BASE PROSPECTUS

NORDEA BANK FINLAND PLC

(*Incorporated with limited liability in Finland*)

€20,000,000,000 Euro Medium Term Note and Covered Bond Programme

Nordea Bank Finland Plc ("**Nordea Finland**" or the "**Issuer**") has established a €20,000,000,000 Euro Medium Term Note and Covered Bond Programme (the "**Programme**"). Any Notes (as defined below) issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein.

The Issuer may from time to time issue Euro Medium Term Notes (the "**EMTNs**") and Covered Bonds (the "**Covered Bonds**" under the Finnish Covered Bond Act (*Laki kiinnitysluottopankkitoiminnasta* 688/2010), as amended (the "**CBA**") and, together with the EMTNs, the "**Notes**", which expression shall include Bearer Notes and Registered Notes (each as defined below)) denominated in any currency as may be agreed with the relevant Dealer(s) (as defined below). EMTNs and Covered Bonds issued pursuant to the Programme may include dematerialised Notes issued by the Issuer and designated as "**Finnish EMTNs**" or "**Finnish Covered Bonds**" in the applicable Final Terms (as defined below) (the "**Finnish Notes**"). The EMTNs are issued without the benefit of the Cover Pool (as defined below). The maximum amount of all Notes from time to time outstanding will not exceed €20,000,000,000 (or its equivalent in other currencies at the time of agreement to issue, subject as further set out herein). For the purposes of calculating amounts outstanding under the Programme, all calculations will be made in euro. Notes may be issued under the Programme which have a denomination of less than €100,000 or its equivalent in other currencies.

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

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

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

In relation to the issue of Finnish EMTNs, investors' attention is drawn to Condition 15 (*Provision of Information*) of the EMTNs. In relation to the issue of Finnish Covered Bonds, investors' attention is drawn to Condition 14 (*Provision of Information*) of the Covered Bonds.

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

Arranger

Barclays

Dealers

Barclays	BNP PARIBAS	BofA Merrill Lynch
Citigroup	Credit Suisse	Deutsche Bank
DZ BANK AG	Goldman Sachs International	HSBC
Landesbank Baden-Württemberg	Natixis	Nordea
NORD/LB	The Royal Bank of Scotland	Société Générale Corporate & Investment Banking
UBS Investment Bank		UniCredit Bank

The date of this Base Prospectus is 27 June 2012

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

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

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

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

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

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

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

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

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

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any

Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

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

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY INCLUDE NOTES IN BEARER FORM THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")). SEE "*SUBSCRIPTION AND SALE*".

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

RATINGS

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

Rating Agency	Rating
Moody's Investors Service Limited	Aa3
Standard & Poor's Credit Market Services Europe Limited	AA-
Fitch Ratings Limited	AA-
DBRS, Inc.	AA

The Covered Bonds to be issued under the Programme are expected to be assigned the following rating:

Rating Agency	Rating
Fitch Ratings Limited	Aaa

Moody's Investors Service Limited ("**Moody's**"), Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and Fitch Ratings Limited ("**Fitch**") are all established in the EEA and are registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). DBRS, Inc. ("**DBRS**") is not established in the EEA and is not certified under the CRA Regulation nor has the rating issued by DBRS been endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

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

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

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

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

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

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

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering/placement contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, **provided that** any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

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

In this Base Prospectus, references to the "**EU**" are to the European Union, references to the "**EEA**" are to the European Economic Area (being the EU plus Iceland, Liechtenstein and Norway), references to "**Relevant Member State**" are to a Member State of the EEA which has implemented the Prospectus Directive, references to "**Prospectus Directive**" mean Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, references to "**2010 PD Amending Directive**" mean Directive 2010/73/EU, references to "**U.S.$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**Euro**", "**euro**", "**EUR**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro as amended, references to "**sterling**", "**GBP**" or "**£**" are to Pounds Sterling, references to "**Yen**" or "**¥**" are to Japanese Yen and references to "**SEK**" are to Swedish kronor.

