenstillgång inom korgen bestäms efter det att utvecklingen i varje Referenstillgång är känd, enligt principen att den bäst presterande underliggande ges högst vikt och så vidare.

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		"Omvänd konvertibel" struktur: om summan av Korgavkastningen och 1 ligger på eller över korgens startnivå, kommer Återbetalningsbeloppet vara lika med Lånens Kapitalbelopp. Om Korgens avkastning ligger under korgens startnivå kommer Återbetalningsbeloppet att vara lika med Kapitalbeloppet minus ett belopp som beräknas genom att multiplicera Kapitalbeloppet med Deltagandegraden och Korgavkastningen och därmed få fram ett Återbetalningsbelopp som är lägre än Lånens Kapitalbelopp. En positiv utveckling i Referenstillgångarna inom Korgen kommer ha en positiv inverkan på den totala avkastningen på Lånen och tvärtom kommer en negativ utveckling i de individuella Referenstillgångarna ha en negativ inverkan på den totala avkastningen på Lånen.
		"Omvänd Konvertibel Riskbarriär" struktur: om summan av Korgens avkastning och 1 är lika med eller över Korgs Startnivå vid den slutliga Värderingsdagen kommer Återbetalningsbeloppet att vara lika med Kapitalbeloppet. Om summan av Korgens avkastning och 1 ligger under Barriärnivån på någon Värderingsdag, och om Korgavkastningen vid den slutliga Värderingsdagen ligger under Korgs Startnivå kommer Återbetalningsbeloppet beräknas genom att multiplicera Lånens Kapitalbelopp med Deltagandegraden och Korgavkastningen och beloppet som ges kommer att adderas till Lånens Kapitalbelopp (i det här fallet kommer Återbetalningsbeloppet vara lägre än Kapitalbeloppet). *"Best of/Worst of Omvänd Konvertibel"-struktur*: Återbetalningsbeloppet beräknas på samma sätt som i "Omvänd Konvertibel"-strukturen, förutom att den möjliga negativa utbetalningen bestäms med referens till utvecklingen för Referenstillgången med Nth bäst värdeutveckling (i motsats till den totala utvecklingen i Korgen). *Up and In Long:* Up and In Long-Strukturen är en barriäroption. Tilläggsbeloppet beräknas som produkten av Deltagandegraden, Lånens Kapitalbelopp och differensen mellan Korgens slutliga värde och Korglösennivån under förutsättning att Korgen, på varje Värderingsdag under Lånens löptid, har utvecklats på eller över den förbestämda Barriärnivån. Om Barriärnivån inte har nåtts vid någon Värderingsdag kommer tilläggsbeloppet vara lika med noll och Återbetalningsbeloppet kommer vara lika med Lånens Kapitalbelopp. Barriärnivån är alltid högre än Korgenlösenprisnivån. *Up and out Long:* Up and out Long-Strukturen är en barriäroption. Tilläggsbeloppet beräknas som produkten av Deltagandegraden, Kapitalbeloppet och differensen mellan Korgens slutliga värde och Korgenslösennivån, eller, om det är högre, en förbestämd kupongnivå under förutsättning att Korgen, vid varje Värderingsdag under Lånens löptid, har utvecklats på eller över den förbestämda Barriärnivån. Om Barriärnivån inte har nåtts vid någon Värderingsdag kommer tilläggsbeloppet vara lika med noll och Återbetalningsbeloppet kommer vara lika med Lånens Kapitalbelopp. Barriärnivån är alltid högre än Korgenslösennivån. *Down and Out Basket Long:* Down and Out Basket Long-strukturen är en barriäroption. Tilläggsbeloppet beräknas som produkten av Deltagandegraden, Lånens Kapitalbelopp och differensen mellan Korgens slutliga värde och Korglösennivån, om Korgen inte, vid någon Värderingsdag under Lånens löptid, har utvecklats upp till eller över en förbestämd Barriärnivå. Detta innebär att om Barriärnivån överträds på någon Värderingsdag, är Tilläggsbeloppet noll.

	Avsnitt C – Lånen	
		Worst of Down and Out Basket Long: Denna struktur är identisk med Down and Out Basket Long-Strukturen förutom att Tilläggsbeloppet beräknas med hänvisning till Referenstillgången med sämst värdeutveckling istället för hela Korgen. *Worst of Calloption:* Worst of Calloption-strukturen ger Innehavaren en exponering mot Referenstillgången med sämst värdeutveckling i Korgen. Tilläggsbeloppet som ska betalas till Innehavaren kommer vara det högre av noll och Referenstillgångsavkastningen för Referenstillgången med sämst värdeutveckling.
		Outperformance Option: Medan Tilläggsbeloppet avseende en vanlig Korgstruktur är beroende av den absoluta utvecklingen för en Korg som består av en eller flera Referenstillgångar beror utbetalningen i en Outperformancessstruktur på den relativa utvecklingen för två Korgar, inte på den absoluta utvecklingen för varje Korg. Strukturen kan baseras på antingen två "Basket Long"-strukturer, två "Basket Short"-strukturer eller en "Basket Long"-struktur och en "Basket Short"-struktur. "*Non-Tranched CLN" och "Tranched CLN*" strukturer: Återbetalningsbeloppet och, om tillämpligt, ränteutbetalningarna, baseras på de viktade förlusterna i samma eller olika portföljer av Referensenheter som ett resultat av att en eller flera Kredithändelser inträffar. För Tranched CLN:er kan det förekomma att en Kredithändelse inte har någon inverkan eller en mer proportionerlig inverkan på Återbetalningsbeloppet och, om relevant, ränteutbetalningar. Tranchfunktionen används för att bestämma andelen av förluster som en Innehavare kommer vara exponerad mot i händelse av att en Kredithändelse som påverkar en eller flera Referensenheter. "*Nth to Default" och "Nth och N:te+1 to Default*"-strukturer: Återbetalningsbeloppet och, om tillämpligt, ränteutbetalningarna, baseras på antalet och potentiellt ordningsföljden Kredithändelser i samma Referensenhetsportfölj. Gällande Nth to Default-CLN:er, har inträffandet av N-1 Kredithändelser inte någon inverkan på Återbetalningsbeloppet och (om några) ränteutbetalningar, samtidigt som Nth Kredithändelsen kommer ha en mer än proportionerlig inverkan på dessa siffror. På samma sätt gällande Nth och Nth+1 to Default-CLN:erna kommer inverkan från den Nth och Nth+1 Kredithändelsen ha en mer än proportionerlig inverkan. *Digital Long* Om Korgavkastningen vid den slutliga Värderingsdagen överstiger Korgenlösennivån kommer Tilläggsbeloppet vara lika med Lånens Kapitalbelopp multiplicerat med Kupongen. Om Korgavkastningen inte överstiger Korgenlösennivån vid den slutliga Värderingsdagen kommer Tilläggsbeloppet vara noll. Positiv utveckling i Referenstillgångarna kommer ha en positiv inverkan på avkastningen på Lånen. *Digital Short* Om Korgavkastningen vid den slutliga Värderingsdagen understiger Korglösennivån kommer Tilläggsbeloppet vara lika med Lånens Kapitalbelopp multiplicerat med Kupongen. Om Korgavkastningen är lika med eller överstiger Korglösennivån vid den slutliga Värderingsdagen kommer Tilläggsbeloppet vara noll. Positiv

