

## IMPORTANT NOTICE

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

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

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

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

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

**SUPPLEMENT NO. 4 DATED 30 OCTOBER 2013 TO THE BASE PROSPECTUS DATED 26 APRIL 2013**



**NORDEA BANK AB (publ)**

*(Incorporated with limited liability in the Kingdom of Sweden)*

**€40,000,000,000**

**Euro Medium Term Note Programme**

This supplement no. 4 (the "**Supplement**") is supplemental to, and must be read in conjunction with, the base prospectus dated 26 April 2013, the base prospectus supplement dated 16 May 2013, the base prospectus supplement dated 2 August 2013 and the base prospectus supplement dated 4 October 2013 (together, the "**Base Prospectus**") prepared by Nordea Bank AB (publ) (the "**Issuer**") with respect to its €40,000,000,000 Euro Medium Term Note Programme (the "**Programme**") and constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

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

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

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

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

## **AMENDMENTS TO THE BASE PROSPECTUS**

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

### **Third Quarter Report 2013**

On 23 October 2013, the Issuer published its third quarter report for the nine months ending 30 September 2013 (the "**Third Quarter Report 2013**"). The Third Quarter Report 2013 contains unaudited consolidated financial statements. By virtue of this Supplement, the unaudited consolidated income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes of the Third Quarter Report 2013 are set out in the annex hereto, and such annex forms part of this Supplement and the Base Prospectus.

### **UPDATE OF THE SUMMARY OF THE PROGRAMME**

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

## **ANNEX**

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#### ***Nordea Bank AB (publ)***

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## Income statement

| EURm  | Note | Q3<br>2013    | Q3<br>2012    | Jan-Sep<br>2013 | Jan-Sep<br>2012 | Full year<br>2012 |
|---|------|---------------|---------------|-----------------|-----------------|-------------------|
| <b>Operating income</b>   |      |               |               |                 |                 |                   |
| Interest income   |      | 2,493         | 2,927         | 7,872           | 9,016           | 11,939            |
| Interest expense  |      | -1,107        | -1,534        | -3,737          | -4,835          | -6,376            |
| Net interest income   |      | 1,386         | 1,393         | 4,135           | 4,181           | 5,563             |
| Fee and commission income   |      | 876           | 799           | 2,625           | 2,381           | 3,258             |
| Fee and commission expense  |      | -224          | -204          | -686            | -595            | -790              |
| Net fee and commission income   | 3    | 652           | 595           | 1,939           | 1,786           | 2,468             |
| Net result from items at fair value   | 4    | 346           | 377           | 1,206           | 1,332           | 1,774             |
| Profit from companies accounted for under the equity method                         |      | 14            | 23            | 58              | 60              | 93                |
| Other operating income  |      | 28            | 24            | 84              | 69              | 100               |
| <b>Total operating income</b>   |      | <b>2,426</b>  | <b>2,412</b>  | <b>7,422</b>    | <b>7,428</b>    | <b>9,998</b>      |
| <b>Operating expenses</b>   |      |               |               |                 |                 |                   |
| General administrative expenses:  |      |               |               |                 |                 |                   |
| Staff costs   |      | -732          | -738          | -2,239          | -2,240          | -2,989            |
| Other expenses  | 5    | -441          | -457          | -1,355          | -1,350          | -1,808            |
| Depreciation, amortisation and impairment charges of tangible and intangible assets |      | -61           | -71           | -163            | -179            | -267              |
| <b>Total operating expenses</b>   |      | <b>-1,234</b> | <b>-1,266</b> | <b>-3,757</b>   | <b>-3,769</b>   | <b>-5,064</b>     |
| <b>Profit before loan losses</b>  |      | <b>1,192</b>  | <b>1,146</b>  | <b>3,665</b>    | <b>3,659</b>    | <b>4,934</b>      |
| Net loan losses   | 6    | -171          | -236          | -555            | -654            | -895              |
| <b>Operating profit</b>   |      | <b>1,021</b>  | <b>910</b>    | <b>3,110</b>    | <b>3,005</b>    | <b>4,039</b>      |
| Income tax expense  |      | -257          | -226          | -763            | -755            | -970              |
| <b>Net profit for the period from continuing operations</b>                         |      | <b>764</b>    | <b>684</b>    | <b>2,347</b>    | <b>2,250</b>    | <b>3,069</b>      |
| Net profit for the period from discontinued operations, after tax                   | 14   | 12            | 4             | -4              | 34              | 57                |
| <b>Net profit for the period</b>  |      | <b>776</b>    | <b>688</b>    | <b>2,343</b>    | <b>2,284</b>    | <b>3,126</b>      |
| <b>Attributable to:</b>   |      |               |               |                 |                 |                   |
| Shareholders of Nordea Bank AB (publ)   |      | 777           | 686           | 2,343           | 2,279           | 3,119             |
| Non-controlling interests   |      | -1            | 2             | -               | 5               | 7                 |
| <b>Total</b>  |      | <b>776</b>    | <b>688</b>    | <b>2,343</b>    | <b>2,284</b>    | <b>3,126</b>      |
| Basic earnings per share, EUR - Total operations                                    |      | 0.19          | 0.17          | 0.58            | 0.57            | 0.78              |
| Diluted earnings per share, EUR - Total operations                                  |      | 0.19          | 0.17          | 0.58            | 0.57            | 0.78              |

## Statement of comprehensive income

| EURm   | Q3<br>2013 | Q3<br>2012 | Jan-Sep<br>2013 | Jan-Sep<br>2012 | Full year<br>2012 |
|--|------------|------------|-----------------|-----------------|-------------------|
| <b>Net profit for the period</b>   | <b>776</b> | <b>688</b> | <b>2,343</b>    | <b>2,284</b>    | <b>3,126</b>      |
| <b>Items that may be reclassified subsequently to income statement</b>         |            |            |                 |                 |                   |
| Currency translation differences during the period                             | -140       | 255        | -714            | 448             | 409               |
| Hedging of net investments in foreign operations:                              |            |            |                 |                 |                   |
| Valuation gains/losses during the period                                       | 45         | -141       | 349             | -275            | -254              |
| Tax on valuation gains/losses during the period                                | -10        | 37         | -77             | 72              | 45                |
| Available-for-sale investments: <sup>1</sup>                                   |            |            |                 |                 |                   |
| Valuation gains/losses during the period                                       | 29         | 15         | 39              | 70              | 67                |
| Tax on valuation gains/losses during the period                                | -8         | -4         | -9              | -18             | -17               |
| Cash flow hedges:  |            |            |                 |                 |                   |
| Valuation gains/losses during the period                                       | 3          | -107       | 30              | -149            | -188              |
| Tax on valuation gains/losses during the period                                | -1         | 27         | -8              | 39              | 50                |
| <b>Items that may not be reclassified subsequently to the income statement</b> |            |            |                 |                 |                   |
| Defined benefit plans:   |            |            |                 |                 |                   |
| Remeasurement of defined benefit plans   | 99         | -          | 99              | -               | 362               |
| Tax on remeasurement of defined benefit plans                                  | -23        | -          | -23             | -               | -87               |
| <b>Other comprehensive income, net of tax</b>                                  | <b>-6</b>  | <b>82</b>  | <b>-314</b>     | <b>187</b>      | <b>387</b>        |
| <b>Total comprehensive income</b>  | <b>770</b> | <b>770</b> | <b>2,029</b>    | <b>2,471</b>    | <b>3,513</b>      |
| <b>Attributable to:</b>  |            |            |                 |                 |                   |
| Shareholders of Nordea Bank AB (publ)  | 771        | 768        | 2,029           | 2,466           | 3,506             |
| Non-controlling interests  | -1         | 2          | -               | 5               | 7                 |
| <b>Total</b>   | <b>770</b> | <b>770</b> | <b>2,029</b>    | <b>2,471</b>    | <b>3,513</b>      |

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

## Balance sheet

| EURm  | Note | 30 Sep<br>2013 | 31 Dec<br>2012 | 30 Sep<br>2012 |
|---|------|----------------|----------------|----------------|
| <b>Assets</b>   |      |                |                |                |
| Cash and balances with central banks  |      | 28,558         | 36,060         | 25,731         |
| Loans to central banks  | 7    | 6,393          | 8,005          | 7,620          |
| Loans to credit institutions  | 7    | 12,728         | 10,569         | 16,198         |
| Loans to the public   | 7    | 343,191        | 346,251        | 353,148        |
| Interest-bearing securities   |      | 87,031         | 94,939         | 91,608         |
| Financial instruments pledged as collateral                                     |      | 6,382          | 7,970          | 8,648          |
| Shares  |      | 32,411         | 28,128         | 26,415         |
| Derivatives   | 12   | 74,565         | 118,789        | 151,191        |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk |      | 226            | -711           | -580           |
| Investments in associated undertakings  |      | 622            | 585            | 582            |
| Intangible assets   |      | 3,267          | 3,425          | 3,430          |
| Property and equipment  |      | 421            | 474            | 473            |
| Investment property   |      | 3,272          | 3,408          | 3,608          |
| Deferred tax assets   |      | 94             | 266            | 316            |
| Current tax assets  |      | 184            | 78             | 373            |
| Retirement benefit assets   |      | 129            | 142            | 105            |
| Other assets  |      | 15,313         | 16,372         | 19,398         |
| Prepaid expenses and accrued income   |      | 2,464          | 2,559          | 2,686          |
| Assets held for sale  | 14   | 8,575          | -              | -              |
| <b>Total assets</b>   |      | <b>625,826</b> | <b>677,309</b> | <b>710,950</b> |
| <i>Of which assets customer bearing the risk</i>                                |      | <i>23,508</i>  | <i>20,361</i>  | <i>19,301</i>  |
| <b>Liabilities</b>  |      |                |                |                |
| Deposits by credit institutions   |      | 49,482         | 55,426         | 52,360         |
| Deposits and borrowings from the public   |      | 200,481        | 200,678        | 206,995        |
| Liabilities to policyholders  |      | 46,287         | 45,320         | 44,368         |
| Debt securities in issue  |      | 182,901        | 184,340        | 187,860        |
| Derivatives   | 12   | 69,270         | 114,203        | 147,155        |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk |      | 1,840          | 1,940          | 1,986          |
| Current tax liabilities   |      | 541            | 391            | 391            |
| Other liabilities   |      | 30,402         | 33,472         | 27,812         |
| Accrued expenses and prepaid income   |      | 4,053          | 3,903          | 4,303          |
| Deferred tax liabilities  |      | 1,052          | 976            | 922            |
| Provisions  |      | 335            | 389            | 373            |
| Retirement benefit obligations  |      | 225            | 469            | 865            |
| Subordinated liabilities  |      | 6,632          | 7,797          | 8,531          |
| Liabilities held for sale   | 14   | 3,693          | -              | -              |
| <b>Total liabilities</b>  |      | <b>597,194</b> | <b>649,304</b> | <b>683,921</b> |
| <b>Equity</b>   |      |                |                |                |
| Non-controlling interests   |      | 2              | 5              | 86             |
| Share capital   |      | 4,050          | 4,050          | 4,050          |
| Share premium reserve   |      | 1,080          | 1,080          | 1,080          |
| Other reserves  |      | 26             | 340            | 140            |
| Retained earnings   |      | 23,474         | 22,530         | 21,673         |
| <b>Total equity</b>   |      | <b>28,632</b>  | <b>28,005</b>  | <b>27,029</b>  |
| <b>Total liabilities and equity</b>   |      | <b>625,826</b> | <b>677,309</b> | <b>710,950</b> |
| Assets pledged as security for own liabilities                                  |      | 176,981        | 164,902        | 175,074        |
| Other assets pledged  |      | 3,935          | 4,367          | 4,653          |
| Contingent liabilities  |      | 20,773         | 21,157         | 21,563         |
| Credit commitments <sup>1</sup>   |      | 82,456         | 84,914         | 83,389         |
| Other commitments   |      | 1,313          | 1,294          | 1,386          |

<sup>1</sup> Including unutilised portion of approved overdraft facilities of EUR 44,100m (31 Dec 2012: EUR 45,796m, 30 Sep 2012: EUR 45,669m).

## Statement of changes in equity

| Attributable to shareholders of Nordea Bank AB (publ) |                            |                       |  |                     |                                       |                             |                   |               |                           |               |
|---|----------------------------|-----------------------|--|---------------------|---------------------------------------|-----------------------------|-------------------|---------------|---------------------------|---------------|
| EURm  | Share capital <sup>1</sup> | Share premium reserve | Other reserves:                              |                     |                                       |                             | Retained earnings | Total         | Non-controlling interests | Total equity  |
|   |                            |                       | Transla-<br>tion of<br>foreign<br>operations | Cash flow<br>hedges | Available-<br>for-sale<br>investments | Defined<br>benefit<br>plans |                   |               |                           |               |
| <b>Opening balance at 1 Jan 2013</b>                  | <b>4,050</b>               | <b>1,080</b>          | <b>24</b>                                    | <b>-15</b>          | <b>56</b>                             | <b>275</b>                  | <b>22,530</b>     | <b>28,000</b> | <b>5</b>                  | <b>28,005</b> |
| Total comprehensive income                            | -                          | -                     | -442   | 22                  | 30                                    | 76                          | 2,343             | 2,029         | -                         | 2,029         |
| Share-based payments                                  | -                          | -                     | -  | -                   | -                                     | -                           | 12                | 12            | -                         | 12            |
| Dividend for 2012                                     | -                          | -                     | -  | -                   | -                                     | -                           | -1,370            | -1,370        | -                         | -1,370        |
| Purchases of own shares <sup>2</sup>                  | -                          | -                     | -  | -                   | -                                     | -                           | -41               | -41           | -                         | -41           |
| Other changes   | -                          | -                     | -  | -                   | -                                     | -                           | -                 | -             | -3                        | -3            |
| <b>Closing balance at 30 Sep 2013</b>                 | <b>4,050</b>               | <b>1,080</b>          | <b>-418</b>                                  | <b>7</b>            | <b>86</b>                             | <b>351</b>                  | <b>23,474</b>     | <b>28,630</b> | <b>2</b>                  | <b>28,632</b> |

  

| Attributable to shareholders of Nordea Bank AB (publ)     |                            |                       |  |                     |                                       |                             |                   |               |                           |               |
|---|----------------------------|-----------------------|--|---------------------|---------------------------------------|-----------------------------|-------------------|---------------|---------------------------|---------------|
| EURm  | Share capital <sup>1</sup> | Share premium reserve | Other reserves:                              |                     |                                       |                             | Retained earnings | Total         | Non-controlling interests | Total equity  |
|   |                            |                       | Transla-<br>tion of<br>foreign<br>operations | Cash flow<br>hedges | Available-<br>for-sale<br>investments | Defined<br>benefit<br>plans |                   |               |                           |               |
| <b>Reported opening balance at 1 Jan 2012</b>             | <b>4,047</b>               | <b>1,080</b>          | <b>-176</b>                                  | <b>123</b>          | <b>6</b>                              | <b>-</b>                    | <b>20,954</b>     | <b>26,034</b> | <b>86</b>                 | <b>26,120</b> |
| Restatement due to changed accounting policy <sup>4</sup> | -                          | -                     | -  | -                   | -                                     | -                           | -475              | -475          | -                         | -475          |
| <b>Restated opening balance at 1 Jan 2012</b>             | <b>4,047</b>               | <b>1,080</b>          | <b>-176</b>                                  | <b>123</b>          | <b>6</b>                              | <b>-</b>                    | <b>20,479</b>     | <b>25,559</b> | <b>86</b>                 | <b>25,645</b> |
| Total comprehensive income                                | -                          | -                     | 200  | -138                | 50                                    | 275                         | 3,119             | 3,506         | 7                         | 3,513         |
| Issued C-shares <sup>3</sup>                              | 3                          | -                     | -  | -                   | -                                     | -                           | -                 | 3             | -                         | 3             |
| Repurchase of C-shares <sup>3</sup>                       | -                          | -                     | -  | -                   | -                                     | -                           | -3                | -3            | -                         | -3            |
| Share-based payments                                      | -                          | -                     | -  | -                   | -                                     | -                           | 14                | 14            | -                         | 14            |
| Dividend for 2011   | -                          | -                     | -  | -                   | -                                     | -                           | -1,048            | -1,048        | -                         | -1,048        |
| Purchases of own shares <sup>2</sup>                      | -                          | -                     | -  | -                   | -                                     | -                           | -31               | -31           | -                         | -31           |
| Change in non-controlling interests                       | -                          | -                     | -  | -                   | -                                     | -                           | -                 | -             | -84                       | -84           |
| Other changes   | -                          | -                     | -  | -                   | -                                     | -                           | -                 | -             | -4                        | -4            |
| <b>Closing balance at 31 Dec 2012</b>                     | <b>4,050</b>               | <b>1,080</b>          | <b>24</b>                                    | <b>-15</b>          | <b>56</b>                             | <b>275</b>                  | <b>22,530</b>     | <b>28,000</b> | <b>5</b>                  | <b>28,005</b> |