Unless expressly indicated otherwise and apart from references to "**Holders**" in the "*Terms and Conditions of the EMTNs*" and the "*Terms and Conditions of the Covered Bonds*" (where references to "**Holders**" means the Holders of either the EMTNs or Covered Bonds, as applicable), the Holders of EMTNs and Holders of Covered Bonds are together referred to herein as "**Holders**".

INFORMATION INCORPORATED BY REFERENCE

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

(a) the terms and conditions of the EMTNs and the Covered Bonds contained in pages 52 to 75 (inclusive) and pages 76 to 100 (inclusive), respectively, of the base prospectus dated 27 October 2011; and

(b) the terms and conditions of the EMTNs and the Covered Bonds contained in pages 45 to 68 (inclusive) and pages 69 to 91 (inclusive), respectively, of the base prospectus dated 28 October 2010.

The parts of the documents listed above which are not incorporated by reference in this Base Prospectus are either not relevant for the purposes of investors in the Notes or are covered elsewhere in this Base Prospectus. Any further information that is incorporated by reference in the documents listed above is not incorporated by reference in this Base Prospectus.

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

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

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

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

FORWARD-LOOKING STATEMENTS

This Base Prospectus contains statements which constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this Base Prospectus and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans", or similar terms. Any projections, forecasts and estimates contained herein are forward looking statements and are based upon certain assumptions. Projections are necessarily speculative in nature, and some or all of the assumptions underlying the projections may not materialise or may vary significantly from actual results. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment in Finland. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. Neither the Arranger nor any of the Dealers have attempted to verify any such statements, nor do any of them make any representations, express or implied, with respect thereto.

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SUMMARY OF THE BASE PROSPECTUS

This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any information incorporated by reference. Following the implementation of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus, including any information incorporated by reference. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member States, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Words and expressions defined in the "Terms and Conditions of the EMTNs" and in the "Terms and Conditions of the Covered Bonds" below or elsewhere in this Base Prospectus have the same meanings in this summary.

Issuer:	Nordea Bank Finland Plc ("**Nordea Finland**" or the "**Issuer**") The Issuer and its subsidiaries (the "**Nordea Finland Group**") are a financial services group in the Nordic and Baltic Sea region. The Issuer is incorporated and domiciled in Finland and, together with its subsidiaries, is engaged in banking operations in Finland. The Nordea Finland Group develops and markets financing products and services to personal customers, corporations and the public sector.
Arranger:	Barclays Bank PLC
Dealers:	Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Goldman Sachs International, HSBC Bank plc, Landesbank Baden-Württemberg, Merrill Lynch International, Natixis, Norddeutsche Landesbank Girozentrale, Nordea Bank Denmark A/S, The Royal Bank of Scotland plc, Société Générale, UBS Limited, UniCredit Bank AG and any other Dealer appointed by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent:	Citibank, N.A., London Branch
Registrar:	Citibank, N.A., London Branch
Finnish Issuing Agent for Finnish EMTNs and Finnish Covered Bonds:	Nordea Bank Finland Plc
Irish Listing Agent:	Arthur Cox Listing Services Limited
Amount:	Up to €20,000,000,000 (or its equivalent in other currencies at the time of agreement to issue) outstanding at any one time.
Description:	Euro Medium Term Note and Covered Bond Programme.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or a non syndicated basis.
Currencies:	U.S. dollars, euro, sterling and Yen and/or such other currency or currencies as may be agreed with the relevant Dealer(s), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Notes may, subject to such compliance, be

issued as dual currency Notes.