	Avsnitt C – Lånen	
		utveckling i Referenstillgångarna kommer ha en negativ inverkan på avkastningen på Lånen. *"Best of/Worst of" Digitals*: Digital Long- och Digital Short-strukturerna kan också kombineras med ett “Best of/Worst of"-inslag, varvid Tilläggsbeloppet beräknas med hänvisning till värdeutvecklingen hos Referenstillgången med den Nth bästa värdeutvecklingen snarare än Korgen som helhet.
		Worst of Digital Memory Coupon 1: Worst of Digital Memory Coupon-optionen är en remsa av villkorade “sämsta av" digitala val. Ett Tilläggsbelopp motsvarande Lånens Kapitalbelopp multiplicerat med Kupongerna och K betalas på Återbetalningsdagen. K är numret i ordningen för den Värderingsdag på vilken villkoret senast var uppfyllt (första värderingsdagen = 1, andra = 2 etc). *Worst of Digital Memory Coupon 2*: Worst of Digital Memory Coupon är en remsa av "sämsta av" digitala optioner. Om det digitala villkoret är uppfyllt på den relevanta Värderingsdagen betalas löpande kupong ut tillsammans med tidigare kuponger som inte utbetalats (på grund av att villkoret då inte var uppfyllt) på den relevanta Räntebetalningsdagen. *"Series of Digitala"*: Återbetalningsbeloppet påverkas av den procentandel av Referenstillgångarna inom Korgen som ligger över en förbestämd barriärnivå på varje bankdag fram till och med den relevanta Värderingsdagen. *"Delta 1 struktur"*: Återbetalningsbeloppet kommer vara lika med det återbetalningsbelopp som Innehavaren av sådana Referenstillgångar mottar vid en inlösen av alla Referenstillgångar i Korgen minus (i) en betalbar struktureringsavgift till Emittenten och (ii) alla tillämpliga skatter. En Delta 1-struktur speglar i praktiken vinsterna eller förlusterna som en investerare skulle göra genom ett direkt ägande av de relevanta Referenstillgångarna. Om hedgingparten inte kan inlösa Referenstillgångarna innan det planenliga förfallodatumet, eller om hedgingparten fastställer att den inte kommer mottaga det totala beloppet av återbetalningsbeloppen innan det planenliga förfallodatumet, kommer en uppskjuten återbetalning ske och Emittenten kan göra en delvis inlösen av Lånen när och som den relevanta hedgingparten mottar en väsentlig del av återbetalningsbeloppen, eller upphäva Lånen utan att göra någon betalning till innehavarna om Emittenten fastställer att återbetalningsbeloppen inte kommer mottagas tidigare än det specificerade long stop-datumet. *"Inflation Linker"*: Återbetalningsbeloppet är Lånens Kapitalbelopp multiplicerat med det högsta av en lägsta återbetalningsprocent (angiven som en procentsats av Lånens kapitalbelopp) och kvoten som erhålls genom att dividera Inflationstakten på den slutliga Värderingsdagen med Inflationstakten på Startdagen. *"Barriär Outperformance"-struktur*: om Korgavkastningen på någon Värderingsdag överstiger Barriärnivån kommer Tilläggsbeloppet beräknas som Lånens Kapitalbelopp multiplicerat med Deltagandegraden och multiplicerat med det högre av Kupongen och Korgavkastningen. Om Korgavkastningen inte överstiger Barriärnivån på någon Värderingsdag kommer Tilläggsbeloppet vara noll. Korgavkastningen kan beräknas baserat på antingen en Basket Long- eller Basket Short-Struktur.

	Avsnitt C – Lånen	
		"Barriär Underperformance"-struktur 2: om Korgavkastningen på någon Värderingsdag understiger Barriärnivån kommer Tilläggsbeloppet beräknas som Lånens Kapitalbelopp multiplicerat med Deltagandegraden och multiplicerat med det högre av Kupongen och Korgavkastningen. Om Korgavkastningen inte understiger Barriärnivån på någon Värderingsdag kommer Tilläggsbeloppet vara noll. Korgavkastningen kan beräknas baserat på antingen en Basket Long- eller Basket Short-Struktur.
		Eftersträvad Volatilitetstrategi: Om Eftersträvad Volatilitetstrategi är tillämplig på Lånen, fastställs den avsedda exponeringen mot underliggande Referenstillgång(ar) eller Korg ("**Exponeringen**") genom att jämföra: (i) den kortfristiga historiska volatiliteten för underliggande Korg, och (ii) en eftersträvad volatilitetsnivå ("**Eftersträvad Volatilitet**"), med förbehåll för ett på förhand bestämt tak eller golv. När underliggande Referenstillgång(ar)s eller Korgs kortfristiga historiska volatilitet ökar, minskar den avsedda Exponeringen mot underliggande Referenstillgång(ar) eller Korg och när underliggande Referenstillgång(ar)s eller Korgs kortfristiga historiska volatilitet minskar, ökar den avsedda exponeringen mot underliggande Referenstillgång(ar) eller Korg. *Den tillämpliga värdeutvecklingsstrukturen[/erna] är: [ ]* [*Den underliggande Korgavkastningsstrukturen är Basket Long/Basket Short-struktur*]/[*Inte Tillämpligt*] *Valutakomponenter*: om Valuta-komponenterna tillämpas på en eller flera värdeutvecklingsstrukturer angivna ovan kan Korgavkastningen eller Referenstillgångsavkastningen justeras genom att de multipliceras med en faktor som återspeglar variationen i en eller flera utländska valutakurser under de relevanta tidsperioderna som mäts eller observeras. [*Valutakomponenten är tillämplig på Korgavkastningen/Referenstillgångs-avkastningen*] [*Valutakomponenten är ej tillämplig*] *Best of/Worst of Modifier*: om Best of/Worst of Modifier tillämpas på en eller flera värdeutvecklingsstrukturer angivna ovan ska de relevanta iakttagelserna, värderingarna och beräkningarna av Tilläggsbeloppet fastställas med referens till utvecklingen av den Nth bäst presterande Referenstillgången, istället för till Korgen som helhet. N kommer att vara ett förbestämt värde som finns angivet i de Slutliga Villkoren. [*Best of/Worst of Modifierare är tillämpligt och värdet av N är: [ ]/Ej tillämpligt*] *Lookback Startkurs Modifierare*: om Lookback Startkurs Modifierare är tillämpligt beräknas Lånens Tilläggsbelopp baserat på antingen den högsta eller den lägsta Startkursen (vid ingången till en Värderingsperiod) för relevant Korg eller Referenstillgång, såsom närmare anges i Slutliga Villkor. [*Lookback Startkurs Modifierare är Tillämpligt/Inte Tillämpligt*]