  

| Attributable to shareholders of Nordea Bank AB (publ)     |                            |                       |  |                     |                                       |                             |                   |               |                           |               |
|---|----------------------------|-----------------------|--|---------------------|---------------------------------------|-----------------------------|-------------------|---------------|---------------------------|---------------|
| EURm  | Share capital <sup>1</sup> | Share premium reserve | Other reserves:                              |                     |                                       |                             | Retained earnings | Total         | Non-controlling interests | Total equity  |
|   |                            |                       | Transla-<br>tion of<br>foreign<br>operations | Cash flow<br>hedges | Available-<br>for-sale<br>investments | Defined<br>benefit<br>plans |                   |               |                           |               |
| <b>Reported opening balance at 1 Jan 2012</b>             | <b>4,047</b>               | <b>1,080</b>          | <b>-176</b>                                  | <b>123</b>          | <b>6</b>                              | <b>-</b>                    | <b>20,954</b>     | <b>26,034</b> | <b>86</b>                 | <b>26,120</b> |
| Restatement due to changed accounting policy <sup>4</sup> | -                          | -                     | -  | -                   | -                                     | -                           | -475              | -475          | -                         | -475          |
| <b>Restated opening balance at 1 Jan 2012</b>             | <b>4,047</b>               | <b>1,080</b>          | <b>-176</b>                                  | <b>123</b>          | <b>6</b>                              | <b>-</b>                    | <b>20,479</b>     | <b>25,559</b> | <b>86</b>                 | <b>25,645</b> |
| Total comprehensive income                                | -                          | -                     | 245  | -110                | 52                                    | -                           | 2,279             | 2,466         | 5                         | 2,471         |
| Issued C-shares <sup>3</sup>                              | 3                          | -                     | -  | -                   | -                                     | -                           | -                 | 3             | -                         | 3             |
| Repurchase of C-shares <sup>3</sup>                       | -                          | -                     | -  | -                   | -                                     | -                           | -3                | -3            | -                         | -3            |
| Share-based payments                                      | -                          | -                     | -  | -                   | -                                     | -                           | 7                 | 7             | -                         | 7             |
| Dividend for 2011   | -                          | -                     | -  | -                   | -                                     | -                           | -1,048            | -1,048        | -                         | -1,048        |
| Purchases of own shares <sup>2</sup>                      | -                          | -                     | -  | -                   | -                                     | -                           | -41               | -41           | -                         | -41           |
| Other changes   | -                          | -                     | -  | -                   | -                                     | -                           | -                 | -             | -5                        | -5            |
| <b>Closing balance at 30 Sep 2012</b>                     | <b>4,050</b>               | <b>1,080</b>          | <b>69</b>                                    | <b>13</b>           | <b>58</b>                             | <b>-</b>                    | <b>21,673</b>     | <b>26,943</b> | <b>86</b>                 | <b>27,029</b> |

<sup>1</sup> Total shares registered were 4,050 million (31 Dec 2012: 4,050 million, 30 Sep 2012: 4,050 million).

<sup>2</sup> Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 30 Sep 2013 were 30.0 million (31 Dec 2012: 26.9 million, 30 Sep 2012: 28.4 million).

<sup>3</sup> 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, 30 Sep 2012: 20.3 million).

<sup>4</sup> Related to the amended IAS 19. See Note 1 for more information.

## Cash flow statement, condensed - Total operations

| EURm   | Jan-Sep<br>2013 | Jan-Sep<br>2012 | Full year<br>2012 |
|--|-----------------|-----------------|-------------------|
| <i>Operating activities</i>  |                 |                 |                   |
| Operating profit   | 3,110           | 3,005           | 4,039             |
| Profit for the period from discontinued operations, after tax                          | -4              | 34              | 57                |
| Adjustments for items not included in cash flow  | 3,007           | 2,493           | 3,199             |
| Income taxes paid  | -734            | -763            | -662              |
| Cash flow from operating activities before changes in operating assets and liabilities | 5,379           | 4,769           | 6,633             |
| Changes in operating assets and liabilities  | -9,689          | 5,897           | 13,121            |
| Cash flow from operating activities  | -4,310          | 10,666          | 19,754            |
| <i>Investing activities</i>  |                 |                 |                   |
| Property and equipment   | -63             | -49             | -114              |
| Intangible assets  | -136            | -106            | -175              |
| Net investments in debt securities, held to maturity                                   | 795             | 801             | 1,047             |
| Other financial fixed assets   | -10             | 13              | 16                |
| Cash flow from investing activities  | 586             | 659             | 774               |
| <i>Financing activities</i>  |                 |                 |                   |
| New share issue  | -               | 3               | 3                 |
| Issued/amortised subordinated liabilities  | -500            | 1,530           | 906               |
| Divestment/repurchase of own shares incl change in trading portfolio                   | -41             | -41             | -31               |
| Dividend paid  | -1,370          | -1,048          | -1,048            |
| Cash flow from financing activities  | -1,911          | 444             | -170              |
| <b>Cash flow for the period</b>  | <b>-5,635</b>   | <b>11,769</b>   | <b>20,358</b>     |
| <b>Cash and cash equivalents at beginning of the period</b>                            | <b>42,808</b>   | <b>22,606</b>   | <b>22,606</b>     |
| Translation difference   | -1,218          | 961             | -156              |
| <b>Cash and cash equivalents at end of the period</b>                                  | <b>35,955</b>   | <b>35,336</b>   | <b>42,808</b>     |
| <b>Change</b>  | <b>-5,635</b>   | <b>11,769</b>   | <b>20,358</b>     |
| <b>Cash and cash equivalents</b>   | 30 Sep          | 30 Sep          | 31 Dec            |
| The following items are included in cash and cash equivalents (EURm):                  | <u>2013</u>     | <u>2012</u>     | <u>2012</u>       |
| Cash and balances with central banks   | 28,890          | 25,731          | 36,060            |
| Loans to central banks   | 5,458           | 5,070           | 5,938             |
| Loans to credit institutions, payable on demand  | 1,606           | 3,800           | 810               |

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

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

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



## Notes to the financial statements

### Note 1 Accounting policies

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

These statements are presented in accordance with IAS 34 "Interim Financial Reporting".

### Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report, except for the changed presentation of defined benefit plans, implemented in the first quarter, and the presentation of discontinued operations as from the second quarter. These changes are further described below.

The new standard IFRS 13 "Fair Value Measurement" was implemented in the first quarter 2013 but has not had any significant impact on the measurement of assets or liabilities. The additional disclosures required by IFRS 13 on a quarterly basis are presented in Note 9 and Note 10.

IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" have been amended as regards offsetting of financial assets and financial liabilities. Nordea implemented these changes in the first quarter 2013 (IAS 32 early adopted). There was no impact from the amendment to IAS 32, while the additional disclosures required by IFRS 7 are presented in Note 11.

### IAS 19 "Employee Benefits"

The amended IAS 19 "Employee Benefits" was implemented 1 January 2013. A detailed description of these changes is included in the Annual Report 2012, note G1 "Accounting policies" section 3 "Changes in IFRSs not yet applied by Nordea". The comparative figures on the balance sheet have been restated accordingly and are disclosed in the 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 third quarter 2013 was not significant.

|                                    | 31 Dec 2012 |            | 30 Sep 2012 |            | 1 Jan 2012 |            |
|------------------------------------|-------------|------------|-------------|------------|------------|------------|
|                                    | New policy  | Old policy | New policy  | Old policy | New policy | Old policy |
| EURm                               |             |            |             |            |            |            |
| Net retirement benefit obligations | 327         | 47         | 760         | 108        | 732        | 102        |
| Net deferred tax liabilities       | 710         | 779        | 606         | 767        | 694        | 849        |
| Other reserves <sup>1</sup>        | 340         | 76         | 140         | 156        | -47        | -47        |
| Retained earnings                  | 22,530      | 23,005     | 21,673      | 22,148     | 20,479     | 20,954     |

<sup>1</sup>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.

### Discontinued operations

Discontinued operations consist of Nordea's Polish operations as further described in Note 14. These operations are as from the second quarter 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 period 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 accordingly.

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.

### Impact on capital adequacy from new or amended IFRS standards

Two new IFRS standards potentially affecting capital adequacy have been adopted by the IASB but have not yet been implemented by Nordea.

IFRS 9 "Financial Instruments" (Phase I) is not expected to have a significant impact on Nordea's income statement and balance sheet as the mixed measurement model will be maintained. No significant reclassifications between fair value and amortised cost or impact on the capital adequacy are expected, but this is naturally dependent on the financial instruments on Nordea's balance sheet at transition. It is furthermore expected that changes will be made to the standard before the standard becomes effective.

Nordea's current assessment is that IFRS 10 "Consolidated Financial Statements" will not have any significant impact on Nordea's income statement, but the fact that Nordea may have to start consolidating some mutual funds can have an impact on the balance sheet and 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.

**Exchange rates**

|                                  | Jan-Sep<br>2013 | Jan-Jun<br>2013 | Jan-Dec<br>2012 | Jan-Sep<br>2012 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| EUR 1 = SEK                      |                 |                 |                 |                 |
| Income statement (average)       | 8.5814          | 8.5302          | 8.7052          | 8.7324          |
| Balance sheet (at end of period) | 8.6575          | 8.7773          | 8.5820          | 8.4498          |
| EUR 1 = DKK                      |                 |                 |                 |                 |
| Income statement (average)       | 7.4574          | 7.4572          | 7.4438          | 7.4386          |
| Balance sheet (at end of period) | 7.4580          | 7.4588          | 7.4610          | 7.4555          |
| EUR 1 = NOK                      |                 |                 |                 |                 |
| Income statement (average)       | 7.6620          | 7.5226          | 7.4758          | 7.5126          |
| Balance sheet (at end of period) | 8.1140          | 7.8845          | 7.3483          | 7.3695          |
| EUR 1 = PLN                      |                 |                 |                 |                 |
| Income statement (average)       | 4.2012          | 4.1777          | 4.1836          | 4.2074          |
| Balance sheet (at end of period) | 4.2288          | 4.3376          | 4.0740          | 4.1038          |
| EUR 1 = RUB                      |                 |                 |                 |                 |
| Income statement (average)       | 41.6619         | 40.7514         | 39.9253         | 39.7948         |
| Balance sheet (at end of period) | 43.8240         | 42.8450         | 40.3295         | 40.1400         |

## Note 2 Segment reporting

|  | Operating segments |                   |                   |                        |                          |                          |                | Total Group  |
|--|--------------------|-------------------|-------------------|------------------------|--------------------------|--------------------------|----------------|--------------|
|  | Retail Banking     | Wholesale Banking | Wealth Management | Group Corporate Centre | Other operating segments | Total operating segments | Reconciliation |              |
| <b>Jan-Sep 2013</b>  |                    |                   |                   |                        |                          |                          |                |              |
| Total operating income, EURm                                 | 4,342              | 1,982             | 788               | 318                    | 27                       | 7,457                    | -35            | <b>7,422</b> |
| - of which internal transactions <sup>1</sup> , EURm         | -1,217             | -232              | 23                | 1,513                  | -87                      | 0                        | -              | -            |
| Operating profit, EURm                                       | 1,642              | 1,095             | 329               | 132                    | 19                       | 3,217                    | -107           | <b>3,110</b> |
| Loans to the public <sup>2</sup> , EURbn                     | 223                | 61                | 9                 | -                      | -                        | 293                      | 50             | <b>343</b>   |
| Deposits and borrowings from the public <sup>2</sup> , EURbn | 109                | 43                | 11                | -                      | -                        | 163                      | 37             | <b>200</b>   |

|  |        |       |     |       |     |       |      |              |
|--|--------|-------|-----|-------|-----|-------|------|--------------|
| <b>Jan-Sep 2012</b>  |        |       |     |       |     |       |      |              |
| Total operating income, EURm                                 | 4,273  | 2,126 | 689 | 457   | 7   | 7,552 | -124 | <b>7,428</b> |
| - of which internal transactions <sup>1</sup> , EURm         | -1,630 | -309  | 29  | 1,991 | -81 | 0     | -    | -            |
| Operating profit, EURm                                       | 1,431  | 1,222 | 233 | 234   | -2  | 3,118 | -113 | <b>3,005</b> |
| Loans to the public <sup>2</sup> , EURbn                     | 224    | 67    | 8   | -     | -   | 299   | 54   | <b>353</b>   |
| Deposits and borrowings from the public <sup>2</sup> , EURbn | 109    | 46    | 11  | -     | -   | 166   | 41   | <b>207</b>   |

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

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

## Breakdown of Retail Banking, Wholesale Banking and Wealth Management

|  | Retail Banking Nordic <sup>1</sup> |              | Retail Banking Baltic countries <sup>2</sup> |              | Retail Banking Other <sup>3</sup> |              | Retail Banking Jan-Sep |               |
|--|------------------------------------|--------------|--|--------------|-----------------------------------|--------------|------------------------|---------------|
|  | Jan-Sep 2013                       | Jan-Sep 2012 | Jan-Sep 2013                                 | Jan-Sep 2012 | Jan-Sep 2013                      | Jan-Sep 2012 | 2013                   | 2012          |
| Total operating income, EURm                   | 4,274                              | 4,123        | 127  | 125          | -59                               | 25           | <b>4,342</b>           | <b>4,273</b>  |
| - of which internal transactions, EURm         | -1,173                             | -1,535       | -33  | -38          | -11                               | -57          | <b>-1,217</b>          | <b>-1,630</b> |
| Operating profit, EURm                         | 1,695                              | 1,428        | 40   | 45           | -93                               | -42          | <b>1,642</b>           | <b>1,431</b>  |
| Loans to the public, EURbn                     | 216                                | 217          | 7  | 7            | -                                 | -            | <b>223</b>             | <b>224</b>    |
| Deposits and borrowings from the public, EURbn | 106                                | 106          | 3  | 3            | -                                 | -            | <b>109</b>             | <b>109</b>    |

|  | Corporate & Institutional Banking |              | Shipping, Offshore & Oil Services |              | Nordea Bank Russia |              | Capital Markets unallocated |              | Wholesale Banking Other <sup>4</sup> |              | Wholesale Banking Jan-Sep |              |
|--|-----------------------------------|--------------|-----------------------------------|--------------|--------------------|--------------|-----------------------------|--------------|--------------------------------------|--------------|---------------------------|--------------|
|  | Jan-Sep 2013                      | Jan-Sep 2012 | Jan-Sep 2013                      | Jan-Sep 2012 | Jan-Sep 2013       | Jan-Sep 2012 | Jan-Sep 2013                | Jan-Sep 2012 | Jan-Sep 2013                         | Jan-Sep 2012 | 2013                      | 2012         |
| Total operating income, EURm                   | 1,219                             | 1,248        | 279                               | 287          | 199                | 173          | 337                         | 433          | -52                                  | -15          | <b>1,982</b>              | <b>2,126</b> |
| - of which internal transactions, EURm         | -163                              | -254         | -65                               | -79          | -33                | -39          | 95                          | 87           | -66                                  | -24          | <b>-232</b>               | <b>-309</b>  |
| Operating profit, EURm                         | 716                               | 853          | 134                               | 59           | 128                | 91           | 179                         | 247          | -62                                  | -28          | <b>1,095</b>              | <b>1,222</b> |
| Loans to the public, EURbn                     | 42                                | 46           | 13                                | 14           | 6                  | 7            | -                           | -            | -                                    | -            | <b>61</b>                 | <b>67</b>    |
| Deposits and borrowings from the public, EURbn | 37                                | 39           | 4                                 | 5            | 2                  | 2            | -                           | -            | -                                    | -            | <b>43</b>                 | <b>46</b>    |

|  | Private Banking |              | Asset Management |              | Life & Pension unallocated |              | Wealth Management Other <sup>5</sup> |              | Wealth Management Jan-Sep |            |
|--|-----------------|--------------|------------------|--------------|----------------------------|--------------|--------------------------------------|--------------|---------------------------|------------|
|  | Jan-Sep 2013    | Jan-Sep 2012 | Jan-Sep 2013     | Jan-Sep 2012 | Jan-Sep 2013               | Jan-Sep 2012 | Jan-Sep 2013                         | Jan-Sep 2012 | 2013                      | 2012       |
| Total operating income, EURm                   | 552             | 499          | 103              | 79           | 133                        | 123          | 0                                    | -12          | <b>788</b>                | <b>689</b> |
| - of which internal transactions, EURm         | 18              | 23           | 0                | 0            | 1                          | 0            | 4                                    | 6            | <b>23</b>                 | <b>29</b>  |
| Operating profit, EURm                         | 244             | 203          | 29               | 5            | 58                         | 42           | -2                                   | -17          | <b>329</b>                | <b>233</b> |
| Loans to the public, EURbn                     | 9               | 8            | -                | -            | -                          | -            | -                                    | -            | <b>9</b>                  | <b>8</b>   |
| Deposits and borrowings from the public, EURbn | 11              | 11           | -                | -            | -                          | -            | -                                    | -            | <b>11</b>                 | <b>11</b>  |

<sup>1</sup> Retail Banking Nordic includes banking operations in Denmark, Finland, Norway and Sweden.