Status of EMTNs:	EMTNs may be issued on an unsubordinated basis. EMTNs are unsecured and do not have access to the Cover Pool to the extent that the Holders of Covered Bonds have priority to such assets in accordance with the CBA.
Status of Covered Bonds:	Covered Bonds may be issued on an unsubordinated basis and in accordance with the CBA. The Covered Bonds will be covered in accordance with the CBA and will therefore benefit from statutory security over a certain portion of the assets of the Issuer conferred by the CBA (the "**Cover Pool**"). To the extent that claims of Holders in relation to Covered Bonds are not met out of the Cover Pool, the residual claims of such Holders will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer including but not limited to the obligations under the EMTNs.
Maturities:	Any maturity subject to a minimum maturity of 30 days subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Issue Price:	Notes may be issued at par, at a discount to, or premium over, par or on a partly paid basis.
Issuance in Series:	Notes are issued in series (each a "**Series**") and Notes of each Series will all be subject to identical terms (except issue price, issue date and interest commencement date, which may or may not be identical), save that a Series may comprise Notes in bearer form and in registered form. Further Notes may be issued as part of an existing Series (each a "**Tranche**"), Notes in respect of which will be identical in all respects.
Form of EMTNs:	EMTNs may be issued in bearer form or in registered form, as specified in the relevant Final Terms. EMTNs in bearer form will not be exchangeable for EMTNs in registered form and EMTNs in registered form will not be exchangeable for EMTNs in bearer form.
	EMTNs may also be specified in the applicable Final Terms as "**Finnish EMTNs**". Finnish EMTNs will be issued in uncertificated and dematerialised book-entry form, with the legal title thereto being evidenced by book entries in the register for such Finnish EMTNs kept by Euroclear Finland on behalf of the Issuer. Title to Finnish EMTNs will not be evidenced by any physical note or document of title. For the avoidance of doubt, the TEFRA C and TEFRA D Rules will not be applicable to Finnish EMTNs. Definitive Notes will not be issued in respect of any Finnish EMTNs.
Form of Covered Bonds:	Covered Bonds may be issued in bearer form or in registered form as specified in the relevant Final Terms. Covered Bonds in bearer form will not be exchangeable for Covered Bonds in registered form and Covered Bonds in registered form will not be exchangeable for Covered Bonds in bearer form.
	"**Covered Bonds**" may also be specified in the applicable Final Terms as "**Finnish Covered Bonds**". Finnish Covered Bonds will be issued in uncertificated and dematerialised book-entry form, with the legal title thereto being evidenced by book entries in the register for such Finnish Covered Bonds kept by Euroclear Finland on behalf of the Issuer. Title to Finnish Covered Bonds will not be evidenced by any physical note or document of title. For the avoidance of doubt, the TEFRA C and TEFRA D Rules will not be applicable to Finnish Covered Bonds. Definitive Notes will not be issued in

respect of any Finnish Covered Bonds.

Interest:	Notes may be interest bearing or non-interest bearing. Notes may be issued as fixed rate, floating rate, dual currency, index-linked, zero coupon or partly paid, as provided in the relevant Final Terms.
Redemption:	Notes may be redeemable at par or at such other redemption amount (linked to an index or otherwise) as may be specified in the relevant Final Terms. Early redemption of EMTNs or Covered Bonds will be permitted for taxation reasons as mentioned in Condition 6(b) (*Early Redemption for Taxation Reasons - withholding tax*) of the EMTNs and Condition 6(b) (*Early Redemption for Taxation Reasons*) of the Covered Bonds respectively, but will otherwise be permitted only to the extent specified in the relevant Final Terms. Notes denominated in Sterling may not be redeemed prior to one year and one day from the date of issue.
Extended Maturity Date:	The applicable Final Terms may provide that an Extended Maturity Date applies to the relevant Series of Covered Bonds. If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date or within three Business Days thereafter, the maturity of the outstanding Covered Bonds and the date on which such Covered Bonds will be due and repayable for the purposes of the Terms and Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as otherwise specified in the applicable Final Terms. In that event, the Issuer may redeem all or any part of the principal amount outstanding of the Covered Bonds on any Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise specified in the applicable Final Terms. If the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date or within three Business Days thereafter, the Covered Bonds will bear interest on the principal amount outstanding of the Covered Bonds from (and including) the Maturity Date to (but excluding); **provided that** in the case of Finnish Covered Bonds, such Finnish Covered Bonds shall bear interest from (but excluding) the Maturity Date to (and including), the earlier of the Interest Payment Date after the Maturity Date on which the Covered Bonds are redeemed or the Extended Maturity Date and will be payable in respect of the interest period ending immediately prior to the relevant Interest Payment Date in arrear or as otherwise provided for in the applicable Final Terms on each Interest Payment Date after the Maturity Date at the rate specified in the applicable Final Terms. In the case of a Series of Covered Bonds with an Extended Maturity Date, those Covered Bonds may be issued as fixed rate, floating rate, dual currency, index linked, partly paid or zero coupon in respect of the period from (and including) the Issue Date to (but excluding) the Maturity Date (or in the case of Finnish Covered Bonds, from (but excluding) the Issue Date to (and including) the Maturity Date); and issued as fixed rate, floating rate, dual currency, index linked or partly paid in respect of the period from (and including) the Maturity Date to (but excluding) the Extended Maturity Date (or in the case of Finnish Covered Bonds, from (but excluding) the Maturity Date to (and including) the Extended Maturity Date, as set out in the applicable Final Terms.