	Avsnitt C – Lånen	
		Lookback Slutkurs Modifierare: om Lookback Slutkurs Modifierare är tillämpligt beräknas Lånens Tilläggsbelopp baserat på antingen den högsta eller den lägsta Slutkursen (vid utgången av en Värderingsperiod) för relevant Korg eller Referenstillgång, såsom närmare anges i Slutliga Villkor. [*Lookback Slutkurs Modifierare är Tillämpligt/Inte Tillämpligt*]
		Lock-In Modifier: om Lock-In Modifier tillämpas på Lånen ska Korgavkastningen ersättas med Lock-In Korgavkastningen för att beräkna Tilläggsbeloppet i enlighet med en eller flera av de ovanstående värdeutvecklingsstrukturerna. "Lock-In-Korgavkastningen" är den förutbestämda procentsats vilken korresponderar mot den högsta lock-in-nivån som uppnås eller eller överskrids av Korgavkastningen på en Värderingsdag. *[Lock-In Modifierare är Tillämplig/Ej Tillämplig]* *Kombination av Strukturer*: Emittenten kan välja att kombinera en eller flera av värdeutvecklingsstrukturerna som beskrivs ovan i samband med ett utgivande av Lån. Om "Sammanslagning" är specificerat i Slutliga Villkor kommer det totala betalbara Tilläggsbeloppet vara lika med summan av de olika tillämpliga Tilläggsbeloppen i varje fall multiplicerat med en andel som motsvarar den totala andelen av den sammanlagda avkastningen som Emittenten avser att varje värdeutvecklingsstruktur bidrar. Om "Subtraktion" är angivet i Slutliga Villkor kommer ett Tilläggsbelopp subtraheras från ett annat. Om "Alternativ Uträkning" är angiven i Slutliga Villkor kommer den värdeutvecklingsstruktur som används för att bestämma Tilläggsbeloppet avvika beroende på huruvida Korgavkastningen på en viss Värderingsdag har överstigit en eller flera förutbestämda Barriärnivåer eller ej, såsom framgår av relevanta Slutliga Villkor. [*Ej tillämpligt/Kombination av Strukturer är tillämpligt och de relevanta Värdeutvecklingsstrukturerna finns angivna ovan. Kombinationsmetoden är Sammanslagning/Subtraktion/Alternativ Uträkning*] *"Högsta Återbetalningsbelopp"*: om ett högsta återbetalningsbelopp är tillämpligt kommer Återbetalningsbeloppet vara det lägre av (i) det beräknade beloppet i enlighet med en av värdeutvecklingsstrukturerna angivna ovan, och (ii) ett förutbestämt hösta återbetalningsbelopp såsom specificerat i relevanta Slutliga Villkor. *Ej tillämpligt/Högsta Återbetalningsbeloppet är [ ]* *"Lägsta Återbetalningsbelopp"*: om ett lägsta återbetalningsbelopp är tillämpligt kommer Återbetalningsbeloppet vara det större av (i) det beräknade beloppet i enlighet med en av värdeutvecklingsstrukturerna angivna ovan och (ii) produkten av Kapitalbeloppet och en förbestämd lägsta återbetalningsnivå som fastställts av Emittenten vid Lånedatum. *Ej tillämpligt/Lägsta Återbetalningsbeloppet är [ ]* *"Inflationsskyddat Kapitalbelopp"*: om detta är tillämpligt kommer Återbetalningsbeloppet som fastställts i enlighet med de angivna värdeutvecklingsstrukturerna ovan att multipliceras med utvecklingen i ett angivet inflationsmått, såsom konsumentprisindex, under Lånens löptid. *Inflationsskyddat Kapitalbelopp är Tillämplig/Ej Tillämplig*

	Avsnitt C – Lånen	
		TOM Ackumulerande Strategi: TOM Ackumulerande Strategi speglar att en investering görs i särskilda Referenstillgångar ("**Risktillgångar**") men enbart för en begränsad period varje månad. Vid övriga tidpunkter speglar Lånen ett bundet sparande eller annan investering med fast avkastning. I Slutliga Villkor anges vilka dagar i vilken månad som helst där dagar behandlas såsom en investering i en bestämd inkomst-investering ("**Icke-Risktillgångar**"), i syfte att beräkna Lånens totala betalbara Tilläggsbelopp. Värdeutvecklingen för endast Risktillgångar, eller värdeutvecklingen av både Risktillgångar och Icke-Risktillgångar (såsom tillämpligt), kan även beräknas som ett genomsnitt över ett förutbestämt antal kalendermånader som utmynnar i Återbetalningsdagen för Lånen, för att på så sätt minska Lånens exponering mot volatilitet i värdeutvecklingen för de underliggande Referenstillgångarna mot slutet av Lånens löptid[20]. *TOM Ackumulerande Strategi är [Tillämplig/Ej Tillämplig]*
C.11 **C.21**	**Upptagande till handel på en reglerad marknad:**	Ansökningar har gjorts för att Lånen inom en period av tolv månader från detta datum ska bli godkända för notering på den officiella listan och för handel på den reglerade marknaden Irish Stock Market Exchange. Programmet tillåter även att Lån utfärdas på förutsättningen att de inte kommer bli godkända för notering, handel och/eller notering av någon behörig myndighet, aktiebörs och/eller marknadssystem eller godkännas för notering, handel och/eller notering på sådan annan eller ytterligare behörig myndighet, aktiebörs och/eller marknadssystem som kan avtalas om med den relevanta Emittenten. *Lånen är icke-noterade Lån/Ansökan kommer göras för Lånen för att godkännas för notering på [ ] och för handel på [ ] med verkan från [ ].*
C.15 [21]	**Lånens värde och värdet för det underliggande:**	Värdet på Lånen kommer att bestämmas genom hänvisning till värdet av de(n) underliggande Referenstillgång(-ar) och de(n) värdeutvecklingsstruktur(er) som tillämpas på Lånen. Uppgifter om de olika värdeutvecklingsstrukturerna och förhållandet mellan Lånens värde och värdet av det underliggande finns angivet i avsnitt C.10. *Detaljer om de(n) tillämpliga värdeutvecklingsstrukturen(-erna) och avkastningen på Lånen finns angivet i avsnitt C.10.* Lånens struktur kan innehålla en deltagandegrad eller annan hävstångs- eller gearingfaktor som används för att fastställa exponeringen mot respektive Referenstillgång(ar), dvs. proportionen av ändring i värdet som tillfaller investeraren i varje individuellt Lån. (Exponeringen mot relevant(a) Referenstillgång(ar) kan dessutom påverkas vid tillämpning av Eftersträvad Volatilitetstrategi som beskrivs i avsnitt C.10 ovan). Deltagandegraden bestäms av den relevanta Emittenten och fastställs genom, bland annat, löptiden, volatiliteten, marknadsräntan och den förväntade Referenstillgångsavkastningen. *Den [indikativa] Deltagandegraden är: [ ]*
C.16	**Inlösen- eller förfallodag:**	Med förbehåll för en förtida återbetalning, kommer inlösendagen (eller den slutliga Återbetalningsdagen) vara Lånens förfallodag. *Lånens återbetalningsdag är:* [•]

[20] Detta stycke är infört genom Tillägg daterat 14 februari 2014.