<sup>2</sup> Retail Banking Baltic countries includes banking operations in Estonia, Latvia and Lithuania.

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

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

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

Note 2, continued

#### Reconciliation between total operating segments and financial statements

|   | Operating profit,<br>EURm<br>Jan-Sep |              | Loans to the public,<br>EURbn<br>30 Sep |            | Deposits and borrowings<br>from the public, EURbn<br>30 Sep |            |
|---|--------------------------------------|--------------|---|------------|---|------------|
|   | 2013                                 | 2012         | 2013                                    | 2012       | 2013  | 2012       |
| Total operating segments                        | 3,217                                | 3,118        | 293                                     | 299        | 163   | 166        |
| Group functions <sup>1</sup>                    | -75                                  | -55          | -                                       | -          | -   | -          |
| Unallocated items                               | 0                                    | -45          | 57                                      | 45         | 40  | 33         |
| Differences in accounting policies <sup>2</sup> | -32                                  | -13          | -7                                      | 9          | -3  | 8          |
| <b>Total</b>                                    | <b>3,110</b>                         | <b>3,005</b> | <b>343</b>                              | <b>353</b> | <b>200</b>  | <b>207</b> |

<sup>1</sup> Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources and Group Executive Management.

<sup>2</sup> Impact from plan exchange rates used in the segment reporting and from that comparative figures for lending/deposits in Banking Poland restated in operating segments but not in financial statements.

#### Measurement of operating segments' performance

The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision Maker (CODM), as required by IFRS 8. In Nordea the CODM has been defined as Group Executive Management. The main differences compared to the section "Business areas" in this report are that the information for CODM is prepared using plan exchange rates and to that different allocation principles between operating segments have been applied.

Financial results are presented for the main business areas Retail Banking, Wholesale Banking and Wealth Management, with a further breakdown on operating segments, and the operating segment Group Corporate Centre. Other operating segments below the quantitative thresholds in IFRS 8 are included in Other operating segments. Group functions and eliminations as well as the result that is not fully allocated to any of the operating segments, are shown separately as reconciling items.

#### Changes in basis of segmentation

During the second quarter changes in the basis of segmentation was made following the divestment of Nordea's Polish operations. As from the second quarter 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 2. The impact from the divested operations can be found in Note 14. Comparative figures have been restated accordingly.

During the third quarter the main business area Wealth Management has in addition been separated from Other operating segments and further broken down on reportable operating segments.

**Note 3 Net fee and commission income**

| EURm   | Q3<br>2013  | Q2<br>2013  | Q3<br>2012  | Jan-Sep<br>2013 | Jan-Sep<br>2012 | Full year<br>2012 |
|--|-------------|-------------|-------------|-----------------|-----------------|-------------------|
| Asset management commissions                       | 251         | 244         | 203         | 727             | 601             | 832               |
| Life insurance                                     | 83          | 82          | 65          | 249             | 195             | 285               |
| Brokerage, securities issues and corporate finance | 66          | 85          | 72          | 216             | 213             | 289               |
| Custody and issuer services                        | 29          | 35          | 22          | 86              | 86              | 118               |
| Deposits   | 13          | 12          | 13          | 37              | 37              | 51                |
| Total savings and investments                      | 442         | 458         | 375         | 1,315           | 1,132           | 1,575             |
| Payments   | 106         | 101         | 100         | 307             | 303             | 409               |
| Cards  | 131         | 133         | 121         | 381             | 355             | 482               |
| Total payment and cards                            | 237         | 234         | 221         | 688             | 658             | 891               |
| Lending  | 130         | 133         | 120         | 386             | 342             | 457               |
| Guarantees and documentary payments                | 37          | 45          | 53          | 136             | 162             | 219               |
| Total lending related commissions                  | 167         | 178         | 173         | 522             | 504             | 676               |
| Other commission income                            | 30          | 34          | 30          | 100             | 87              | 116               |
| <b>Fee and commission income</b>                   | <b>876</b>  | <b>904</b>  | <b>799</b>  | <b>2,625</b>    | <b>2,381</b>    | <b>3,258</b>      |
| Savings and investments                            | -78         | -75         | -74         | -228            | -208            | -269              |
| Payments   | -22         | -23         | -22         | -67             | -65             | -90               |
| Cards  | -65         | -68         | -56         | -190            | -173            | -236              |
| State guarantee fees                               | -34         | -32         | -26         | -99             | -70             | -89               |
| Other commission expenses                          | -25         | -42         | -26         | -102            | -79             | -106              |
| <b>Fee and commission expenses</b>                 | <b>-224</b> | <b>-240</b> | <b>-204</b> | <b>-686</b>     | <b>-595</b>     | <b>-790</b>       |
| <b>Net fee and commission income</b>               | <b>652</b>  | <b>664</b>  | <b>595</b>  | <b>1,939</b>    | <b>1,786</b>    | <b>2,468</b>      |

**Note 4 Net result from items at fair value**

| EURm   | Q3<br>2013 | Q2<br>2013 | Q3<br>2012 | Jan-Sep<br>2013 | Jan-Sep<br>2012 | Full year<br>2012 |
|--|------------|------------|------------|-----------------|-----------------|-------------------|
| Shares/participations and other share-related instruments          | 723        | 77         | 87         | 1,751           | 1,330           | 1,635             |
| Interest-bearing securities and other interest-related instruments | 128        | -328       | 1,417      | -159            | 1,963           | 2,637             |
| Other financial instruments  | 36         | -3         | 136        | 164             | 395             | 482               |
| Foreign exchange gains/losses                                      | 206        | 223        | -26        | 719             | 181             | 234               |
| Investment properties  | 43         | 39         | 43         | 105             | 114             | 135               |
| Change in technical provisions <sup>1</sup> , Life insurance       | -635       | 681        | -1,241     | -643            | -2,282          | -2,895            |
| Change in collective bonus potential, Life insurance               | -163       | -278       | -56        | -762            | -421            | -546              |
| Insurance risk income, Life insurance                              | 51         | 51         | 46         | 153             | 134             | 181               |
| Insurance risk expense, Life insurance                             | -43        | -46        | -29        | -122            | -82             | -89               |
| <b>Total</b>   | <b>346</b> | <b>416</b> | <b>377</b> | <b>1,206</b>    | <b>1,332</b>    | <b>1,774</b>      |

**Of which Life insurance**

| EURm   | Q3<br>2013 | Q2<br>2013 | Q3<br>2012 | Jan-Sep<br>2013 | Jan-Sep<br>2012 | Full year<br>2012 |
|--|------------|------------|------------|-----------------|-----------------|-------------------|
| Shares/participations and other share-related instruments          | 637        | -7         | 17         | 1,569           | 968             | 1,222             |
| Interest-bearing securities and other interest-related instruments | 107        | -406       | 1,229      | -178            | 1,753           | 2,229             |
| Other financial instruments  | 0          | 0          | 0          | 0               | 0               | 0                 |
| Foreign exchange gains/losses                                      | 62         | 19         | 46         | 39              | -11             | 41                |
| Investment properties  | 44         | 37         | 43         | 105             | 114             | 136               |
| Change in technical provisions <sup>1</sup> , Life insurance       | -635       | 681        | -1,241     | -643            | -2,282          | -2,895            |
| Change in collective bonus potential, Life insurance               | -163       | -278       | -56        | -762            | -421            | -546              |
| Insurance risk income, Life insurance                              | 51         | 51         | 46         | 153             | 134             | 181               |
| Insurance risk expense, Life insurance                             | -43        | -46        | -29        | -122            | -82             | -89               |
| <b>Total</b>   | <b>60</b>  | <b>51</b>  | <b>55</b>  | <b>161</b>      | <b>173</b>      | <b>279</b>        |

<sup>1</sup> Premium income amounts to EUR 537m for Q3 2013 and EUR 1,747 for Jan-Sep 2013 (Q2 2013: EUR 513m, Q3 2012: EUR 522m, Jan-Sep 2012:

EUR 1,847m, Jan-Dec 2012: EUR 2,601m).

**Note 5 Other expenses**

|  | Q3          | Q2          | Q3          | Jan-Sep       | Jan-Sep       | Full year     |
|--|-------------|-------------|-------------|---------------|---------------|---------------|
| EURm   | 2013        | 2013        | 2012        | 2013          | 2012          | 2012          |
| Information technology                                 | -167        | -161        | -156        | -471          | -461          | -631          |
| Marketing and representation                           | -24         | -31         | -23         | -84           | -82           | -117          |
| Postage, transportation, telephone and office expenses | -43         | -49         | -52         | -147          | -165          | -220          |
| Rents, premises and real estate expenses               | -96         | -92         | -112        | -283          | -305          | -399          |
| Other  | -111        | -120        | -114        | -370          | -337          | -441          |
| <b>Total</b>   | <b>-441</b> | <b>-453</b> | <b>-457</b> | <b>-1,355</b> | <b>-1,350</b> | <b>-1,808</b> |

**Note 6 Net loan losses**

|  | Q3          | Q2          | Q3          | Jan-Sep     | Jan-Sep     | Full year   |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| EURm   | 2013        | 2013        | 2012        | 2013        | 2012        | 2012        |
| <b>Loan losses divided by class</b>                |             |             |             |             |             |             |
| Loans to credit institutions                       | 0           | 0           | 0           | 1           | -2          | -1          |
| Loans to the public                                | -139        | -189        | -233        | -576        | -636        | -901        |
| - of which provisions                              | -189        | -310        | -344        | -843        | -1,039      | -1,392      |
| - of which write-offs                              | -167        | -173        | -157        | -482        | -407        | -642        |
| - of which allowances used for covering write-offs | 96          | 129         | 106         | 335         | 268         | 452         |
| - of which reversals                               | 102         | 149         | 146         | 359         | 491         | 603         |
| - of which recoveries                              | 19          | 16          | 16          | 55          | 51          | 78          |
| Off-balance sheet items                            | -32         | 3           | -3          | 20          | -16         | 7           |
| <b>Total</b>                                       | <b>-171</b> | <b>-186</b> | <b>-236</b> | <b>-555</b> | <b>-654</b> | <b>-895</b> |

**Key ratios**

|                               | Q3   | Q2   | Q3   | Jan-Sep | Jan-Sep | Full year |
|-------------------------------|------|------|------|---------|---------|-----------|
|                               | 2013 | 2013 | 2012 | 2013    | 2012    | 2012      |
| Loan loss ratio, basis points | 20   | 22   | 27   | 21      | 25      | 26        |
| - of which individual         | 18   | 24   | 26   | 20      | 29      | 29        |
| - of which collective         | 2    | -2   | 1    | 1       | -4      | -3        |

**Note 7 Loans and impairment**

| EURm  | Total          |                |                |                |
|---|----------------|----------------|----------------|----------------|
|   | 30 Sep<br>2013 | 30 Jun<br>2013 | 31 Dec<br>2012 | 30 Sep<br>2012 |
| Loans, not impaired                                 | 358,539        | 355,004        | 360,768        | 372,922        |
| Impaired loans                                      | 6,644          | 6,677          | 6,905          | 6,856          |
| - Performing  | 3,781          | 3,808          | 4,023          | 4,004          |
| - Non-performing                                    | 2,863          | 2,869          | 2,882          | 2,852          |
| <b>Loans before allowances</b>                      | <b>365,183</b> | <b>361,681</b> | <b>367,673</b> | <b>379,778</b> |
| Allowances for individually assessed impaired loans | -2,457         | -2,454         | -2,400         | -2,348         |
| - Performing  | -1,342         | -1,362         | -1,332         | -1,322         |
| - Non-performing                                    | -1,115         | -1,092         | -1,068         | -1,026         |
| Allowances for collectively assessed impaired loans | -414           | -401           | -448           | -464           |
| <b>Allowances</b>                                   | <b>-2,871</b>  | <b>-2,855</b>  | <b>-2,848</b>  | <b>-2,812</b>  |
| <b>Loans, carrying amount</b>                       | <b>362,312</b> | <b>358,826</b> | <b>364,825</b> | <b>376,966</b> |

  

| EURm  | Central banks and credit institutions |                |                |                | The public     |                |                |                |
|---|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 30 Sep<br>2013                        | 30 Jun<br>2013 | 31 Dec<br>2012 | 30 Sep<br>2012 | 30 Sep<br>2013 | 30 Jun<br>2013 | 31 Dec<br>2012 | 30 Sep<br>2012 |
| Loans, not impaired                                 | 19,124                                | 18,476         | 18,578         | 23,816         | 339,415        | 336,528        | 342,190        | 349,106        |
| Impaired loans                                      | 24                                    | 24             | 24             | 32             | 6,620          | 6,653          | 6,881          | 6,824          |
| - Performing  | -                                     | -              | -              | 8              | 3,781          | 3,808          | 4,023          | 3,996          |
| - Non-performing                                    | 24                                    | 24             | 24             | 24             | 2,839          | 2,845          | 2,858          | 2,828          |
| <b>Loans before allowances</b>                      | <b>19,148</b>                         | <b>18,500</b>  | <b>18,602</b>  | <b>23,848</b>  | <b>346,035</b> | <b>343,181</b> | <b>349,071</b> | <b>355,930</b> |
| Allowances for individually assessed impaired loans | -24                                   | -24            | -24            | -26            | -2,433         | -2,430         | -2,376         | -2,322         |
| - Performing  | -                                     | -              | -              | -2             | -1,342         | -1,362         | -1,332         | -1,320         |
| - Non-performing                                    | -24                                   | -24            | -24            | -24            | -1,091         | -1,068         | -1,044         | -1,002         |
| Allowances for collectively assessed impaired loans | -3                                    | -4             | -4             | -4             | -411           | -397           | -444           | -460           |
| <b>Allowances</b>                                   | <b>-27</b>                            | <b>-28</b>     | <b>-28</b>     | <b>-30</b>     | <b>-2,844</b>  | <b>-2,827</b>  | <b>-2,820</b>  | <b>-2,782</b>  |
| <b>Loans, carrying amount</b>                       | <b>19,121</b>                         | <b>18,472</b>  | <b>18,574</b>  | <b>23,818</b>  | <b>343,191</b> | <b>340,354</b> | <b>346,251</b> | <b>353,148</b> |

**Allowances and provisions**

| EURm                                      | 30 Sep<br>2013 | 30 Jun<br>2013 | 31 Dec<br>2012 | 30 Sep<br>2012 |
|---|----------------|----------------|----------------|----------------|
| Allowances for items in the balance sheet | -2,872         | -2,855         | -2,848         | -2,812         |
| Provisions for off balance sheet items    | -68            | -70            | -84            | -109           |
| <b>Total allowances and provisions</b>    | <b>-2,940</b>  | <b>-2,925</b>  | <b>-2,932</b>  | <b>-2,921</b>  |