	In the case of Covered Bonds which are non-interest bearing up to the Maturity Date and for which an Extended Maturity Date applies, the initial outstanding principal amount on the Maturity Date for the above purposes will be the total amount otherwise payable by the Issuer but unpaid on the relevant Covered Bonds on the Maturity Date.
Denominations:	Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to (i) a minimum denomination of €1,000 (or its equivalent in any other currency); and (ii) compliance with all applicable legal and/or regulatory and/or central bank requirements.
Taxation:	All payments in respect of the Notes will be made without withholding or deduction for or on account of Finnish withholding taxes unless required by law. If such withholdings are required by Finnish law, the Issuer will in certain circumstances pay certain additional amounts as described in, and subject to exceptions set out in, Condition 8 (*Taxation*) of the EMTNs and Condition 7 (*Taxation*) of the Covered Bonds, respectively.
Ratings:	The Covered Bonds to be issued under the Programme have been assigned a rating of "(P)Aaa" by Moody's. The EMTNs issued under the Programme will not be rated unless otherwise indicated in the Final Terms of the relevant issue. Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to the Issuer or to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms, along with the details of the credit rating agency issuing such rating.
Listing:	Each Series may be admitted to listing on the Official List of the Irish Stock Exchange and to trading on its Main Securities Market and/or 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.
Terms and Conditions:	The Conditions applicable to each Tranche of Notes will be as agreed between the Issuer and the relevant Dealer at or prior to the time of issuance of such Tranche, and will be specified in the relevant Final Terms. The Conditions applicable to each Tranche of EMTNs or Covered Bonds will be those set out in this Base Prospectus, as supplemented, modified or replaced by the relevant Final Terms.
Events of Default and Cross Default:	The EMTNs will provide for events of default entitling Holders to demand immediate redemption. The Covered Bonds will not provide for events of default entitling Holders to demand immediate redemption. Neither the EMTNs nor the Covered Bonds will provide for a cross-default provision.
Negative Pledge:	None.
Enforcement of Notes in Global Form:	In the case of Notes in global form or in uncertificated and dematerialised book-entry form, investors' rights will be supported by a Deed of Covenant dated 28 October 2010 (as amended and/or restated and/or replaced from time to time) and by their arrangements