[21] Avsnitt c.15 till och med 20 bör avlägsnas när det gäller utgivande av enkelt lån.

	Avsnitt C – Lånen	
C.17	**Avräknings-förfarande:**	Dagen eller dagarna då värdeutvecklingen i en Referenstillgång mäts eller observeras ("**Värderingsdag(ar)**" eller **Observationsdag(ar)**") kommer anges i de relevanta Slutliga Villkoren, och kan bestå av flera datum ("**Medelvärdesberäkningsdagar**") på vilka genomsnittet av värdeutvecklingen beräknas och ligger till grund för avkastningen på Lånen. *Värderingsdagen(-arna) [och de relaterade Medelvärdesberäkningsdagarna] är: [ ]* [*Observationsdagen(-arna) [och de relaterade Medelvärdesberäkningsdagarna] är:[ ]*] Avräkning av Lån som representeras av ett Globalt Lån ska ske på den relevanta Återbetalningsdagen och kommer att genomföras genom att den relevanta Emittenten betalar Återbetalningsbeloppet (eller Förtida Återbetalningsbelopp, om tillämpligt) till de relevanta Betalningsagenterna för vidare överföring till Euroclear och Clearstream, Luxemburg. Investerare kommer motta sina återbetalningssummor till sina konton i Euroclear och Clearstream, Luxemburg, i enlighet med sedvanliga avräkningsförfaranden hos Euroclear och Clearstream, Luxemburg. Med hänsyn till Lån av definitiv typ kommer betalning av Återbetalningsbeloppet (eller Förtida Återbetalningsbelopp, om tillämpligt) göras mot presentation och överlämnande det individuella Lånet vid det angivna betalningsagent- eller registratorkontoret. Avräkning av VP-Lån ska ske i enlighet med VP-reglerna, avräkning av VPS-Lån ska ge i enlighet med VPS-reglerna, avräkning av Svenska Lån ska ske i enlighet med Euroclear Swedens regler och avräkning av Finska Lån ska ske i enlighet med Euroclear Finlands regler. *Avräkning av Lån ska ske: [ ]*
C.18	**Avkastning:**	Avkastningen eller Återbetalningsbeloppet som ska betalas till Investerarna kommer fastställas med referens till värdeutvecklingen för de underliggande Referenstillgångarna/-enheterna inom en specifik räntestruktur eller värdeutvecklingsstruktur som är tillämplig för Lånen. Detaljer om olika ränte- och värdeutvecklingsstrukturer finns angivna i avsnitt C.9 och C.10. *Detaljer kring de(n) tillämpliga ränte- och utvecklingsstrukturen(-erna) och avkastningen på Lånen finns angivna i avsnitt C.9 och C.10.*
C.19	**Optionskurs eller Slutligt Referenspris:**	Det slutliga referenspriset på de(n) relevanta Referenstillgången(-arna) kommer ha en inverkan på Återbetalningsbeloppet som ska betalas till Investerare. Det slutliga referenspriset kommer fastställas på de(n) tillämpliga Värderingsdagen(-arna) som anges i de relevanta Slutliga Villkoren. *Det Slutliga Referenspriset på Referenstillgångarna kommer att beräknas som [stängningskurs]/[genomsnittliga slutkurser] som publicerats av [•] på vardera av [•], [•] och [•].*
C.20	**Typ av underliggande:**	Det underliggande kan utgöra en, eller en kombination, av följande: aktier, tillgångar, index, referenskrediter, räntesatser, fonder, råvaror eller valutor. *Typ av underliggande är: [ ].*

	Avsnitt D - Risker	
D.2	**Risker specifika för Emittenterna:**	Vid förvärv av Lån påtar sig investerarna risken att den relevanta Emittenten kan bli insolvent eller på annat sätt bli oförmögen att betala förfallna belopp hänförliga till Lånen. Det finns ett stort antal faktorer som var för sig eller tillsammans kan leda till att den relevanta Emittenten blir oförmögen att betala förfallna belopp hänförliga till Lånen. Det är inte möjligt att identifiera alla sådana faktorer eller fastställa vilka faktorer som är mest troliga att inträffa, eftersom den relevanta Emittenten kan vara ovetande om alla relevanta faktorer sant att vissa faktorer som denne för närvarande inte anser vara relevanta kan komma att bli relevanta till följd av händelser som inträffar och som befinner sig utanför den relevanta Emittentens kontroll. Emittenterna har i Grundprospektet identifierat ett antal faktorer som avsevärt skulle kunna inverka negativt på dess respektive verksamhet och förmåga att under Lånen betala förfallna belopp. Dessa faktorer innefattar: ***Risker med anknytning till aktuella makroekonomiska förhållanden*** Risker med anknytning till den europeiska ekonomiska krisen har haft och kan även i fortsättningen komma att ha, en negativ påverkan på den globala ekonomin och finansmarknaderna. Om förhållandena kvarstår, eller om turbulens uppstår på dessa eller andra marknader, kan det på ett betydande sätt negativt påverka Nordea-koncernens förmåga att få tillgång till kapital och likviditet på ekonomiska villkor som Nordea-koncernen kan acceptera. Vidare påverkas Nordea-koncernens resultat på ett betydande sätt av det allmänna ekonomiska läget i de länder där den bedriver verksamhet, i synnerhet på de nordiska marknaderna (Danmark, Finland, Norge och Sverige). En negativ utveckling för ekonomin och marknadsförhållanden där koncernen bedriver verksamhet, kan negativt påverka koncernens verksamhet, finansiella tillstånd och verksamhetsresultat och det åtgärder som Nordea-koncernen vidtar kan visa sig otillräckliga för att minska kredit-, marknads- och likviditetsrisker. ***Risker med anknytning till Nordea-koncernens kreditportfölj*** Negativa ändringar i kreditvärdigheten hos Nordea-koncernens låntagare och motparter, eller en minskning i värdet för säkerheter, kommer sannolikt påverka Nordea-koncernens återhämtningsmöjligheter och värdet av dess tillgångar, vilket kan kräva en ökning av företagets enskilda regler och eventuellt i de kollektiva reglerna för dåliga lån. En betydande ökning i storleken på Nordeas avsättningar för låneförluster och låneförluster som inte täcks av avsättningar, skulle på ett betydande sätt negativt påverka Nordea-koncernens verksamhet, finansiella läge och verksamhetsresultat. Nordea-koncernen är exponerad för motparters kreditrisker, förlikningsrisker och överlåtelserisker i förhållande till transaktioner som genomförs inom sektorn för finansiella tjänster och denna sektors handel med finansiella instrument. Om motparterna inte klarar att fullgöra sina åtaganden kan detta på ett betydande sätt negativt påverka Nordea-koncernens verksamhet, ekonomiska läge och verksamhetsresultat.