**Key ratios**

|   | 30 Sep<br>2013 | 30 Jun<br>2013 | 31 Dec<br>2012 | 30 Sep<br>2012 |
|---|----------------|----------------|----------------|----------------|
| Impairment rate, gross, basis points              | 182            | 185            | 188            | 181            |
| Impairment rate, net, basis points                | 115            | 117            | 123            | 119            |
| Total allowance rate, basis points                | 79             | 79             | 77             | 74             |
| Allowances in relation to impaired loans, %       | 37             | 37             | 35             | 34             |
| Total allowances in relation to impaired loans, % | 43             | 43             | 41             | 41             |
| Non-performing, not impaired, EURm                | 350            | 346            | 614            | 644            |

## Note 8 Classification of financial instruments

| EURm   | Loans and<br>receivables | Held to<br>maturity | Held for<br>trading | Designated<br>at fair value<br>through<br>profit or<br>loss | Derivatives<br>used for<br>hedging | Available<br>for sale | Total          |
|--|--------------------------|---------------------|---------------------|---|------------------------------------|-----------------------|----------------|
| <b>Financial assets</b>  |                          |                     |                     |   |                                    |                       |                |
| Cash and balances with central banks   | 28,558                   | -                   | -                   | -   | -                                  | -                     | 28,558         |
| Loans to central banks   | 5,911                    | -                   | 482                 | -   | -                                  | -                     | 6,393          |
| Loans to credit institutions   | 4,173                    | -                   | 7,651               | 904   | -                                  | -                     | 12,728         |
| Loans to the public  | 253,014                  | -                   | 37,336              | 52,841  | -                                  | -                     | 343,191        |
| Interest-bearing securities  | 0                        | 5,563               | 34,259              | 19,674  | -                                  | 27,535                | 87,031         |
| Financial instruments pledged as collateral  | -                        | -                   | 6,382               | -   | -                                  | -                     | 6,382          |
| Shares   | -                        | -                   | 10,551              | 21,857  | -                                  | 3                     | 32,411         |
| Derivatives  | -                        | -                   | 72,427              | -   | 2,138                              | -                     | 74,565         |
| Fair value changes of the hedged items in<br>portfolio hedge of interest rate risk | 226                      | -                   | -                   | -   | -                                  | -                     | 226            |
| Other assets   | 8,716                    | -                   | -                   | 5,703   | -                                  | -                     | 14,419         |
| Prepaid expenses and accrued income  | 1,892                    | -                   | 22                  | -   | -                                  | -                     | 1,914          |
| <b>Total 30 Sep 2013</b>   | <b>302,490</b>           | <b>5,563</b>        | <b>169,110</b>      | <b>100,979</b>  | <b>2,138</b>                       | <b>27,538</b>         | <b>607,818</b> |
| Total 31 Dec 2012  | 322,861                  | 6,497               | 205,788             | 101,875   | 3,083                              | 27,374                | 667,478        |
| Total 30 Sep 2012  | 324,433                  | 6,902               | 242,154             | 102,792   | 3,221                              | 22,100                | 701,602        |

  

| EURm   | Held for<br>trading | Designated<br>at fair value<br>through<br>profit or<br>loss | Derivatives<br>used for<br>hedging | Other<br>financial<br>liabilities | Total          |
|--|---------------------|---|------------------------------------|-----------------------------------|----------------|
| <b>Financial liabilities</b>   |                     |   |                                    |                                   |                |
| Deposits by credit institutions  | 16,701              | 2,026   | -                                  | 30,755                            | 49,482         |
| Deposits and borrowings from the public  | 26,753              | 8,726   | -                                  | 165,002                           | 200,481        |
| Liabilities to policyholders, investment contracts                                 | -                   | 13,050  | -                                  | -                                 | 13,050         |
| Debt securities in issue   | 7,561               | 33,117  | -                                  | 142,223                           | 182,901        |
| Derivatives  | 68,140              | -   | 1,130                              | -                                 | 69,270         |
| Fair value changes of the hedged items in<br>portfolio hedge of interest rate risk | -                   | -   | -                                  | 1,840                             | 1,840          |
| Other liabilities  | 11,033              | 5,573   | -                                  | 11,399                            | 28,005         |
| Accrued expenses and prepaid income  | 30                  | 414   | -                                  | 2,149                             | 2,593          |
| Subordinated liabilities   | -                   | -   | -                                  | 6,632                             | 6,632          |
| <b>Total 30 Sep 2013</b>   | <b>130,218</b>      | <b>62,906</b>   | <b>1,130</b>                       | <b>360,000</b>                    | <b>554,254</b> |
| Total 31 Dec 2012  | 161,149             | 59,578  | 1,001                              | 388,365                           | 610,093        |
| Total 30 Sep 2012  | 200,006             | 64,277  | 833                                | 382,530                           | 647,646        |



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

| EURm  | 30 Sep 2013     |                |
|---|-----------------|----------------|
|   | Carrying amount | Fair value     |
| <b>Financial assets</b>   |                 |                |
| Cash and balances with central banks  | 28,558          | 28,558         |
| Loans to central banks  | 6,393           | 6,393          |
| Loans to credit institutions  | 12,728          | 12,728         |
| Loans to the public   | 343,191         | 343,616        |
| Interest-bearing securities   | 87,031          | 87,047         |
| Financial instruments pledged as collateral                                     | 6,382           | 6,382          |
| Shares  | 32,411          | 32,411         |
| Derivatives   | 74,565          | 74,565         |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 226             | 226            |
| Other assets  | 14,419          | 14,419         |
| Prepaid expenses and accrued income   | 1,914           | 1,914          |
| <b>Total</b>  | <b>607,818</b>  | <b>608,259</b> |
| <b>Financial liabilities</b>  |                 |                |
| Deposits by credit institutions   | 49,482          | 49,479         |
| Deposits and borrowings from the public   | 200,481         | 200,471        |
| Liabilities to policyholders  | 13,050          | 13,050         |
| Debt securities in issue  | 182,901         | 182,785        |
| Derivatives   | 69,270          | 69,270         |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 1,840           | 1,840          |
| Other liabilities   | 28,005          | 28,005         |
| Accrued expenses and prepaid income   | 2,593           | 2,593          |
| Subordinated liabilities  | 6,632           | 6,652          |
| <b>Total</b>  | <b>554,254</b>  | <b>554,145</b> |

The determination of fair value is described in the Annual report 2012, Note G42 "Assets and liabilities at fair value".

**Note 10 Financial assets and liabilities at fair value on the balance sheet****Categorisation into the fair value hierarchy**

| 30 Sep 2013, EURm                        | Quoted prices in<br>active markets for the<br>same instrument<br>(Level 1) | <i>Of which<br/>Life</i> | Valuation<br>technique using<br>observable data<br>(Level 2) | <i>Of which<br/>Life</i> | Valuation<br>technique using<br>non-observable<br>data<br>(Level 3) | <i>Of which<br/>Life</i> | Total  |
|--|--|--------------------------|--|--------------------------|---|--------------------------|--------|
| <b>Financial assets<sup>1</sup></b>      |  |                          |  |                          |   |                          |        |
| Loans to central banks                   | -  | -                        | 482  | -                        | -   | -                        | 482    |
| Loans to credit institutions             | -  | -                        | 8,555  | -                        | -   | -                        | 8,555  |
| Loans to the public                      | -  | -                        | 90,177   | -                        | -   | -                        | 90,177 |
| Interest-bearing securities <sup>2</sup> | 57,945   | 12,188                   | 29,413   | 7,381                    | 484   | 106                      | 87,842 |
| Shares <sup>3</sup>                      | 28,066   | 18,463                   | 414  | 414                      | 3,939   | 2,924                    | 32,419 |
| Derivatives                              | 131  | 31                       | 72,934   | 29                       | 1,500   | -                        | 74,565 |
| Other assets                             | -  | -                        | 5,703  | -                        | -   | -                        | 5,703  |
| Prepaid expenses and accrued income      | -  | -                        | 22   | -                        | -   | -                        | 22     |
| <b>Financial liabilities<sup>1</sup></b> |  |                          |  |                          |   |                          |        |
| Deposits by credit institutions          | -  | -                        | 18,727   | -                        | -   | -                        | 18,727 |
| Deposits and borrowings from the public  | -  | -                        | 35,479   | -                        | -   | -                        | 35,479 |
| Liabilities to policyholders             | -  | -                        | 13,050   | 13,050                   | -   | -                        | 13,050 |
| Debt securities in issue                 | 33,117   | -                        | 7,561  | -                        | -   | -                        | 40,678 |
| Derivatives                              | 69   | -                        | 67,867   | -                        | 1,334   | -                        | 69,270 |
| Other liabilities                        | 8,732  | -                        | 7,857  | -                        | 17  | -                        | 16,606 |
| Accrued expenses and prepaid income      | -  | -                        | 444  | -                        | -   | -                        | 444    |

<sup>1</sup> Are measured at fair value on a recurring basis at the end of each reporting period.

<sup>2</sup> Of which EUR 6,374m relates to the balance sheet item Financial instruments pledged as collateral.

<sup>3</sup> Of which EUR 8m relates to the balance sheet item Financial instruments pledged as collateral.

**Measurement of offsetting positions**

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. For more information about valuation techniques and inputs used in the fair value measurement, see the Annual report 2012, Note G42 "Asset and liabilities at fair value".

**Transfers between Level 1 and 2**

During the year, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 2,992m from Level 1 to Level 2 and EUR 861m from Level 2 to Level 1 of the fair value hierarchy. Other liabilities of EUR 599m have been transferred 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 again been actively traded during the year and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

## Note 10, continued

## Movements in Level 3

| 30 Sep 2013, EURm             | 1 Jan 2013 | Reclassification | Fair value gains/losses recognised in the income statement during the year |            | Purchases/Issues | Sales | Settlements | Transfers into Level 3 | Transfers out of Level 3 | Translation differences | 30 Sep 2013 |
|-------------------------------|------------|------------------|--|------------|------------------|-------|-------------|------------------------|--------------------------|-------------------------|-------------|
|                               |            |                  | Realised   | Unrealised |                  |       |             |                        |                          |                         |             |
| Intererest-bearing securities | 1,118      | -519             | 3  | 30         | 92               | -224  | -7          | -                      | -                        | -9                      | 484         |
| - of which Life               | 719        | -519             | 0  | 1          | 10               | -96   | 0           | -                      | -                        | -9                      | 106         |
| Shares                        | 3,374      | 519              | 114  | 33         | 812              | -847  | -6          | 2                      | -46                      | -16                     | 3,939       |
| - of which Life               | 2,210      | 519              | 145  | 13         | 699              | -603  | -1          | 2                      | -46                      | -14                     | 2,924       |
| Derivatives (net)             | 332        | -                | 246  | -172       | -                | -     | -246        | 6                      | -                        | 0                       | 166         |
| Other liabilities             | 0          | -                | -20  | -1         | 607              | -     | -590        | 21                     | -                        | -                       | 17          |

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the year Nordea transferred shares of EUR 46m from Level 3 to Level 2. Nordea also transferred other liabilities of EUR 21m 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 reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

## The valuation processes for fair value measurements in Level 3

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

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

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

| 30 Sep 2013, EURm            | Fair value | Valuation techniques    | Unobservable input                       | Range of fair value |
|------------------------------|------------|-------------------------|--|---------------------|
| <b>Derivatives</b>           |            |                         |  |                     |
| Interest rate derivatives    | 171        | Option model            | Correlations<br>Volatilities             | -7/6                |
| Equity derivatives           | -62        | Option model            | Correlations<br>Volatilities<br>Dividend | -16/11              |
| Foreign exchange derivatives | 110        | Option model            | Correlations<br>Volatilities             | +/-0                |
| Credit derivatives           | -55        | Credit derivative model | Correlations<br>Recovery rates           | -8/8                |
| Other                        | 2          | Option model            | Correlations<br>Volatilities             | +/-0                |
| <b>Total</b>                 | <b>166</b> |                         |  | <b>-31/25</b>       |

The valuation of derivatives relies on a number of assumptions and modelling choices. For instruments categorised as Level 3 these assumptions lead to uncertainty about the valuation. To account for this a range of different modelling approaches are applied to determine an uncertainty interval around the reported fair value. The different approaches applied target various aspects of derivatives pricing. Two common components of derivative valuation models are volatility of underlying risk factors and correlation between the relevant risk factors. Each of these is addressed by applying different assumptions to input and/or the choice of modelling approach. Besides these common factors a number of asset class specific factors are addressed. These include equity dividend expectations, recovery assumptions for credit derivatives and inflation expectations. The above table shows for each class of derivatives the reasonable ranges around fair value for Level 3 products. The fair values are presented as the net of assets and liabilities.

**Note 10, continued**

| Note 16, continued   |              | Of which          |   |
|----------------------|--------------|-------------------|---|
| 30 Sep 2013, EURm    | Fair value   | Life <sup>2</sup> | Valuation techniques                          |
| <b>Shares</b>        |              |                   |   |
| Private equity funds | 2,378        | 1,828             | Net asset value <sup>1</sup>                  |
| Hedge funds          | 635          | 343               | Net asset value <sup>1</sup>                  |
| Credit Funds         | 435          | 351               | Net asset value/market consensus <sup>1</sup> |
| Other funds          | 271          | 252               | Net asset value/Fund prices <sup>1</sup>      |
| Other                | 220          | 150               | -   |
| <b>Total</b>         | <b>3,939</b> | <b>2,924</b>      |   |

| 30 Sep 2013, EURm                                   | Fair value | <i>Of which</i><br><i>Life</i> <sup>2</sup> | Valuation techniques  | Unobservable<br>input | Range of fair value |
|---|------------|---|-----------------------|-----------------------|---------------------|
| <b>Interest-bearing securities</b>                  |            |   |                       |                       |                     |
| Municipalities and other public bodies              | 30         | 30  | Discounted cash flows | Credit spread         | -2/2                |
| Mortgage and other credit institutions <sup>3</sup> | 351        | 7   | Discounted cash flows | Credit spread         | -18/18              |
| Corporates  | 95         | 69  | Discounted cash flows | Credit spread         | -7/7                |
| Other   | 8          | -   |                       | -                     | -1/1                |
| <b>Total</b>  | <b>484</b> | <b>106</b>                                  |                       |                       | <b>-28/28</b>       |
|   |            |   |                       |                       |                     |
| Other liabilities                                   | 17         | -   | Discounted cash flows | Credit spread         | -2/2                |
| <b>Total</b>  | <b>17</b>  | <b>-</b>                                    |                       |                       | <b>-2/2</b>         |

<sup>1</sup> The fair values are based on prices and net asset values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. For private equity funds the dominant measurement methodology used by the suppliers/custodians, is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA Venture (European Capital Association). Less than 15% of the private equity fund investment are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are in a range of -100% to 0% compared to the values received from suppliers/custodians.

<sup>2</sup> Investment in financial instruments is a major part of the life insurance business, acquired to fulfill the obligations behind the insurance- and investment contracts. The gains or losses on these instruments are almost exclusively allocated to policyholders and do consequently not affect Nordea's equity.

<sup>3</sup> Of which EUR 155m is priced at a credit spread (the difference between the discount rate and LIBOR) of 1.45% and a reasonable change of this credit spread would not affect the fair value due to callability features.

**Sensitivity analysis of Level 3 financial instruments**

|                             |                 | Effect of reasonably possible<br>alternative assumptions |              |
|-----------------------------|-----------------|--|--------------|
| 30 Sep 2013, EURm           | Carrying amount | Favourable   | Unfavourable |
| <b>Assets</b>               |                 |  |              |
| Interest-bearing securities | 484             | 28   | -28          |
| - <i>of which Life</i>      | 106             | 6  | -6           |
| Shares                      | 3,939           | 368  | -368         |
| - <i>of which Life</i>      | 2,924           | 286  | -286         |
| Derivatives (net)           | 166             | 25   | -31          |
| Other liabilities           | 17              | 2  | -2           |

The method used to calculate the sensitivities is described in the Annual report 2012, Note G42 "Assets and liabilities at fair value".