	with Euroclear and/or Clearstream, Luxembourg or any other applicable clearing system.
Governing Law:	English law, except that Condition 3 (*Status*) of the Covered Bonds will be governed by Finnish law; and (ii) the registration of Finnish Notes in Euroclear Finland which will be governed by Finnish law.
Selling Restrictions:	This Base Prospectus contains a summary of certain selling restrictions in the United States, the European Economic Area, the United Kingdom, Japan, Finland, Denmark, Sweden and Norway. Each Dealer and each purchaser of Notes must observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes or distribute this Base Prospectus or any offering material in relation to the Notes.
Substitution:	A substitution of the Issuer may only take place in respect of the Covered Bonds: pursuant to the CBA, a bankruptcy administrator may, with the permission of the FIN-FSA, transfer the liability for a covered bond and the corresponding collateral to another mortgage credit bank, deposit bank or credit entity holding a licence to issue covered bonds or to a foreign mortgage credit bank subject to supervision corresponding to that of the CBA, unless the terms of the covered bond provide otherwise. See "*The Covered Bond Act*" on pages 101 to 106.
Clearing Systems:	Euroclear and Clearstream, Luxembourg, Euroclear Finland and/or such other clearing system(s) as may be agreed from time to time.
Risk Factors:	There are risks related to any issue of Notes under the Programme and the Issuer's ability to meet its obligations under the Notes which investors should ensure they fully understand, including: • risks relating to the Nordea Group; • risks relating to the Issuer; and • risks relating to the Notes. In addition, Covered Bonds carry their own particular risks. These risks are set out in more detail in "*Risk Factors*" on pages 6 to 19.

RISK FACTORS

*An investment in the Notes involves a degree of risk. Prospective investors should carefully consider the risks set forth below and the other information contained in this Base Prospectus prior to making any investment decision with respect to the Notes. The risks described below could have a material adverse effect on the business, results of operations, financial condition or future prospects of Nordea Finland and its consolidated subsidiaries (the "**Nordea Finland Group**") or the value of the Notes. Unless otherwise specified, the risk factors under the heading "Risks Relating to the Nordea Group" below that apply in the context of Nordea Finland's parent company Nordea Bank AB (publ) ("**Nordea Bank**") and its subsidiaries (the "**Nordea Group**" or the "**Group**") are also applicable to the Nordea Finland Group.*

Additional risks and uncertainties, including those of which Nordea Finland's management is not currently aware or deems immaterial, may also potentially have an adverse effect on the Nordea Finland Group's business, results of operations, financial condition or future prospects or may result in other events that could cause investors to lose all or part of their investment.

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

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

Risks Relating to the Nordea Group

Risks Relating to Current Macroeconomic Conditions

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

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

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

The Nordea Group's performance is significantly influenced by the general economic condition in the countries in which it operates, in particular the Nordic markets (Denmark, Finland, Norway and Sweden) and, to a lesser degree, in Poland, Russia and the Baltic countries. The economic situation in all four Nordic markets as well as Poland, Russia and the Baltic countries was in various ways adversely affected by the weakened economic conditions and turmoil in the global financial markets, in 2008 and 2009, which was reflected in declining economic growth, increasing rates of unemployment as well as decreasing asset values within these countries. Despite the economic conditions in these countries having, in general, developed favourably, the recovery has continued to be fragile in selected countries, and Denmark, in particular, has been affected more deeply by the financial turmoil and economic slowdown than the other Nordic economies. Adverse economic developments of the kind described above have affected and may continue to affect the Nordea Group's business in a number of ways, including, among others, the income, wealth, liquidity, business and/or financial condition of the Nordea Group's customers, which, in turn, could further reduce the Nordea Group's credit quality and demand for the Nordea Group's financial products and services. As a result, any or all of the conditions described above could continue to have a material adverse effect on the Nordea Group's business, financial condition and results of operations, and measures implemented by the Nordea Group might not be satisfactory to reduce any credit, market and liquidity risks.