	Avsnitt D - Risker	
		Risker med anknytning till marknadsexponering Värdet på finansiella instrument som ägs av Nordea-koncernen är känsliga för volatiliteten i, och korrelationer mellan, olika marknadsvariabler, bland annat räntor, kreditspridningar, aktiepriser och utländska valutakurser. Nedskrivningar eller avskrivningar som kostnadsförts kan på ett betydande sätt negativt påverka Nordea-koncernens verksamhet, ekonomiska läge och verksamhetsresultat, medan finansmarknadens resultat och volatila marknadsförhållanden kan resultera i en betydande minskning i Nordea-koncernens handels- och investeringsinkomster, eller leda till en handelsförlust. ***Nordea-koncernen är utsatt för strukturella marknadsrisker*** Nordea-koncernen är utsatt för strukturell ränteinkomstrisk när det råder ett missförhållande mellan perioder då räntesatser förändras, volymer eller referensräntor för sina tillgångar, skulder och derivat. Nordea-koncernen är även utsatt för valutakonverteringsrisk som uppstår genom företagets svenska och norska bankverksamheter när den sammanställer koncernens konsoliderade årsredovisning i sin funktionella valuta, euron. Om ett missförhållande råder under en viss period, vid ändringar i räntan, eller om valutariskexponeringen inte hedgas tillräckligt, kan det på ett betydande sätt få en negativ påverkan för Nordea-koncernens ekonomiska läge och verksamhetsresultat. ***Risker med anknytning till likviditets- och kapitalkrav*** En betydande andel av Nordea-koncernens likviditets- och finansieringskrav uppfylls genom insättningar från kunder, samt även en kontinuerlig tillgång till marknader för storskaliga lån, bland annat utfärdandet av långfristiga skuldebrev, t.ex. säkerställda obligationer. Turbulens på de globala finansmarknaderna och ekonomin kan negativt påverka Nordea-koncernens likviditet och villigheten hos vissa motparter och kunder att göra affärer med Nordea-koncernen. Nordea-koncernens verksamhetsresultat kan påverkas om de kapitaltäckningskrav som företaget måste upprätthålla enligt European Capital Requirements Directive (Europeiska direktivet om kapitalkrav) (bestående av direktiv 2006/48/EG och direktiv 2006/49/EG), minskas eller uppfattas som otillräckliga. Nordea-koncernens finansieringskostnader och företagets tillgång till skuldkapitalmarknader påverkas på ett betydande sätt av dess kreditbetyg. En sänkning av kreditbetyget kan negativt påverka Nordea-koncernens tillgång till likviditet och dess konkurrensläge, och därför på ett betydande sätt negativt påverka företagets verksamhet, ekonomiska tillstånd och verksamhetsresultat. ***Andra risker med anknytning till Nordea-koncernens verksamhet*** För att Nordea-koncernens verksamhet ska fungera måste företaget kunna genomföra ett stort antal komplexa transaktioner på olika marknader i många valutor. Transaktioner genomförs genom många olika enheter. Trots att Nordea-koncernen har implementerat riskkontroller och vidtagit andra åtgärder för att minska exponeringen och/eller förlusterna, finns inga garantier för att sådana procedurer kommer att vara effektiva i att hantera de olika verksamhetsrisker som Nordea-koncernen står inför, eller att Nordea-koncernens rykte inte skadas genom förekomsten av operationell risk.

	Avsnitt D - Risker	
		Nordea-koncernens verksamheter i Ryssland och Baltikum – marknader som vanligen är mer volatila och mindre ekonomiskt och politiskt utvecklade än marknaderna i Västeuropa och Nordamerika – innebär olika risker som inte gäller, eller gäller i mindre grad, för företagets verksamheter i Norden. Vidare är vissa av dessa marknader vanligtvis mer volatila och mindre utvecklade rent ekonomiskt och politisk än marknader i Västeuropa och Nordamerika. Nordea-koncernens resultat bygger till stor del på dess anställdas höga kompetens och yrkesskicklighet. Nordea-koncernens fortsatta förmåga att konkurrera effektivt och implementera sin strategi är beroende av förmågan att dra till sig nya anställda och att behålla och motivera befintliga anställda. Förluster av vissa nyckelpersoner, särskilt om de går över till konkurrenter, eller en oförmåga att dra till sig och behålla högkompetent personal i framtiden, kan få en negativ effekt på Nordea-koncernens verksamhet. Det råder konkurrens om de olika typer av banktjänster och produkter som Nordea-koncernen erbjuder. Det finns inga garantier för att Nordea-koncernen kommer att behålla sin konkurrensposition. ***Risker med anknytning till lagar och regulatoriska krav på området där Nordea-koncernen bedriver sin verksamhet*** Nordea Group måste följa ett stort antal regler och kontrolleras av olika myndigheter, såväl som lagar och bestämmelser, administrativa påbud och policyer i de olika jurisdiktioner som företaget verkar, vilka alla kan ändras. Detta kan vid var tid för förändring innebära betydande utgifter. Nordea-koncernen kan ådra sig betydande kostnader för kontroller och uppfyllandet av nya kapitalkrav, samt krav på återvinning och upplösning, vilket även kan påverka befintliga affärsmodeller. Vidare finns inga garantier om att brott mot lagar och bestämmelser av Nordea-koncernen inte sker eller att, om ett sådant brott sker, företaget inte får betala stora skadestånd eller böter. Under normal drift av verksamheten gäller för Nordea-koncernen att det förekommer risker med anknytning till myndigheters kontroller och skadestånd. Nordea-koncernen är föremål för många olika anspråk, tvister, processer och statliga utredningar i jurisdiktioner där företaget är aktivt. Dessa slags anspråk och processer utsätter Nordea-koncernen för risker för monetära skadestånd, direkta eller indirekta förluster (bl.a. rättskostnader), direkt eller indirekt ekonomisk förlust, civilrättsliga och straffrättsliga sanktioner, förlust av licenser eller goodwill-skada, samt även risken för restriktioner för verksamhetens fortsatta drift. Nordea-koncernens verksamhet beskattas olika runt om i världen i enlighet med lokala lagar och praxis. Lagändringar eller beslut av skattemyndigheterna kan skada Nordea-koncernens nuvarande eller tidigare skatteläge.
D.3	**Risker specifika för Lånen:**	Risker finns även i samband med emission av Lånen under Programmet och särskilda typer av Lån, vilka potentiella investerare noga ska beakta, så att de är införstådda i dessa risker innan ett investeringsbeslut fattas med avseende på Lånen, bland annat följande:

	Avsnitt D - Risker	
		• *Produktens komplexitet* – avkastningsstrukturen för strukturerade Lån är ibland komplex och kan innehålla matematiska formler eller samband som, för en investerare, kan vara svåra att förstå och jämföra med andra investeringsalternativ. Noteras bör att relationen mellan avkastning och risk kan vara svår att utvärdera.
		• *Lån vars kapitalbelopp inte är garanterat* – Lån vars kapitalbelopp inte är garanterade får emitteras enligt Programmet. Om Lånens kapitalbelopp inte är garanterade, finns ingen garanti för att avkastningen som en investerare får på Lånen vid inlösen kommer att överstiga eller vara lika med kapitalbeloppet. • *Prissättning av strukturerade Lån* – Prissättningen av strukturerade Lån bestäms vanligen av Emittenten ifråga, och inte utifrån förhandlade villkor. Det kan därför uppstå en intressekonflikt mellan Emittenten ifråga och investerarna, i det att Emittenten ifråga kan påverka prissättningen och försöker generera en vinst eller undvika en förlust i relation till de underliggande referenstillgångarna. Emittenten har ingen skyldighet att agera i Innehavarnas intresse. • *Referenstillgångarnas värdeutveckling* – Med strukturerade Lån är Innehavarnas rätt till avkastning och ibland återbetalningen av kapitalbeloppet, beroende av hur bra värdeutvecklingen är för en eller flera referenstillgångar och den gällande avkastningsstrukturen. Värdet på strukturerade tillgångar påverkas av värdet på referenstillgångarna vid vissa tidpunkter under värdepapprens löptid, hur starkt priserna hos referenstillgångarna varierar, förväntningarna angående den framtida volatiliteten, marknadsräntorna och förväntade utdelningar på referenstillgångarna. • *Valutafluktuationer*. Växelkurserna för utländska valutor kan påverkas av komplexa politiska och ekonomiska faktorer, inklusive relativa inflationstakter, betalningsbalansen mellan länder, storleken på regeringars budgetöverskott eller budgetunderskott och den monetära, skatte- och/eller handelspolitiska policy som följs av de relevanta valutornas regeringar. Valutafluktuationer kan påverka värdet eller nivån hos Referenstillgångarna på komplexa sätt. Om sådana valutafluktuationer får värdet eller nivån hos Referenstillgångarna att variera, så kan värdet eller nivån på Lånen falla. Om värdet eller nivån hos en eller flera Referenstillgång(ar) är utfärdad(e) i en valuta som är annan än valutan i vilken Lånen är utfärdade, så kan investerarna vara utsatta för en ökad risk som kommer från växelkurser för främmande valutor. Tidigare växelkurser för utländska valutor är inte nödvändigtvis indikationer beträffande framtida växelkurser för utländska valutor. • *Aktier som Referenstillgångar* – aktielänkade Lån är inte sponsrade eller främjade av Emittenten av aktierna. Emittenten av aktierna har därför inte någon skyldighet att beakta intresset för dem som investerat i Lånen varför åtgärder tagna av en sådan Emittent av aktier skulle kunna negativt påverka Lånens marknadsvärde. Den som investerat i Lånen har inte rätt att få några utbetalningar eller andra utdelningar till vilka en direkt ägare av de underliggande aktierna annars skulle ha rätt.

	Avsnitt D - Risker	
		• *Index som Referenstillgångar* – Lån som baserar sig på index som Referenstillgångar kan få lägre betalning vid inlösen av sådana Lån än om han eller hon hade investerat direkt i de aktier/tillgångar som utgör indexet. Sponsorn av vilket som helst index kan lägga till, ta bort eller ersätta komponenter eller göra metodändringar som kan påverka nivån på sådant index och därmed den avkastning som skall betalas till investerare i Lånen. • *Råvaror som Referenstillgångar* – att handla i råvaror är spekulativt och kan vara extremt volatilt eftersom råvarupriser påverkas av faktorer som är oförutsägbara, såsom ändringar i relationerna mellan tillgång och efterfrågan, vädermönster och regeringars politik. Råvarukontrakt kan även handlas direkt mellan marknadsaktörer "over-the-counter" på handelsplatser som är föremål för minimal eller ingen substantiell reglering. Detta ökar riskerna som sammanhänger med likviditets- och prishistorik för de relevanta kontrakten. Lån som är länkade till terminskontrakt för råvaror kan ge en annan avkastning än Lån som är länkade till den relevanta fysiska råvaran, eftersom priset på ett terminskontrakt för en råvara allmänt innefattar en premie eller en rabatt jämfört med dagspriset för den underliggande råvaran. • *Exponering mot en korg av Referenstillgångar* – där det underliggande är en eller flera korgar av Referenstillgångar, bär investerarna risken för värdeutvecklingen för var och en av delarna som korgen innehåller. Där det är en hög nivå av ömsesidigt beroende mellan de individuella delarna av korgens innehåll, så kan en ändring i värdeutvecklingen hos korgens delar överdriva värdeutvecklingen i Lånen. Dessutom kan en liten korg eller en olikartat viktad korg göra korgen sårbar för ändringar i värdet hos vilken som helst av de specifika korgkomponenterna. Varje beräkning eller värde som berör en korg med "bästa av" eller "sämsta av"-inslag kan producera resultat som skiljer sig mycket från dem som tar hänsyn till korgens värdeutveckling i dess helhet. • *Kreditlänkade Lån* – en investering i kreditlänkade Lån för med sig en exponering mot kreditrisken hos en specifik Referenstillgång eller korg av Referensenheter utöver den från den relevanta Emittenten. En reduktion av kreditvärdigheten hos en Referensenhet kan ha en väsentlig negativ effekt på marknadsvärdet för de relevanta Lånen och betalningarna av kapitalbeloppet och upplupen ränta. När en Kredithändelse inträffar, så kan den relevanta Emittentens skyldighet att betala kapitalbeloppet ersättas av en skyldighet att betala andra belopp beräknade med referens till värdet hos Referensenheten. Eftersom inga av Referensenheterna bidrog till framställandet av Grundprospektet, så finns ingen garanti för att alla väsentliga händelser eller informationer som relaterar till finansiell värdeutveckling eller kreditvärdigheten hos Referensenheterna har offentliggjorts vid den tidpunkt då Lånen emitterades. • *Automatisk Förtida Återbetalning* – vissa typer av Lån kan automatiskt återbetalas före deras planerade förfallodatum om vissa villkor är uppfyllda. I en del fall kan detta resultera i en förlust av en del eller hela investerarens investering.

	Avsnitt D - Risker	
		• *Lån som är föremål för valfri återbetalning av Emittenten* – en valfri återbetalning kan sannolikt minska Lånens marknadsvärde. • *Lån emitterade med väsentlig rabatt eller premie* – marknadsvärdet av Lånen av denna typ tenderar att fluktuera mer i relation till allmänna ändringar i räntesatser än priser för konventionella räntebärande värdepapper. Det finns också vissa risker rörande Lånen i allmänhet, såsom modifikationer och undantag, risken för kvarhållande i enlighet med Rådets Sparandedirektiv (2003/48/EG) och lagändringar.
D.6	**Riskvarning:**[22]	En investering i relativt komplexa värdepapper, såsom Lånen, för med sig en högre risk än att investera i mindre komplexa värdepapper. Speciellt, i en del fall, kan investerare förlora värdet av hela sin investering eller delar därav, från fall till fall.