**Deferred Day 1 profit**

| EURm   | Derivatives (net) |
|--|-------------------|
| Opening balance at 1 Jan 2013                      | 24                |
| Deferred profit on new transactions                | 23                |
| Recognised in the income statement during the year | -9                |
| <b>Closing balance at 30 Sep 2013</b>              | <b>38</b>         |

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. In such cases valuation models are applied to estimate the exit price and if significant unobservable parameters are used such instruments are categorised as Level 3 instruments and any day-1 profit is deferred. If exit prices are available in active markets for the same instrument such prices are used. For more information see the Annual report 2012, Note G1 "Accounting policies".

**Note 11 Financial instruments set off on balance or subject to netting agreements**

| 30 Sep 2013, EURm               | Gross recognised financial assets <sup>1</sup> | Gross recognised financial liabilities set off on the balance sheet | Net carrying amount on the balance sheet <sup>2</sup> | Amounts not set off but subject to master netting agreements and similar agreements |                               |                          | Net amount   |
|---------------------------------|--|---|---|---|-------------------------------|--------------------------|--------------|
|                                 |  |   |   | Financial instruments   | Financial collateral received | Cash collateral received |              |
| <b>Assets</b>                   |  |   |   |   |                               |                          |              |
| Derivatives                     | 132,215  | -58,252   | 73,963  | -59,615   | -                             | -6,331                   | 8,017        |
| Reverse repurchase agreements   | 44,646   | -   | 44,646  | -23,341   | -20,897                       | -                        | 408          |
| Securities borrowing agreements | 4,626  | -   | 4,626   | -   | -4,626                        | -                        | 0            |
| <b>Total</b>                    | <b>181,487</b>                                 | <b>-58,252</b>  | <b>123,235</b>  | <b>-82,956</b>  | <b>-25,523</b>                | <b>-6,331</b>            | <b>8,425</b> |

| 30 Sep 2013, EURm             | Gross recognised financial liabilities <sup>1</sup> | Gross recognised financial assets set off on the balance sheet | Net carrying amount on the balance sheet <sup>2</sup> | Amounts not set off but subject to master netting agreements and similar agreements |                              |                         | Net amount   |
|-------------------------------|---|--|---|---|------------------------------|-------------------------|--------------|
|                               |   |  |   | Financial instruments   | Financial collateral pledged | Cash collateral pledged |              |
| <b>Liabilities</b>            |   |  |   |   |                              |                         |              |
| Derivatives                   | 126,077   | -58,252  | 67,825  | -59,614   | -                            | -4,548                  | 3,663        |
| Repurchase agreements         | 45,336  | -  | 45,336  | -23,342   | -21,878                      | -                       | 116          |
| Securities lending agreements | 4,008   | -  | 4,008   | -   | -4,008                       | -                       | 0            |
| <b>Total</b>                  | <b>175,421</b>                                      | <b>-58,252</b>   | <b>117,169</b>  | <b>-82,956</b>  | <b>-25,886</b>               | <b>-4,548</b>           | <b>3,779</b> |

<sup>1</sup> All amounts are measured at fair value.

<sup>2</sup> 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 institutions or as Deposits and borrowings from the public.

| 30 Sep 2012, EURm               | Gross recognised financial assets <sup>1</sup> | Gross recognised financial liabilities set off on the balance sheet | Net carrying amount on the balance sheet <sup>2</sup> | Amounts not set off but subject to master netting agreements and similar agreements |                               |                          | Net amount    |
|---------------------------------|--|---|---|---|-------------------------------|--------------------------|---------------|
|                                 |  |   |   | Financial instruments   | Financial collateral received | Cash collateral received |               |
| <b>Assets</b>                   |  |   |   |   |                               |                          |               |
| Derivatives                     | 214,213  | -69,314   | 144,899   | -129,832  | -                             | -4,070                   | 10,997        |
| Reverse repurchase agreements   | 37,552   | -   | 37,552  | -16,692   | -20,107                       | -                        | 753           |
| Securities borrowing agreements | 5,604  | -   | 5,604   | -   | -5,604                        | -                        | 0             |
| <b>Total</b>                    | <b>257,369</b>                                 | <b>-69,314</b>  | <b>188,055</b>  | <b>-146,524</b>   | <b>-25,711</b>                | <b>-4,070</b>            | <b>11,750</b> |

| 30 Sep 2012, EURm             | Gross recognised financial liabilities <sup>1</sup> | Gross recognised financial assets set off on the balance sheet | Net carrying amount on the balance sheet <sup>2</sup> | Amounts not set off but subject to master netting agreements and similar agreements |                              |                         | Net amount   |
|-------------------------------|---|--|---|---|------------------------------|-------------------------|--------------|
|                               |   |  |   | Financial instruments   | Financial collateral pledged | Cash collateral pledged |              |
| <b>Liabilities</b>            |   |  |   |   |                              |                         |              |
| Derivatives                   | 212,248   | -69,314  | 142,934   | -129,832  | -                            | -8,225                  | 4,877        |
| Repurchase agreements         | 38,583  | -  | 38,583  | -16,692   | -21,741                      | -                       | 150          |
| Securities lending agreements | 3,943   | -  | 3,943   | -   | -3,943                       | -                       | 0            |
| <b>Total</b>                  | <b>254,774</b>                                      | <b>-69,314</b>   | <b>185,460</b>  | <b>-146,524</b>   | <b>-25,684</b>               | <b>-8,225</b>           | <b>5,027</b> |

<sup>1</sup> All amounts are measured at fair value.

<sup>2</sup> 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 counterparties, in any calculations involving counterparty credit risk. The reason why the netted exposures are not reflected under assets and liabilities on the balance sheet, would in most instances depend on the limited application of net settlement of financial transactions.

**Note 12 Derivatives**

| Fair value<br>EURm                  | 30 Sep 2013   |               | 31 Dec 2012    |                  | 30 Sep 2012      |                  |
|-------------------------------------|---------------|---------------|----------------|------------------|------------------|------------------|
|                                     | Assets        | Liabilities   | Assets         | Liabilities      | Assets           | Liabilities      |
| <b>Derivatives held for trading</b> |               |               |                |                  |                  |                  |
| Interest rate derivatives           | 60,331        | 55,063        | 102,558        | 97,014           | 131,312          | 126,190          |
| Equity derivatives                  | 754           | 694           | 623            | 568              | 653              | 428              |
| Foreign exchange derivatives        | 10,285        | 11,335        | 11,300         | 14,450           | 14,249           | 18,005           |
| Credit derivatives                  | 800           | 828           | 637            | 655              | 792              | 788              |
| Commodity derivatives               | 227           | 196           | 528            | 487              | 923              | 882              |
| Other derivatives                   | 30            | 24            | 60             | 28               | 41               | 29               |
| <b>Total</b>                        | <b>72,427</b> | <b>68,140</b> | <b>115,706</b> | <b>113,202</b>   | <b>147,970</b>   | <b>146,322</b>   |
| <b>Derivatives used for hedging</b> |               |               |                |                  |                  |                  |
| Interest rate derivatives           | 1,719         | 541           | 2,281          | 594              | 2,188            | 598              |
| Equity derivatives                  | -             | -             | -              | -                | 6                | 6                |
| Foreign exchange derivatives        | 419           | 589           | 802            | 407              | 1,027            | 229              |
| <b>Total</b>                        | <b>2,138</b>  | <b>1,130</b>  | <b>3,083</b>   | <b>1,001</b>     | <b>3,221</b>     | <b>833</b>       |
| <b>Total fair value</b>             |               |               |                |                  |                  |                  |
| Interest rate derivatives           | 62,050        | 55,604        | 104,839        | 97,608           | 133,500          | 126,788          |
| Equity derivatives                  | 754           | 694           | 623            | 568              | 659              | 434              |
| Foreign exchange derivatives        | 10,704        | 11,924        | 12,102         | 14,857           | 15,276           | 18,234           |
| Credit derivatives                  | 800           | 828           | 637            | 655              | 792              | 788              |
| Commodity derivatives               | 227           | 196           | 528            | 487              | 923              | 882              |
| Other derivatives                   | 30            | 24            | 60             | 28               | 41               | 29               |
| <b>Total</b>                        | <b>74,565</b> | <b>69,270</b> | <b>118,789</b> | <b>114,203</b>   | <b>151,191</b>   | <b>147,155</b>   |
| <b>Nominal amount</b>               |               |               |                |                  |                  |                  |
| EURm                                |               |               |                | 30 Sep<br>2013   | 31 Dec<br>2012   | 30 Sep<br>2012   |
| <b>Derivatives held for trading</b> |               |               |                |                  |                  |                  |
| Interest rate derivatives           |               |               |                | 5,673,022        | 5,622,598        | 6,185,183        |
| Equity derivatives                  |               |               |                | 24,144           | 17,811           | 20,628           |
| Foreign exchange derivatives        |               |               |                | 877,886          | 910,396          | 984,985          |
| Credit derivatives                  |               |               |                | 52,679           | 47,052           | 47,739           |
| Commodity derivatives               |               |               |                | 5,150            | 7,817            | 10,383           |
| Other derivatives                   |               |               |                | 2,389            | 2,583            | 2,209            |
| <b>Total</b>                        |               |               |                | <b>6,635,270</b> | <b>6,608,257</b> | <b>7,251,127</b> |
| <b>Derivatives used for hedging</b> |               |               |                |                  |                  |                  |
| Interest rate derivatives           |               |               |                | 113,747          | 59,858           | 57,817           |
| Foreign exchange derivatives        |               |               |                | 9,093            | 8,871            | 9,205            |
| <b>Total</b>                        |               |               |                | <b>122,840</b>   | <b>68,729</b>    | <b>67,022</b>    |
| <b>Total nominal amount</b>         |               |               |                |                  |                  |                  |
| Interest rate derivatives           |               |               |                | 5,786,769        | 5,682,456        | 6,243,000        |
| Equity derivatives                  |               |               |                | 24,144           | 17,811           | 20,628           |
| Foreign exchange derivatives        |               |               |                | 886,979          | 919,267          | 994,190          |
| Credit derivatives                  |               |               |                | 52,679           | 47,052           | 47,739           |
| Commodity derivatives               |               |               |                | 5,150            | 7,817            | 10,383           |
| Other derivatives                   |               |               |                | 2,389            | 2,583            | 2,209            |
| <b>Total</b>                        |               |               |                | <b>6,758,110</b> | <b>6,676,986</b> | <b>7,318,149</b> |

**Note 13 Capital adequacy**

The capital base figures for 2012 have not been restated due to the implementation of IAS 19 Employee Benefits.

**Capital Base<sup>1</sup>**

| EURm                | 30 Sep<br>2013 | 31 Dec<br>2012 | 30 Sep<br>2012 |
|---------------------|----------------|----------------|----------------|
| Core Tier 1 capital | 22,975         | 21,961         | 21,796         |
| Tier 1 capital      | 24,338         | 23,953         | 23,809         |
| Total capital base  | 27,971         | 27,274         | 27,303         |

<sup>1</sup> Additional information regarding the capital base components could be found in the IR fact book available at [www.nordea.com/IR](http://www.nordea.com/IR).

**Capital requirement**

| EURm   | 30 Sep<br>2013<br>Capital<br>requirement | 30 Sep<br>2013<br>RWA | 31 Dec<br>2012<br>Capital<br>requirement | 31 Dec<br>2012<br>RWA | 30 Sep<br>2012<br>Capital<br>requirement | 30 Sep<br>2012<br>RWA |
|--|--|-----------------------|--|-----------------------|--|-----------------------|
| <b>Credit risk</b>   | <b>10,841</b>                            | <b>135,513</b>        | <b>11,627</b>                            | <b>145,340</b>        | <b>12,482</b>                            | <b>156,025</b>        |
| IRB  | 9,075                                    | 113,440               | 9,764                                    | 122,050               | 10,209                                   | 127,611               |
| - of which corporate   | 6,844                                    | 85,555                | 7,244                                    | 90,561                | 7,375                                    | 92,194                |
| - of which institutions                                      | 498                                      | 6,221                 | 671                                      | 8,384                 | 798                                      | 9,972                 |
| - of which retail  | 1,620                                    | 20,253                | 1,737                                    | 21,710                | 1,928                                    | 24,094                |
| - of which other   | 113                                      | 1,411                 | 112                                      | 1,395                 | 108                                      | 1,351                 |
| Standardised   | 1,766                                    | 22,073                | 1,863                                    | 23,290                | 2,273                                    | 28,414                |
| - of which sovereign   | 26                                       | 330                   | 34                                       | 426                   | 35                                       | 438                   |
| - of which retail  | 872                                      | 10,893                | 860                                      | 10,752                | 860                                      | 10,747                |
| - of which other   | 868                                      | 10,850                | 969                                      | 12,112                | 1,378                                    | 17,229                |
| <b>Market risk</b>   | <b>582</b>                               | <b>7,278</b>          | <b>506</b>                               | <b>6,323</b>          | <b>541</b>                               | <b>6,756</b>          |
| - of which trading book, Internal Approach                   | 334                                      | 4,177                 | 312                                      | 3,897                 | 335                                      | 4,190                 |
| - of which trading book, Standardised Approach               | 148                                      | 1,848                 | 138                                      | 1,727                 | 157                                      | 1,957                 |
| - of which banking book, Standardised Approach               | 100                                      | 1,253                 | 56                                       | 699                   | 49                                       | 609                   |
| <b>Operational risk</b>                                      | <b>1,344</b>                             | <b>16,796</b>         | <b>1,298</b>                             | <b>16,229</b>         | <b>1,298</b>                             | <b>16,229</b>         |
| Standardised   | 1,344                                    | 16,796                | 1,298                                    | 16,229                | 1,298                                    | 16,229                |
| <b>Sub total</b>   | <b>12,767</b>                            | <b>159,587</b>        | <b>13,431</b>                            | <b>167,892</b>        | <b>14,321</b>                            | <b>179,010</b>        |
| <b>Adjustment for transition rules</b>                       |  |                       |  |                       |  |                       |
| Additional capital requirement according to transition rules | 4,143                                    | 51,787                | 3,731                                    | 46,631                | 3,545                                    | 44,318                |
| <b>Total</b>   | <b>16,910</b>                            | <b>211,374</b>        | <b>17,162</b>                            | <b>214,523</b>        | <b>17,866</b>                            | <b>223,328</b>        |

**Capital ratio**

|                                     | 30 Sep<br>2013 | 31 Dec<br>2012 | 30 Sep<br>2012 |
|-------------------------------------|----------------|----------------|----------------|
| Core Tier I ratio, %, incl profit   | 10.9           | 10.2           | 9.8            |
| Tier I ratio, %, incl profit        | 11.5           | 11.2           | 10.7           |
| Total capital ratio, %, incl profit | 13.2           | 12.7           | 12.2           |

**Analysis of capital requirements**

| Exposure class, 30 Sep 2013 | Average<br>risk weight<br>(%) | Capital<br>requirement<br>(EURm) |
|-----------------------------|-------------------------------|----------------------------------|
| Corporate                   | 52                            | 6,844                            |
| Institutions                | 14                            | 498                              |
| Retail IRB                  | 13                            | 1,620                            |
| Sovereign                   | 0                             | 26                               |
| Other                       | 72                            | 1,853                            |
| <b>Total credit risk</b>    |                               | <b>10,841</b>                    |

**Note 14 Discontinued operations**

| EURm  | Q3<br>2013 | Q3<br>2012 | Jan-Sep<br>2013 | Jan-Sep<br>2012 | Full year<br>2012 |
|---|------------|------------|-----------------|-----------------|-------------------|
| Net interest income   | 38         | 48         | 117             | 142             | 189               |
| Net fee and commission income   | 8          | 10         | 26              | 26              | 36                |
| Other operating income  | 3          | 0          | 3               | 11              | 13                |
| <b>Total operating income</b>   | <b>49</b>  | <b>58</b>  | <b>146</b>      | <b>179</b>      | <b>238</b>        |
| Total operating expenses  | -27        | -27        | -90             | -90             | -122              |
| Net loan losses   | -8         | -18        | -19             | -35             | -38               |
| <b>Operating profit</b>   | <b>14</b>  | <b>13</b>  | <b>37</b>       | <b>54</b>       | <b>78</b>         |
| Income tax expense  | -2         | -9         | -8              | -20             | -21               |
| <b>Net profit for the period from discontinued operations</b>   | <b>12</b>  | <b>4</b>   | <b>29</b>       | <b>34</b>       | <b>57</b>         |
| Net result for the period recognised on the measurement at fair value   | -          | -          | 1               | -               | -                 |
| Transaction and transition cost (including cost to sell) <sup>1</sup>   | -          | -          | -34             | -               | -                 |
| <b>Net profit for the period from discontinued operations after measurement at fair value less cost to sell</b> | <b>12</b>  | <b>4</b>   | <b>-4</b>       | <b>34</b>       | <b>57</b>         |

<sup>1</sup> Income tax of EUR 9m deducted.

|  |      |      |      |      |      |
|--|------|------|------|------|------|
| Basic earnings per share from discontinued operations, EUR   | 0.00 | 0.00 | 0.00 | 0.01 | 0.01 |
| Diluted earnings per share from discontinued operations, EUR | 0.00 | 0.00 | 0.00 | 0.01 | 0.01 |

**Balance sheet - Condensed<sup>1</sup>**

| EURm                                    | 30 Sep<br>2013 |
|---|----------------|
| <b>Assets</b>                           |                |
| Loans to the public                     | 6,334          |
| Interest-bearing securities             | 1,335          |
| Shares                                  | 344            |
| Total other assets                      | 562            |
| <b>Total assets held for sale</b>       | <b>8,575</b>   |
| <b>Liabilities</b>                      |                |
| Deposits by credit institutions         | 95             |
| Deposits and borrowings from the public | 2,887          |
| Liabilities to policyholders            | 611            |
| Total other liabilities                 | 100            |
| <b>Total liabilities held for sale</b>  | <b>3,693</b>   |

<sup>1</sup> 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.

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 Ubezpieczeń na Życie S.A., to PKO Bank Polski. The transaction is expected to be completed during the first quarter of 2014 and is subject to regulatory approvals. The disposal group is excluded from Note 2 "Segment reporting" as this is not part of the reporting to the Chief Operating Decision Maker (CODM).



**Note 15 Risks and uncertainties**

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

Nordea's main risk exposure is credit risk. The Group also assumes risks such as market risk, liquidity risk, operational risk and life insurance risk. For further information on risk composition, see the Annual Report.

The financial crisis and the deteriorated macroeconomic situation have not had any material impact on Nordea's financial position. However, the macroeconomic development remains uncertain.

None of the above exposures and risks is expected to have any significant adverse effect on the Group or its financial position in the medium term.

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

## Business definitions

### *Return on equity*

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

### *Total shareholders return (TSR)*

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

### *Risk-adjusted profit*

Risk-adjusted profit is defined as total income minus total operating expenses, minus Expected losses and standard tax. In addition, Risk-adjusted profit excludes major non-recurring items.

### *Tier 1 capital*

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

### *Tier 1 capital ratio*

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

### *Loan loss ratio*

Net loan losses (annualised) divided by quarterly closing balance of loans to the public (lending).

### *Impairment rate, gross*

Individually assessed impaired loans before allowances divided by total loans before allowances.

### *Impairment rate, net*

Individually assessed impaired loans after allowances divided by total loans before allowances.

### *Total allowance rate*

Total allowances divided by total loans before allowances.

### *Allowances in relation to impaired loans*

Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.

### *Total allowances in relation to impaired loans (provisioning ratio)*

Total allowances divided by total impaired loans before allowances.

### *Non-performing, not impaired*

Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

### *Expected losses*

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

### *Economic capital*

Economic Capital is Nordea's internal estimate of required capital and measures the capital required to cover unexpected losses in the course of its business with a certain probability. EC uses advanced internal models to provide a consistent measurement for Credit Risk, Market Risk, Operational Risk, Business Risk and Life Insurance Risk arising from activities in Nordea's various business areas. The aggregation of risks across the group gives rise to diversification effects resulting from the differences in risk drivers and the improbability that unexpected losses occur simultaneously.

### *RAROCAR*

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

For a list of further business definitions, see the Annual Report.

## Nordea Bank AB (publ)

### Accounting policies

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

The disclosures in this interim report follow the interim reporting requirements in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54 and 2013:2). More information can be found in the Group's interim report.

### Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report except for the presentation of assets held for sale as described below.

The new standard IFRS 13 "Fair Value Measurement" and the amendments to IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" as regards offsetting of financial assets and liabilities was implemented in the first quarter 2013, but have not had any significant impact on the financial statements. More information on the new and amended standards can be found in Note 1 for the Group.

### Assets and liabilities held for sale

As mentioned in Note 1 and Note 14 for the Group, Nordea has divested its Polish operations. Assets held for sale in Nordea Bank AB amount to EUR 897m as of the third quarter (EUR 957m as of the second quarter) but are not reclassified on the balance sheet.

## Income statement

| EURm  | Q3<br>2013  | Q3<br>2012  | Jan-Sep<br>2013 | Jan-Sep<br>2012 | Full year<br>2012 |
|---|-------------|-------------|-----------------|-----------------|-------------------|
| <b>Operating income</b>   |             |             |                 |                 |                   |
| <i>Interest income</i>  | 533         | 680         | 1,640           | 2,073           | 2,656             |
| <i>Interest expense</i>   | -382        | -509        | -1,142          | -1,514          | -1,932            |
| Net interest income   | 151         | 171         | 498             | 559             | 724               |
| <i>Fee and commission income</i>  | 256         | 215         | 915             | 612             | 853               |
| <i>Fee and commission expense</i>   | -55         | -66         | -183            | -179            | -230              |
| Net fee and commission income   | 201         | 149         | 732             | 433             | 623               |
| Net result from items at fair value   | 36          | 37          | 77              | 152             | 189               |
| Dividends   | -           | -           | 300             | 283             | 3,554             |
| Other operating income  | 163         | 195         | 476             | 324             | 501               |
| <b>Total operating income</b>   | <b>551</b>  | <b>552</b>  | <b>2,083</b>    | <b>1,751</b>    | <b>5,591</b>      |
| <b>Operating expenses</b>   |             |             |                 |                 |                   |
| General administrative expenses:  |             |             |                 |                 |                   |
| Staff costs   | -239        | -295        | -737            | -724            | -938              |
| Other expenses  | -237        | -260        | -715            | -573            | -842              |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | -26         | -28         | -74             | -73             | -105              |
| <b>Total operating expenses</b>   | <b>-502</b> | <b>-583</b> | <b>-1,526</b>   | <b>-1,370</b>   | <b>-1,885</b>     |
| <b>Profit before loan losses</b>  | <b>49</b>   | <b>-31</b>  | <b>557</b>      | <b>381</b>      | <b>3,706</b>      |
| Net loan losses   | -1          | 15          | -56             | -14             | -19               |
| Impairment of securities held as financial non-current assets                       | -           | -           | 0               | 0               | -15               |
| <b>Operating profit</b>   | <b>48</b>   | <b>-16</b>  | <b>501</b>      | <b>367</b>      | <b>3,672</b>      |
| Appropriations  | -           | -           | -               | -               | -103              |
| Income tax expense  | -16         | -6          | -58             | -29             | -95               |
| <b>Net profit for the period</b>  | <b>32</b>   | <b>-22</b>  | <b>443</b>      | <b>338</b>      | <b>3,474</b>      |

## Nordea Bank AB (publ)

## Balance sheet

| EURm  | 30 Sep<br>2013 | 31 Dec<br>2012 | 30 Sep<br>2012 |
|---|----------------|----------------|----------------|
| <b>Assets</b>   |                |                |                |
| Cash and balances with central banks  | 39             | 180            | 157            |
| Treasury bills  | 6,758          | 5,092          | 4,602          |
| Loans to credit institutions  | 77,017         | 68,006         | 77,760         |
| Loans to the public   | 34,912         | 36,214         | 37,105         |
| Interest-bearing securities   | 11,702         | 11,594         | 12,441         |
| Financial instruments pledged as collateral                                     | 349            | 104            | 1,026          |
| Shares  | 6,131          | 4,742          | 4,377          |
| Derivatives   | 4,218          | 5,852          | 5,887          |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 4              | -1,157         | -1,035         |
| Investments in group undertakings   | 17,666         | 17,659         | 16,727         |
| Investments in associated undertakings  | 7              | 8              | 8              |
| Intangible assets   | 712            | 670            | 649            |
| Property and equipment  | 120            | 121            | 120            |
| Deferred tax assets   | 21             | 19             | 13             |
| Current tax assets  | 116            | 41             | 89             |
| Other assets  | 923            | 1,713          | 1,307          |
| Prepaid expenses and accrued income   | 1,128          | 1,272          | 1,140          |
| <b>Total assets</b>   | <b>161,823</b> | <b>152,130</b> | <b>162,373</b> |
| <b>Liabilities</b>  |                |                |                |
| Deposits by credit institutions   | 19,541         | 19,342         | 19,312         |
| Deposits and borrowings from the public   | 48,272         | 50,263         | 51,552         |
| Debt securities in issue  | 60,874         | 48,285         | 57,280         |
| Derivatives   | 3,308          | 4,166          | 3,891          |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 826            | 16             | 117            |
| Current tax liabilities   | 3              | 3              | 0              |
| Other liabilities   | 2,814          | 1,635          | 4,653          |
| Accrued expenses and prepaid income   | 1,246          | 1,468          | 1,223          |
| Deferred tax liabilities  | 10             | 8              | 9              |
| Provisions  | 163            | 148            | 27             |
| Retirement benefit obligations  | 177            | 182            | 224            |
| Subordinated liabilities  | 6,049          | 7,131          | 7,856          |
| <b>Total liabilities</b>  | <b>143,283</b> | <b>132,647</b> | <b>146,144</b> |
| <b>Untaxed reserves</b>   | <b>107</b>     | <b>108</b>     | <b>5</b>       |
| <b>Equity</b>   |                |                |                |
| Share capital   | 4,050          | 4,050          | 4,050          |
| Share premium reserve   | 1,080          | 1,080          | 1,080          |
| Other reserves  | 13             | 12             | 25             |
| Retained earnings   | 13,290         | 14,233         | 11,069         |
| <b>Total equity</b>   | <b>18,433</b>  | <b>19,375</b>  | <b>16,224</b>  |
| <b>Total liabilities and equity</b>   | <b>161,823</b> | <b>152,130</b> | <b>162,373</b> |
| Assets pledged as security for own liabilities                                  | 3,249          | 4,230          | 4,486          |
| Other assets pledged  | 5,965          | 6,225          | 6,009          |
| Contingent liabilities  | 85,406         | 86,292         | 25,880         |
| Credit commitments <sup>1</sup>   | 27,183         | 26,270         | 25,397         |

<sup>1</sup> Including unutilised portion of approved overdraft facilities of EUR 12,461m (31 Dec 2012: EUR 12,952m, 30Sep 2012: EUR 11,851m).

**Note 1 Capital adequacy****Capital Base**

|                     | 30 Sep<br>2013 | 31 Dec<br>2012 | 30 Sep<br>2012 |
|---------------------|----------------|----------------|----------------|
| EURm                |                |                |                |
| Core Tier 1 capital | 16,697         | 17,252         | 14,589         |
| Tier 1 capital      | 18,673         | 19,244         | 16,602         |
| Total capital base  | 22,795         | 23,898         | 21,303         |

**Capital requirement**

|  | 30 Sep<br>2013<br>Capital<br>requirement | 30 Sep<br>2013<br>RWA | 31 Dec<br>2012<br>Capital<br>requirement | 31 Dec<br>2012<br>RWA | 30 Sep<br>2012<br>Capital<br>requirement | 30 Sep<br>2012<br>RWA |
|--|--|-----------------------|--|-----------------------|--|-----------------------|
| EURm   |  |                       |  |                       |  |                       |
| <b>Credit risk<sup>1</sup></b>                               | <b>6,522</b>                             | <b>81,529</b>         | <b>7,494</b>                             | <b>93,670</b>         | <b>4,861</b>                             | <b>60,765</b>         |
| IRB  | 3,661                                    | 45,765                | 4,752                                    | 59,394                | 2,209                                    | 27,618                |
| - of which corporate   | 3,307                                    | 41,335                | 4,404                                    | 55,051                | 1,813                                    | 22,664                |
| - of which institutions                                      | 137                                      | 1,710                 | 140                                      | 1,751                 | 173                                      | 2,162                 |
| - of which retail  | 188                                      | 2,350                 | 188                                      | 2,345                 | 195                                      | 2,440                 |
| - of which other   | 29                                       | 370                   | 20                                       | 247                   | 28                                       | 352                   |
| Standardised   | 2,861                                    | 35,764                | 2,742                                    | 34,276                | 2,652                                    | 33,147                |
| - of which retail  | 101                                      | 1,268                 | 106                                      | 1,327                 | -  | -                     |
| - of which sovereign   | 2  | 27                    | 2  | 21                    | 1  | 8                     |
| - of which other   | 2,758                                    | 34,469                | 2,634                                    | 32,928                | 2,651                                    | 33,139                |
| <b>Market risk</b>   | <b>78</b>                                | <b>972</b>            | <b>123</b>                               | <b>1,539</b>          | <b>93</b>                                | <b>1,160</b>          |
| - of which trading book, Internal Approach                   | 23                                       | 288                   | 39                                       | 484                   | 20                                       | 246                   |
| - of which trading book, Standardised Approach               | 5  | 58                    | 20                                       | 246                   | 16                                       | 198                   |
| - of which banking book, Standardised Approach               | 50                                       | 626                   | 64                                       | 809                   | 57                                       | 716                   |
| <b>Operational risk</b>                                      | <b>250</b>                               | <b>3,121</b>          | <b>219</b>                               | <b>2,739</b>          | <b>219</b>                               | <b>2,739</b>          |
| Standardised   | 250                                      | 3,121                 | 219                                      | 2,739                 | 219                                      | 2,739                 |
| <b>Sub total</b>   | <b>6,850</b>                             | <b>85,622</b>         | <b>7,836</b>                             | <b>97,948</b>         | <b>5,173</b>                             | <b>64,664</b>         |
| <b>Adjustment for transition rules</b>                       |  |                       |  |                       |  |                       |
| Additional capital requirement according to transition rules | -  | -                     | -  | -                     | -  | -                     |
| <b>Total</b>   | <b>6,850</b>                             | <b>85,622</b>         | <b>7,836</b>                             | <b>97,948</b>         | <b>5,173</b>                             | <b>64,664</b>         |

**Capital ratio**

|                        | 30 Sep<br>2013 | 31 Dec<br>2012 | 30 Sep<br>2012 |
|------------------------|----------------|----------------|----------------|
| Core Tier I ratio, %   | 19.5           | 17.6           | 22.6           |
| Tier I ratio, %        | 21.8           | 19.6           | 25.7           |
| Total capital ratio, % | 26.6           | 24.4           | 32.9           |

**Analysis of capital requirements**

|                             | Average<br>risk weight<br>(%) | Capital<br>requirement<br>(EURm) |
|-----------------------------|-------------------------------|----------------------------------|
| Exposure class, 30 Sep 2013 |                               |                                  |
| Corporate                   | 58                            | 3,307                            |
| Institutions                | 12                            | 137                              |
| Retail IRB                  | 35                            | 188                              |
| Sovereign                   | 0                             | 2                                |
| Other                       | 34                            | 2,888                            |
| <b>Total credit risk</b>    |                               | <b>6,522</b>                     |

<sup>1</sup> The increase in credit risk seen at 31 Dec 2012 is related to the guarantee between Nordea Bank AB (publ) and Nordea Bank Finland Plc where Nordea Bank AB (publ) guarantees the majority of the exposures in the exposure class IRB corporate in Nordea Bank Finland Plc. The RWA effect of the guarantee in Nordea Bank AB (publ) by 31 Dec 2012 equals approx. EUR 34bn.