	Sektion E - Erbjudande	
E.2b	**Motiv till Erbjudandet och användning av intäkterna:**	Om ej annat anges, kommer nettointäkterna från Lånen att användas för allmänna bank- och företagsändamål hos Emittenten och Nordea-koncernen. *Nettointäkterna kommer att användas till: [ ]*
E.3	**Villkor för Erbjudandet:**	En Investerare som avser att förvärva eller förvärvar något Lån från en Auktoriserad Säljare kommer att göra detta, och erbjudanden och försäljning av Lån till en investerare gjorda av en Auktoriserad Säljare kommer att göras, i enlighet med villkor och andra arrangemang som föreligger mellan en sådan Auktoriserad Säljare och sådan investerare inklusive pris, allokering och arrangemang för betalning och leverans. *Ej tillämpligt; Lånen emitteras i värden på åtminstone €100,000 (eller motsvarande belopp i annan valuta)./Ett Erbjudande av Lånen till allmänheten kommer att givas i "Erbjudanden till Allmänheten-Jurisdiktioner" under Erbjudandeperioden [Sammanfatta detaljer för "Erbjudanden till Allmänheten" som är inkluderade i "Distribution – Erbjudanden till Allmänheten" och "Villkor för Lånen", punkterna i Del B av de Slutliga Villkoren.]*
E.4	**Relevanta intressen/intresse konflikter för Erbjudandet:**	Handlare och Auktoriserade Säljare kan betalas genom avgifter i samband med emissionen av Lånen inom detta Program. *Såvitt Emittenten känner till, har ingen person involverad i emissionen av Lånen något intresse som är relevant för Erbjudandet./[ ].*
E.7	**Beräknade kostnader:**	Det förväntas inte att den relevanta Emittenten kommer att debitera några utgifter till investerare i samband med någon emission av Lån. Andra Auktoriserade Säljare kan emellertid debitera utgifter till investerare. Utgifter som är debiterbara för en Auktoriserad Säljare skall debiteras i enlighet med kontraktsmässiga arrangemang som överenskommits mellan Investeraren och en aktuell Auktoriserad Säljare vid tiden för det relevanta erbjudandet. Sådana utgifter (om några) skall fastställas från fall till fall.

[22] Att avlägsnas i fall av utfärdande av enkelt lån.

	Sektion E - Erbjudande	
		Emittenten [eller någon Auktoriserad Säljare] debiterar inte investerare för några utgifter./Den Auktoriserade Säljaren/na kommer att debitera investerarna för utgifter. De uppskattade utgifterna som debiteras investerarna av de Auktoriserade Säljarna är [ ].

APPENDIX 2
SELECTED FINANCIAL INFORMATION

The tables below show certain selected summarised financial information which, without material changes, is derived from NBAB's and NBF's audited consolidated financial statements for the year ended 31 December 2013 (in the case of the 2013 and 2012 financial information) which restates certain figures for 2012 (please refer to Note G1 of the NBAB Annual Report 2013 and Note 1 of the NBF Annual Report 2013) and NBAB's and NBF's audited consolidated financial statements for the year ended 31 December 2012 (in the case of the 2011 financial information), which are set out in the Annexes to the Base Prospectus and this Supplement.

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

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

A. NBAB

Income Statement

	Group		
	Year ended 31 December		
	2013	2012	2011
		(EUR millions)	
Interest income	10,604	11,939	11,955
Interest expense	–5,079	-6,376	-6,499
Net interest income	5,525	5,563	5,456
Fee and commission income	3,574	3,258	3,122
Fee and commission expense	–932	-790	-727
Net fee and commission income	2,642	2,468	2,395
Net result from items at fair value	1,539	1,774	1,517
Profit from companies accounted for under the equity method	79	93	42
Other operating income	106	100	91
Total operating income	9,891	9,998	9,501
Operating expenses			
General administrative expenses:			
Staff costs	–2,978	-2,989	-3,113
Other expenses	–1,835	-1,808	-1,914
Depreciation, amortisation and impairment charges of tangible and intangible assets	–227	-267	-192
Total operating expenses	–5,040	-5,064	-5,219
Profit before loan losses	4,851	4,934	4,282
Net loan losses	–735	-895	-735
Operating profit	4,116	4,039	3,547
Income tax expense	–1,009	-970	-913
Net profit for the period from continuing operations	3,107	3,069	-
Net profit for the period from discontinued operations, after tax....	9	57	-
Net profit for the period	3,116	3,126	2,634
Attributable to:			
Shareholders of Nordea Bank AB (publ)	3,116	3,119	2,627
Non-controlling interests	-	7	7
Total	3,116	3,126	2,634

Balance Sheet

	Group		
	Year ended 31 December		
	2013	2012	2011
	(EUR millions)		
Assets			
Cash and balances with central banks	33,529	36,060	3,765
Loans to central banks	11,769	8,005	40,615
Loans to credit institutions	10,743	10,569	11,250
Loans to the public	342,451	346,251	337,203
Interest-bearing securities	87,314	86,626	92,373
Financial instruments pledged as collateral	9,575	7,970	8,373
Shares	33,271	28,128	20,167
Derivatives	70,992	118,789	171,943
Fair value changes of the hedged items in portfolio hedge of interest rate risk	203	-711	-215
Investments in associated undertakings	630	585	591
Intangible assets	3,246	3,425	3,321
Property and equipment	431	474	469
Investment property	3,524	3,408	3,644
Deferred tax assets	62	266	169
Current tax assets	31	78	185
Retirement benefit assets	321	142	223
Other assets	11,064	15,554	19,425
Prepaid expenses and accrued income	2,383	2,559	2,703
Assets held for sale	8,895	-	-
Total assets	630,434	668,178	716,204
Liabilities			
Deposits by credit institutions	59,090	55,426	55,316
Deposits and borrowings from the public	200,743	200,678	190,092
Liabilities to policyholders	47,226	45,320	40,715
Debt securities in issue	185,602	183,908	179,950
Derivatives	65,924	114,203	167,390
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,734	1,940	1,274
Current tax liabilities	303	391	154
Other liabilities	24,737	24,773	43,368
Accrued expenses and prepaid income	3,677	3,903	3,496
Deferred tax liabilities	935	976	1,018
Provisions	177	389	483
Retirement benefit obligations	334	469	325
Subordinated liabilities	6,545	7,797	6,503
Liabilities held for sale	4,198	-	-
Total liabilities	601,225	640,173	690,084
Equity			
Non-controlling interests	2	5	86
Share capital	4,050	4,050	4,047
Share premium reserve	1,080	1,080	1,080
Other reserves	–159	340	-47
Retained earnings	24,236	22,530	20,954
Total equity	29,209	28,005	26,120
Total liabilities and equity	630,434	668,178	716,204
Assets pledged as security for own liabilities	174,418	159,924	146,894
Other assets pledged	7,467	10,344	6,090
Contingent liabilities	20,870	21,157	24,468
Credit commitments	78,332	84,914	85,319
Other commitments	1,267	1,294	1,651