## APPENDIX 1 SUMMARY

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

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

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

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

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

| Section B – Issuer |   |  |
|--------------------|---|--|
| <b>B.1</b>         | <b>The legal name of the Issuer:</b><br><br><b>The commercial name of the Issuer:</b>   | Nordea Bank AB (publ) (" <b>Nordea Bank</b> " or the " <b>Issuer</b> ").<br><br>Nordea.  |
| <b>B.2</b>         | <b>The domicile and legal form of the Issuer, legislation under which the Issuer operates and its country of incorporation:</b> | The Issuer is a public ( <i>publ</i> ) limited liability company incorporated under Swedish law and is subject to the Swedish Companies Act (2005:551) and is licensed to conduct banking operations in accordance with the Banking and Finance Business Act (2004:297). The Issuer is registered at the Swedish Companies Registration Office under the name Nordea Bank AB with registration no. 516406-0120 and its registered office is located in Stockholm, Sweden.  |
| <b>B.4b</b>        | <b>Trends:</b>  | Not applicable. There are no clear trends affecting the Issuer or the markets in which it and the Nordea Group operate.  |
| <b>B.5</b>         | <b>The Group:</b>   | <p>The Issuer is the parent company of the Nordea Group. The Nordea Group is the largest financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income (based on a comparison of Nordic bank annual reports by Nordea Markets (Nordea Bank Finland Plc)), with additional operations in Poland, Russia, the Baltic countries and Luxembourg, as well as branches in a number of other international locations. The three main subsidiaries of Nordea Bank are Nordea Bank Danmark A/S in Denmark, Nordea Bank Finland Plc in Finland and Nordea Bank Norge ASA in Norway.</p> <p>The Issuer believes that the Nordea Group has the largest customer base of any financial services group based in the Nordic markets (based on a comparison of Nordic bank annual reports by Nordea Markets (Nordea Bank Finland Plc)) with approximately 11 million customers across the markets in which it operates, including approximately 9.0 million household customers in its customer programme and approximately 0.6 million active corporate customers, in each case as of 31 December 2012. As of the same date, the Nordea Group had total assets of EUR 677 billion and Tier 1 capital of EUR 24.0 billion, and was the largest Nordic-based asset manager with EUR 218 billion in assets under management.</p> |
| <b>B.9</b>         | <b>Profit forecast or profit estimate:</b>  | Not applicable. The Issuer does not make a profit forecast or profit estimate in the Base Prospectus.  |
| <b>B.10</b>        | <b>Audit report qualifications:</b>   | Not applicable. There are no qualifications in the audit reports for the Issuer.   |
| <b>B.12</b>        | <b>Selected key financial information:</b>  | The tables below show certain selected summarised financial information which, without material changes, is derived from, and must be read together with, the Nordea Group's audited consolidated financial statements for the year ending 31 December 2012 set out in Annex 1 to the Base Prospectus and the auditor's report and notes thereto and the Nordea Group's unaudited consolidated financial statements for the nine months ending 30 September 2013 set out in the Annex to the Supplement dated 30 October 2013 and the notes thereto <sup>i</sup> .   |

<sup>i</sup> By virtue of the Supplement dated 30 October 2013, selected key information for the nine months ending 30 September 2013 accompanied by comparative data from the same period in the prior financial year has been included. By virtue of the Supplement dated 2 August 2013 certain figures for 2012 have been restated.



|             |   | Group  |         |  |  |
|-------------|---|--|---------|--|--|
|             |   | 2012   | 2011    | Q1-Q3<br>2013 or<br>as at 30<br>Sep 2013 | Q1-Q3<br>2012 or<br>as at 30<br>Sep 2012 |
|             |   | (EUR millions)   |         |  |  |
|             |   | <b>Income Statement</b>  |         |  |  |
|             | Total operating income  | 9,998  | 9,501   | 7,422                                    | 7,428                                    |
|             | Net loan losses.....  | -895   | -735    | -555                                     | -654                                     |
|             | Net profit for the period.....  | 3,126  | 2,634   | 2,343                                    | 2,284                                    |
|             |   | <b>Balance Sheet</b>   |         |  |  |
|             | Total assets .....  | 677,309  | 716,204 | 625,826                                  | 710,950                                  |
|             | Total liabilities.....  | 649,304  | 690,084 | 597,194                                  | 683,921                                  |
|             | Total equity.....   | 28,005   | 26,120  | 28,632                                   | 27,029                                   |
|             | Total liabilities and equity ....   | 677,309  | 716,204 | 625,826                                  | 710,950                                  |
|             |   | <b>Cash Flow Statement</b>   |         |  |  |
|             | Cash flow from operating activities before changes in operating assets and liabilities .....  | 6,633  | 3,103   | 5,379                                    | 4,769                                    |
|             | Cash flow from operating activities.....  | 19,754   | 3,730   | -4,310                                   | 10,666                                   |
|             | Cash flow from investing activities.....  | 774  | 7,565   | 586                                      | 659                                      |
|             | Cash flow from financing activities.....  | -170   | -2,509  | -1,911                                   | 444                                      |
|             | Cash flow for the period .....  | 20,358   | 8,786   | -5,635                                   | 11,796                                   |
|             | Change.....   | 20,358   | 22,606  | -5,635                                   | 11,796                                   |
|             | There has been no material adverse change in the ordinary course of business or in the prospects or condition of the Issuer since 31 December 2012, being the date of its last published audited financial statements.  |  |         |  |  |
|             | There has been no significant change in the financial or trading position of the Issuer which has occurred since 30 September 2013 <sup>ii</sup> , being the date of its last published unaudited financial statements. |  |         |  |  |
| <b>B.13</b> | <b>Recent events:</b>   | Not applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency since the date of its last published audited or unaudited financial statements.   |         |  |  |
| <b>B.14</b> | <b>Dependence upon other entities within the Group:</b>   | Not applicable. The Issuer is not dependent on other entities within the Nordea Group.   |         |  |  |
| <b>B.15</b> | <b>The Issuer's principal activities:</b>   | 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 |         |  |  |

<sup>ii</sup> By virtue of the Supplement dated 30 October 2013, the date since which there has been no significant change in the financial or trading position of the Issuer has been updated from 30 June 2013 to 30 September 2013.

|   |  | <p>central parts of the Nordea Group's organisation.</p> <p>As a universal bank, the Nordea Group offers a comprehensive range of banking and financial products and services to household and corporate customers, including financial institutions. The Nordea Group's products and services comprise a broad range of household banking services, including mortgages and consumer loans, credit and debit cards, and a wide range of savings, life insurance and pension products. In addition, the Nordea Group offers a wide range of corporate banking services, including business loans, cash management, payment and account services, risk management products and advisory services, debt and equity-related products for liquidity and capital raising purposes, as well as corporate finance, institutional asset management services and corporate life and pension products. The Nordea Group also distributes general insurance products. With approximately 1,000 branch office location (including approximately 210 branch office locations in Poland, Russia and the Baltic countries), call centres in each of the Nordic markets, and a highly competitive net bank, the Nordea Group also has the largest distribution network for customers in the Nordic markets. The Nordea Group is present in 19 countries around the world.</p> <p>The Issuer conducts banking operations in Sweden within the scope of the Nordea Group's business organisation. The Issuer develops and markets financial products and services to personal customers, corporate customers and the public sector.</p> |               |        |                                   |     |   |                        |                       |     |
|---|--|---|---------------|--------|-----------------------------------|-----|---|------------------------|-----------------------|-----|
| B.16  | Controlling persons:                                   | Not applicable. To the best of the Issuer's knowledge, the Nordea Group is not directly or indirectly owned or controlled by any single person or group of persons acting together.   |               |        |                                   |     |   |                        |                       |     |
| B.17  | Ratings assigned to the Issuer or its debt securities: | <p>As of the date of the Base Prospectus, the long term (senior) debt ratings of the Issuer are<sup>iii</sup>:</p> <table> <tr> <th>Rating Agency</th> <th>Rating</th> </tr> <tr> <td>Moody's Investors Service Limited</td> <td>Aa3</td> </tr> <tr> <td>Standard &amp; Poor's Credit Market Services Europe Limited</td> <td>AA- (Negative outlook)</td> </tr> <tr> <td>Fitch Ratings Limited</td> <td>AA-</td> </tr> </table> <p><i>The Notes to be issued have not been assigned any ratings solicited by the Issuer./The Notes to be issued are expected to be rated:</i></p> <p><i>Standard &amp; Poor's Credit Market Services Europe Limited: [ ].</i></p> <p><i>Moody's Investors Service Limited: [ ].</i></p> <p><i>Fitch Ratings Limited: [ ].</i></p>   | Rating Agency | Rating | Moody's Investors Service Limited | Aa3 | Standard & Poor's Credit Market Services Europe Limited | AA- (Negative outlook) | Fitch Ratings Limited | AA- |
| Rating Agency   | Rating   |   |               |        |                                   |     |   |                        |                       |     |
| Moody's Investors Service Limited                       | Aa3  |   |               |        |                                   |     |   |                        |                       |     |
| Standard & Poor's Credit Market Services Europe Limited | AA- (Negative outlook)                                 |   |               |        |                                   |     |   |                        |                       |     |
| Fitch Ratings Limited                                   | AA-  |   |               |        |                                   |     |   |                        |                       |     |

| <b>Section C – The Notes</b> |                          |   |
|------------------------------|--------------------------|---|
| <b>C.1</b>                   | <b>Type and class of</b> | <b>Forms of Notes:</b> Notes may be issued in bearer form, in registered form or (in the case of VP Notes, VPS Notes, Swedish Notes and Swiss Franc Notes) in |

<sup>iii</sup> By virtue of the Supplement dated 2 August 2013, the Issuer wishes to clarify that the rating provided by Standard & Poor's Credit Market Services Europe Limited has a negative outlook.

|            |                        |   |
|------------|------------------------|---|
|            | <b>securities:</b>     | <p>uncertificated and dematerialised book entry form.</p> <p>Each Tranche of Notes in bearer form (except Swiss Franc Notes) will initially be in the form of a Temporary Global Note. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.</p> <p>Global Notes may be issued in Classic Global Note or New Global Note form, as specified in the relevant Final Terms.</p> <p>Each Tranche of Registered Notes will be in the form of either Individual Note Certificates or a Global Registered Note, in each case as specified in the relevant Final Terms. Each Global Registered Note will be exchangeable for Individual Note Certificates in accordance with its terms.</p> <p>Notes in bearer form will not be exchangeable for Notes in registered form and Notes in registered form will not be exchangeable for Notes in bearer form.</p> <p><i>The Notes are [bearer Notes which are [not] issued in New Global Note form/registered Notes/VP Notes/VPS Notes/Swedish Notes in uncertificated and dematerialised book entry form].</i></p> <p><b>Issuance in Series:</b> Notes are issued in series (each a "<b>Series</b>") and Notes of each Series will all be subject to identical terms (except issue price, issue date and interest commencement date, which may or may not be identical) whether as to currency, denomination, interest or maturity or otherwise, save that a Series may comprise Notes in bearer form and in registered form. Further Notes may be issued as part of an existing Series (each a "<b>Tranche</b>"), which will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches.</p> <p><i>The Series number of the Notes is [ ]. [The Tranche number is [ ].]</i></p> <p><b>Security Identification Number(s):</b> The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg or, in the case of VP Notes, the VP or, in the case of VPS Notes, the VPS or, in the case of Swedish Notes, Euroclear Sweden or, in the case of Swiss Franc Notes, the SIS. Each Tranche of Notes will be allocated an International Securities Identification Number (ISIN), Common Code and/or other securities identifier, which will be contained in the Final Terms relating thereto. Notes issued in Series comprising more than one Tranche may be assigned a temporary ISIN and Common Code or other securities identifier on issue.</p> <p><i>The Notes will be cleared through [ ]. The Notes have been assigned the following securities identifiers: [ ].</i></p> <p><b>Conditions:</b> "Terms and Conditions of the Notes" in the Base Prospectus, as completed by the relevant Final Terms or (in the case of Exempt Notes only) as completed, amended and/or replaced by the relevant Pricing Supplement.</p> |
| <b>C.2</b> | <b>Currency of the</b> | <p><b>Currencies:</b> U.S. dollars, euro, sterling, Yen, Swiss francs, Renminbi and/or such other currency or currencies as may be agreed with the relevant Dealer(s),</p>  |

|            |   |  |
|------------|---|--|
|            | <b>securities issue:</b>  | <p>subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p><i>The currency of the Notes is [ ].</i></p> <p><b>Denominations:</b> Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to (i) a minimum denomination of €1,000 (or its equivalent in any other currency); and (ii) compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p><i>The Notes are issued in denomination(s) of [ ].</i></p>   |
| <b>C.5</b> | <b>Restrictions on free transferability:</b>  | <p>Each Dealer and each purchaser of Notes must observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes or distribute the Base Prospectus or any offering material in relation to the Notes. In particular, Nordea Bank has not registered, and will not register, the Notes under the Securities Act or any other securities laws. Subject thereto (and, in the case of beneficial owners of global Notes, in accordance with the applicable procedures of the relevant clearing system(s) in which such Notes are held), the Notes will be freely transferable.</p>   |
| <b>C.8</b> | <b>The rights attaching to the securities, including ranking and limitations to those rights:</b> | <p><b>Status of the Notes:</b> Notes may be issued on a subordinated or an unsubordinated basis. A reference in this document to Subordinated Notes shall be a reference to Dated Subordinated Notes, Undated Subordinated Notes or Capital Contribution Securities, as applicable, unless expressly stated otherwise or the context otherwise requires.</p> <p><i>The Notes are [unsubordinated Notes/subordinated Notes and are [Dated Subordinated Notes/Undated Subordinated Notes/Capital Contribution Securities]].</i></p> <p><b>Taxation:</b> All payments in respect of the Notes will be made without withholding or deduction for or on account of Swedish withholding taxes unless required by law. If such withholdings are required by Swedish law the Issuer will in certain circumstances pay certain additional amounts as described in, and subject to exceptions set out in, Condition 7 (<i>Taxation</i>).</p> <p><b>Governing Law:</b> English law governs the Notes and all non-contractual obligations arising out of or in connection with them except that (i) the subordination provisions applicable to Subordinated Notes are governed by Swedish law; (ii) the registration of VP Notes in the VP are governed by Danish law; (iii) the registration of VPS Notes in the VPS are governed by Norwegian law; and (iv) the registration of Swedish Notes in the book entry system and register maintained by Euroclear Sweden (the "<b>Euroclear Sweden Register</b>") are governed by Swedish law. Holders of the Notes are entitled to the rights and subject to the obligations and liabilities arising under such regulations and legislation of such jurisdictions.</p> <p><b>Negative Pledge:</b> None.</p> <p><b>Cross Default:</b> None.</p> <p><b>Substitution and Variation:</b> The Issuer may substitute or vary the terms of the Dated Subordinated Notes, Undated Subordinated Notes or Capital Contribution Securities as provided in Condition 16 (<i>Substitution and Variation</i>) if so specified in the relevant Final Terms. In the case of Subordinated Notes, such Notes may not be substituted or varied without the prior approval of the Swedish Financial Supervisory Authority</p> |

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|     |   | <p>(Finansinspektionen) ("SFSA").</p> <p>Condition 16 (Substitution and Variation) is [not] applicable to the Notes.</p> <p><b>Enforcement of Notes in Global Form:</b> In the case of Notes in global form or in uncertificated and dematerialised book entry form, investors' rights will be supported by a deed of covenant dated 26 April 2013 (as amended and/or restated and/or replaced from time to time).</p> <p><b>Limitations on the rights attaching to the Notes:</b> This part of the Element is not applicable, as there are no such limitations on rights attaching to the Notes.</p>  |
| C.9 | <b>The rights attaching to the securities (continued), including information as to interest, maturity, yield and the representative of the Holders:</b> | <p>See Element C.8 for a description of the rights attaching to the Notes, ranking and limitations.</p> <p><b>Interest:</b> Notes may be interest bearing or non-interest bearing. Interest in respect of Undated Subordinated Notes may be deferred as provided in the Conditions applicable to such Notes. Interest in respect of Capital Contribution Securities may not exceed the Available Distribution Funds of the Issuer and may be suspended as provided in the Conditions. See Condition 4 (<i>Interest</i>). Notes may be issued as fixed rate, floating rate (based on LIBOR, EURIBOR, BBSW, BKBM, CDOR, CIBOR, HIBOR, JIBAR, MOSPRIME, NIBOR, SHIBOR, STIBOR, TIBOR, TIE, TRLIBOR or WIBOR in the case of Notes other than Exempt Notes)<sup>iv</sup>, zero coupon or partly paid. In respect of each Tranche of interest-bearing Notes, the date from which interest becomes payable and the due dates for interest will be specified in the relevant Final Terms.</p> <p><i>The Notes do not bear interest./The Notes are interest-bearing:</i></p> <p><i>Nominal interest rate: [ ].</i></p> <p><i>Interest Commencement Date: [ ].</i></p> <p><i>Interest Payment Date(s): [ ].</i></p> <p><i>[Reference Rate: [ ].]</i></p> <p><i>[Margin: +/- [ ].]</i></p> <p><i>[Maximum Rate of Interest: [ ].]</i></p> <p><i>[Minimum Rate of Interest: [ ].]</i></p> <p><i>[Day Count Fraction: [ ].]</i></p> <p><i>[Deferral of interest in respect of Undated Subordinated Notes: [ ].]</i></p> <p><b>Maturities:</b> Any maturity subject to a minimum maturity of 30 days subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. Undated Subordinated Notes and Capital Contribution Securities have no scheduled maturity.</p> <p><i>[Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [ ]./The Notes are [Undated Subordinated Notes/Capital</i></p> |

<sup>iv</sup> By virtue of the Supplement dated 16 May 2013, the Reference Rates for floating rate Notes have been updated.

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|  |  | <p><i>Contribution Securities]</i> and have no fixed maturity date.]</p> <p><b>Redemption:</b> Notes may be redeemable at par or at such other redemption amount as may be specified in the relevant Final Terms.</p> <p>Early redemption of the Notes will be permitted for taxation reasons. In relation to Subordinated Notes only, redemption is permitted as a result of a Capital Event, and in relation to Undated Subordinated Notes or Capital Contribution Securities only, as a result of an Accounting Event or a Tax Event. Notes denominated in Sterling may not be redeemed prior to one year and one day from the date of issue.</p> <p>No early redemption of Dated Subordinated Notes and no redemption of Undated Subordinated Notes or Capital Contribution Securities may take place without the prior written consent of the SFSA.</p> <p><i>Unless previously redeemed, or purchased and cancelled, each Note will be redeemed at [par/its final redemption amount of [ ] per Calculation Amount]. [The Notes are [Undated] Subordinated Notes [which are Capital Contribution Securities] and early redemption is permitted as a result of a Capital Event[, an Accounting Event or a Tax Event] [only with the prior written consent of the SFSA].]</i></p> <p><b>Optional Redemption:</b> Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or (in the case of Unsubordinated Notes only) the Holder to the extent (if at all) specified in the relevant Final Terms.</p> <p><i>The Notes do [not] provide for early redemption at the option of [either] the Issuer [and/or] the Holder. [The Notes may be redeemed at the option of the Issuer [in whole]/[in whole or in part] on [ ] at [ ], plus accrued interest (if any) to such date, on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holder.]/[The Issuer shall, at the option of the Holder of any Note redeem such Note on [ ] at [ ] together with interest (if any) accrued to such date, on the Holder's giving not less than 45 days' notice to the Issuer.]</i></p> <p><b>Tax Redemption:</b> Except as described in "Optional Redemption" above, early redemption will only be permitted if, as a result of any change in the laws of Sweden or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issue of such Notes or any earlier date specified in the relevant Final Terms, on the occasion of the next payment due in respect of such Notes the Issuer would be required to pay additional amounts as provided in Condition 7. In such circumstances, the Issuer may, at its option and with respect to Subordinated Notes, subject to the prior approval of the SFSA having given not less than thirty nor more than sixty days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders in accordance with Condition 13 (which notice shall be irrevocable) redeem in whole (but not, unless and to the extent that the relevant Final Terms specifies otherwise, in part) the Notes of the relevant Series at its principal amount (or such other redemption amount as may be specified in the relevant Final Terms or at the redemption amount referred to in Condition 5(h), together with accrued interest (if any) thereon.</p> <p><b>Issue Price:</b> Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer at the time of issuance in accordance with prevailing market conditions.</p> |
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|                      |   | <p><i>The Issue Price of the Notes is [ ].</i></p> <p><b>Yield:</b> The yield of each Tranche of Notes bearing interest at a fixed rate will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date.</p> <p><i>Based upon the Issue Price of [ ], at the Issue Date the anticipated yield of the Notes is [ ] per cent. per annum.</i></p> <p><b>Representative of the Noteholders:</b> Not applicable. This part of the Element relates to representative(s) of the Noteholders. There is no trustee.</p> |
| <b>C.10</b>          | <b>Derivative components in interest payment:</b> | <p>Not applicable.</p> <p>This Element requires that an explanation be given of how the value of an investment in Notes with interest payments linked to derivative components is affected by the value of the underlying instrument(s). No such Notes will be issued under the Programme.</p>  |
| <b>C.11<br/>C.21</b> | <b>Listing and trading:</b>                       | <p>Each Series may be admitted to listing on the Official List of the Irish Stock Exchange and to trading on its Main Securities Market and/or admitted to listing elsewhere as may be agreed between the Issuer and the relevant Dealer and as specified in the relevant Final Terms. Unlisted Notes may also be issued.</p> <p><i>The Notes are unlisted Notes./Application will be made for the Notes to be admitted to listing on [ ] and to trading on [ ] effective as of [ ].</i></p>  |

| <b>Section D - Risks</b> |                                      |   |
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| <b>D.2</b>               | <b>Risks specific to the Issuer:</b> | <p>In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in the Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. These factors include:</p> <p><b><i>Risks relating to current macroeconomic conditions</i></b></p> <p>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.</p> <p>Furthermore, the Nordea Group's performance is significantly influenced by the general economic condition in the countries in which it operates, in particular the Nordic markets (Denmark, Finland, Norway and Sweden). Negative economic developments and conditions in the markets in which it operates can adversely affect its business, financial condition and results of operations, and measures implemented by the Nordea Group might not be</p> |

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|  |  | <p>satisfactory to reduce any credit, market and liquidity risks.</p> <p><b><i>Risks relating to the Nordea Group's credit portfolio</i></b></p> <p>Adverse changes in the credit quality of the Nordea Group's borrowers and counterparties or a decrease in collateral values are likely to affect the recoverability and value of the Nordea Group's assets and require an increase in its individual provisions and potentially in collective provisions for impaired loans. A significant increase in the size of the Nordea Group's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Nordea Group's business, financial condition and results of operations.</p> <p>The Nordea Group is exposed to counterparty credit risk, settlement risk and transfer risk on transactions executed in the financial services industry and its transactions in financial instruments. If counterparties default on their obligations, this could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.</p> <p><b><i>Risks relating to market exposure</i></b></p> <p>The value of financial instruments held by Nordea Group are sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. Write-downs or realise impairment charges may have a material adverse effect on the Nordea Group's business, financial condition and results of operations, while the performance of financial markets and volatile market conditions could result in a significant decline in the Nordea Group's trading and investment income, or result in a trading loss.</p> <p><b><i>The Nordea Group is exposed to structural market risk</i></b></p> <p>The Nordea Group is exposed to structural interest income risk when there is a mismatch between the interest rate re-pricing periods, volumes or reference rates of its assets, liabilities and derivatives. It is also exposed to currency translation risk primarily as a result of its Swedish and Norwegian banking businesses, as it prepares its consolidated financial statements in its functional currency, the euro. Any mismatch in any given period in the event of changes in interest rates, or failure to successfully hedge currency risk exposure, could have a material adverse effect on the Nordea Group's financial condition and results of operations.</p> <p><b><i>Risks relating to liquidity and capital requirements</i></b></p> <p>A substantial part of the Nordea Group's liquidity and funding requirements is met through reliance on customer deposits, as well as ongoing access to wholesale lending markets, including issuance of long-term debt market instruments such as covered bonds. Turbulence in the global financial markets and economy may adversely affect the Nordea Group's liquidity and the willingness of certain counterparties and customers to do business with the Nordea Group.</p> <p>The Nordea Group's business performance could be affected if its capital adequacy ratios it is required to maintain under the European Capital Requirements Directive (comprising Directive 2006/48/EC and Directive 2006/49/EC are reduced or perceived to be inadequate.</p> <p>The Nordea Group's funding costs and its access to the debt capital markets depend significantly on its credit ratings. A reduction in credit ratings could adversely affect the Nordea Group's access to liquidity and its competitive</p> |
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|  |  | <p>position, and therefore, have a material adverse effect on its business, financial condition and results of operations.</p> <p><b><i>Other risks relating to the Nordea Group's business</i></b></p> <p>The Nordea Group's business operations are dependent on the ability to process a large number of complex transactions across different markets in many currencies and operations are carried out through a number of entities. Although the Nordea Group has implemented risk controls and taken other actions to mitigate exposures and/or losses, there can be no assurances that such procedures will be effective in controlling each of the operational risks faced by the Nordea Group, or that the Nordea Group's reputation will not be damaged by the occurrence of any operational risks.</p> <p>The Nordea Group's operations in Poland, Russia and the Baltic countries – markets which are typically more volatile and less developed economically and politically than markets in Western Europe and North America – present various risks that do not apply, or apply to a lesser degree, to its businesses in the Nordic markets. Additionally, some of these markets are typically more volatile and less developed economically and politically than markets in Western Europe and North America.</p> <p>The Nordea Group's performance is, to a large extent, dependent on the talents and efforts of highly skilled individuals, and the continued ability of the Nordea Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future could have an adverse effect on the Nordea Group's business.</p> <p>There is competition for the types of banking and other products and services that the Nordea Group provides and there can be no assurances that the Nordea Group can maintain its competitive position.</p> <p><b><i>Risks relating to the legal and regulatory environments in which the Nordea Group operates</i></b></p> <p>The Nordea Group is subject to substantial regulation and oversight by a number of different regulators as well as laws and regulations, administrative actions and policies in each of the jurisdictions in which it operates, all of which are subject to change, and compliance with which may from time to time require significant costs.</p> <p>The Nordea Group may incur substantial costs in monitoring and complying with new capital adequacy and recovery and resolution framework requirements, which may also impact existing business models. In addition, there can also be no assurances that breaches of legislation or regulations by the Nordea Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.</p> <p>In the ordinary course of its business, the Nordea Group is subject to regulatory oversight and liability risk and is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active. These types of claims and proceedings expose the Nordea Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on its businesses.</p> <p>The Nordea Group's activities are subject to tax at various rates around the</p> |
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|            |                                     | 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.   |
| <b>D.3</b> | <b>Risks specific to the Notes:</b> | <p>There are also risks related to any issue of Notes under the Programme and specific types of Notes, which prospective investors should carefully consider and make sure they understand prior to making any investment decision with respect to the Notes, including:</p> <ul style="list-style-type: none"> <li>• The Notes may not be a suitable investment for all investors.</li> <li>• Investors will have to rely on Euroclear's, Clearstream, Luxembourg's, VP's, VPS's, Euroclear Sweden's or SIS's (as the case may be) procedures for transfer, payment and communication with the Issuer.</li> <li>• There may be no active trading market for the Notes.</li> <li>• Noteholders are subject to market volatility.</li> <li>• Ratings may not always mirror the risk related to individual Notes.</li> <li>• Fixed Rate Notes are subject to interest rate risks.</li> <li>• Noteholders are subject to credit risk on the Issuer.</li> <li>• The Notes may be redeemed prior to maturity.</li> <li>• Some Notes are subordinated to most of the Issuer's liabilities.</li> <li>• Capital Contribution Securities are deeply subordinated obligations.</li> <li>• Interest payments for Undated Subordinated Notes may be deferred.</li> <li>• Utilisation and conversion: Write down of principal (and Accrued Interest) of the Undated Subordinated Notes.</li> <li>• Capital Contribution Securities have restrictions on interest payments.</li> <li>• Interest payments in respect of Capital Contribution Securities may be suspended.</li> <li>• Conversion into conditional capital contributions; Write-down of principal in respect of Capital Contribution Securities.</li> <li>• Perpetual nature of the Undated Subordinated Notes and the Capital Contribution Securities.</li> <li>• No Voting Rights for Capital Contribution Securities.</li> <li>• Remedies in case of default on Dated and Undated Subordinated Notes are severely limited.</li> <li>• Risks relating to Partly Paid Notes.</li> <li>• Risks relating to variable rate Notes with a multiplier or other leverage factor.</li> </ul> |

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|  |  | <ul style="list-style-type: none"> <li>• Risks relating to inverse floating rate Notes.</li> <li>• Risks relating to fixed/floating rate Notes.</li> <li>• The Notes may be issued at a substantial discount or premium.</li> <li>• Noteholders' rights and obligations may be amended at meetings of Noteholders.</li> <li>• The terms and conditions of the Notes may be changed.</li> <li>• Changes in laws and regulations may affect the terms and conditions of the Notes.</li> <li>• The Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples.</li> <li>• The amount of Notes to be issued under the Programme may be changed.</li> <li>• The Notes are subject to certain uncertainties relating to regulatory changes.</li> <li>• The Issuer could, in certain circumstances, substitute or vary the terms of Subordinated Notes.</li> <li>• Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act.</li> </ul> <p>In addition to the above, there are risks specific to Notes denominated in Renminbi, including:</p> <ul style="list-style-type: none"> <li>• Renminbi is not freely convertible. Capital account convertibility restrictions may affect the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.</li> <li>• The limited availability of the Renminbi outside the People's Republic of China (due to restrictions) may affect the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.</li> <li>• Changes in economic and political conditions may have an impact on the value of the Renminbi against the U.S. Dollar. Furthermore, changes in policies may also heighten the interest rate volatility. These factors could result in a decline of the value of a holder's investment.</li> <li>• All payments will be made in accordance with the modes of payment prescribed in the terms and conditions and no other means of payment may be utilised by the Issuer.</li> <li>• Under the PRC Enterprise Income Tax Law, non-resident enterprise holders of Renminbi-denominated Notes may become subject to income tax on the gains from the transfer of their holdings of Renminbi-denominated Notes.</li> </ul> |
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| <b>Section E - Offer</b> |   |   |
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| <b>E.2b</b>              | <b>Reasons for the offer and use of proceeds:</b> | <i>The net proceeds of the issue of the Notes will be used for [the general banking and other corporate purposes of the Nordea Group/[ ]].</i>  |
| <b>E.3</b>               | <b>Terms and Conditions of the Offer:</b>         | <i>Not applicable; the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency)./A Public Offer of the Notes will take place in the Public Offer Jurisdiction(s) during the Offer Period. [Summarise details of the Public Offer included in the "Distribution—Public Offer" and "Terms and Conditions of the Offer" items in Part B of the Final Terms.] Any investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation and settlement arrangements.</i>   |
| <b>E.4</b>               | <b>Interests material to the Issue:</b>           | <p>The Issuer has appointed Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Nordea Bank AB (publ), Nordea Bank Danmark A/S, Nordea Bank Finland Plc, Nordea Bank Norge ASA, The Royal Bank of Scotland plc, Société Générale, UBS Limited and UniCredit Bank AG as principal dealers for the Programme and UBS AG as Swiss dealer for the Programme (together with any other dealer appointed from time to time by the Issuer, either generally in relation to the Programme or in relation to a particular Series of Notes, the "<b>Dealers</b>"). Each Dealer shall be deemed to be an Authorised Offeror and has agreed to the Authorised Offeror Terms in the Dealership Agreement.</p> <p>The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Dealership Agreement made between the Issuer and the Dealers. Notes may be distributed by way of private or public placement, in each case on a syndicated or a non-syndicated basis.</p> <p>Interests material to the issue/offer of Notes may arise principally as a result of the ordinary business activities of the Dealers and their affiliates, in the course of which they may make, hold and actively trade investments that may involve Notes and/or instruments of the Issuer or the Issuer's affiliates, including Notes, and may hedge their credit exposure to the Issuer. Such hedging may include the purchase of credit default swaps or the creation of short positions in Notes of the Issuer or the Issuer's affiliates, including potentially the Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such Notes.</p> <p><i>So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer./[ ].</i></p> |
| <b>E.7</b>               | <b>Estimated expenses:</b>                        | <p>It is not anticipated that the Issuer will charge any expenses to investors in connection with any issue of Notes. Other Authorised Offerors may, however, charge expenses to investors. Any expenses chargeable by an Authorised Offeror to an investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer. Such expenses (if any) will be determined on a case by case basis.</p> <p><i>No expenses are being charged to an investor in the Notes by the Issuer [or any Authorised Offeror]./The Authorised Offeror(s) will charge expenses to investors. The estimated expenses chargeable to investors by the Authorised</i></p>   |

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|  |  | <i>Offeror(s) are [ ].</i> |
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