Cash Flow Statement

	Group		
	Year ended 31 December		
	2013	2012	2011
	(EUR millions)		
Operating activities			
Operating profit	4,116	4,039	3,547
Profit for the period from discontinued operations, after tax	9	57	-
Adjustment for items not included in cash flow	4,492	3,199	537
Income taxes paid	–1,010	-662	–981
Cash flow from operating activities before changes in operating assets and liabilities	7,607	6,633	3,103
Cash flow from operating activities	6,315	19,754	3,730
Cash flow from investing activities	572	774	7,565
Cash flow from financing activities	–1,927	-170	-2,509
Cash flow for the period	4,960	20,358	8,786
Cash and cash equivalents at the beginning of period	42,808	22,606	13,706
Translation differences	–2,098	-156	114
Cash and cash equivalents at the end of period	45,670	42,808	22,606
Change	4,960	20,358	8,786

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Income statement

	Group		
	2013	2012	2011
	EUR millions		
Operating income			
Interest income	1,849	2,337	2,647
Interest expense	-666	-1,079	-1,292
Net interest income	**1,183**	**1,258**	**1,355**
Fee and commission income	759	741	703
Fee and commission expense	-872	-446	-394
Net fee and commission income	**-113**	**295**	**309**
Net result from items at fair value	1,114	1,217	937
Profit from companies accounted for under the equity method	8	18	9
Other operating income	32	36	34
Total operating income	**2,224**	**2,824**	**2,644**
Operating expenses			
General administrative expenses:			
Staff costs	-553	-574	-592
Other expenses	-466	-447	-457
Depreciation, amortisation and impairment charges of tangible and intangible assets	-40	-50	-43
Total operating expenses	**-1,059**	**-1,071**	**-1,092**
Profit before loan losses	**1,165**	**1,753**	**1,552**
Net loan losses	-53	-144	-70
Impairment of securities held as financial non-current assets	1	-	
Operating profit	**1,113**	**1,609**	**1,482**
Income tax expense	-285	-428	-381
Net profit for the year	**828**	**1,181**	**1,101**
Attributable to:			
Shareholders of Nordea Bank Finland Plc	828	1,179	1,099
Non-controlling interests	-	2	2
Total	**828**	**1,181**	**1,101**

Balance sheet

	Group		
	31 Dec 2013	31 Dec 2012	31 Dec 2011
	EUR millions		
Assets			
Cash and balances with central banks	30,904	30,004	286
Loans to central banks	657	809	31,276
Loans to credit institutions	35,110	36,018	48,074
Loans to the public	113,779	100,765	99,331
Interest-bearing securities	34,246	29,818	30,866
Financial instruments pledged as collateral	9,739	8,078	8,346
Shares	680	838	1,312
Derivatives	70,234	117,213	170,228
Fair value changes of the hedged items in portfolio hedge of interest rate risk	58	124	138
Investments in group undertakings	-	-	-
Investments in associated undertakings	59	79	79
Intangible assets	100	108	106
Property and equipment	94	96	124
Investment property	113	104	71
Deferred tax assets	5	37	16
Current tax assets	1	1	132
Retirement benefit assets	133	80	120
Other assets	8,277	10,320	8,078
Prepaid expenses and accrued income	572	969	704
Total assets	**304,761**	**335,461**	**399,287**
Liabilities			
Deposits by credit institutions	79,426	74,666	76,007
Deposits and borrowings from the public	80,909	70,212	68,260
Debt securities in issue	47,130	48,999	49,153
Derivatives	67,109	115,836	168,436
Fair value changes of the hedged items in portfolio hedge of interest rate risk	369	637	195
Current tax liabilities	8	4	0
Other liabilities	18,855	14,239	24,128
Accrued expenses and prepaid income	866	946	810
Deferred tax liabilities	53	58	53
Provisions	72	83	97
Retirement benefit obligations	21	50	25
Subordinated liabilities	429	514	503
Total liabilities	**295,247**	**326,244**	**387,667**
Equity			
Non-controlling interests	1	4	5
Share capital	2,139	2,319	2,319
Share premium reserve	599	599	599
Other reserves	2,875	2,788	2,844
Retained earnings	3,720	3,507	5,853
Total equity	**9,514**	**9,217**	**11,620**
Total liabilities and equity	**304,761**	**335,461**	**399,287**
Assets pledged as security for own liabilities	35,061	32,266	35,016
Other assets pledged	4,393	6,978	-
Contingent liabilities	15,836	16,419	19,041
Credit commitments	15,882	15,956	17,949
Other commitments	721	634	776

Cash flow statement

	Group		
	2013	2012	2011
		EUR millions	
Operating activities			
Operating profit	1,113	1,609	1,482
Adjustments for items not included in cash flow	658	-1,764	-386
Income taxes paid	-282	-286	-422
Cash flow from operating activities before changes in operating assets and liabilities	**1,489**	**-441**	**674**
Changes in operating assets			
Changes in loans to central banks	-40	19,408	-
Change in loans to credit institutions	2,784	8,059	-1,402
Change in loans to the public	-13,375	-1,507	-25,736
Change in interest-bearing securities	1,634	-12,193	-9,339
Change in financial assets pledged as collateral	-1,661	267	-3,042
Change in shares	184	469	-237
Change in derivatives, net	-2,.67	2,644	-240
Change in investment properties	-9	-33	-40
Change in other assets	2046	-2,242	483
Changes in operating liabilities			
Change in deposits by credit institutions	6,635	-757	15,397
Change in deposits and borrowings from the public	11,051	1,859	12,625
Change in debt securities in issue	-1,152	172	9,307
Change in other liabilities	-1,833	-3,438	2,019
Cash flow from operating activities	**5,686**	**18,720**	**469**
Investing activities			
Acquisition of business operations	-	-	-
Sale of business operations	1	-	-
Dividends from associated companies	27	19	2
Acquisition of associated undertakings	-	-	-10
Sale of associated undertakings	-	-	0
Acquisition of property and equipment	-59	-34	-45
Sale of property and equipment	13	15	21
Acquisition of intangible assets	-11	-28	-33
Sale of intangible assets	-	-	-
Divestments of/investments in debt securities, held to maturity	114	344	3,226
Purchase/sale of other financial fixed assets	-	17	19
Cash flow from investing activities	**85**	**333**	**3,180**
Financing activities			
Issued subordinated liabilities	-	-	19
Amortised subordinated liabilities	-27	-3	-
Dividend paid	-627	-3,500	-700
Other changes	39	-23	-11
Cash flow from financing activities	**-615**	**-3,526**	**-692**
Cash flow for the year	**5,156**	**15,527**	**2,957**
Cash and cash equivalents at the beginning of year	32,859	17,981	14,947
Translation differences	1,691	649	-77
Cash and cash equivalents at the end of year	36,324	32,859	17,981
Change	**5,156**	**15,527**	**2,957**