Risks Relating to the Nordea Group's Credit Portfolio

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

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Nordea Group's businesses. The Nordea Group makes provisions for loan losses in accordance with IFRS; however, the provisions made are based on available information, estimates and assumptions and are subject to uncertainty, and there can be no assurances that the provisions will be sufficient to cover the amount of loan losses as they occur. Adverse changes in the credit quality of the Nordea Group's borrowers and counterparties or a decrease in collateral values, are likely to affect the recoverability and value of the Nordea Group's assets and require an increase in the Nordea Group's individual provisions and potentially in collective provisions for impaired loans, which in turn would adversely affect the Nordea Group's financial performance. In particular, the Nordea Group's exposure to its corporate customers is subject to adverse changes in credit quality should the economic environment in the Nordea Group's markets deteriorate. For example, following the negative economic development in Russia and the Baltic countries in 2008 and 2009, credit risks associated with certain borrowers and counterparties in these markets increased. The prolonged and difficult economic environment also negatively affected certain customer groups in Denmark in 2011. Further, actual loan losses vary over the business cycle. A significant increase in the size of the Nordea Group's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Nordea Group's business, financial condition and results of operations. The Nordea Group is also indirectly exposed to foreign exchange risk in Poland, Russia and the Baltic countries, where loans to customers typically are denominated in the euro or U.S. dollars, though customers typically derive their main income in local currencies.

The Nordea Group is exposed to counterparty credit risk

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

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

Risks Relating to Market Exposure

The Nordea Group is exposed to market price risk

The Nordea Group's customer-driven trading operations (where positions, within certain defined limits, are taken) and its Treasury operations (where the Nordea Group holds investment and liquidity portfolios for its own account) are the key contributors to market price risk in the Nordea Group. The fair value of financial instruments held by the Nordea Group, including bonds (government, corporate and mortgage), equity investments, cash in various currencies, investments in private equity, hedge and credit funds, commodities and derivatives (including credit derivatives), are sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. To the extent volatile market conditions persist or recur, the fair value of the Nordea Group's bond, derivative and structured credit portfolios, as well as other classes, could fall more than estimated, and therefore cause the Nordea Group to record write-downs. Future valuations of the assets for which the Nordea Group has already recorded or estimated write-downs, which will reflect the then-prevailing market conditions, may result in significant changes in the fair values of these assets. Further, the value of certain financial instruments are recorded at fair value, which is determined by using financial models incorporating assumptions, judgments and estimations that are inherently uncertain and which may change over time or may ultimately be inaccurate. Any of these factors could require the Nordea Group to recognise further write-downs or realise impairment charges, which may have a material adverse effect on the Nordea Group's business, financial condition and results of operations. In addition, because the Nordea Group's trading and investment income depends to a great extent on the performance of financial markets, volatile market conditions could result in a significant decline in the Nordea Group's trading and investment income, or result in a trading loss, which in turn could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

The Nordea Group is exposed to structural market risk

Structural interest rate risk

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

Structural foreign exchange risk

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

Risks Relating to Liquidity and Capital Requirements

Liquidity risk is inherent in the Nordea Group's operations

Liquidity risk is the risk that the Nordea Group will be unable to meet its obligations as they fall due or meet its liquidity commitments only at an increased cost. A substantial part of the Nordea Group's liquidity and funding requirements is met through reliance on customer deposits, as well as ongoing access to wholesale lending markets, including issuance of long-term debt market instruments such as covered bonds. The volume of these funding sources, in particular long-term funding, may be constrained during periods of liquidity stress. Turbulence in the global financial markets and economy may adversely affect the Nordea Group's liquidity and the willingness of certain counterparties and customers to do business with the Nordea Group, which may result in a material adverse effect on the Nordea Group's business and results of operations.

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

Under the European Capital Requirements Directive (comprising Directive 2006/48/EC and Directive 2006/49/EC (the "**CRD**"), the Nordea Group is required to maintain certain capital adequacy ratios. In addition, the Basel Committee on Banking Supervision has proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks, the principal elements of which are set out in its papers released on 16 December 2010 (together with the minimum requirements for regulatory capital to ensure loss absorbency at the point of non-viability published by the Basel Committee on Banking Supervision on 13 January 2011, "**Basel III**"). As of the date of this Base Prospectus, the CRD is in the process of being reformed to reflect the Basel III framework, including higher capital requirements. Such changes to the framework may affect the liquidity and/or value of the Notes.

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

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

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

Other Risks Relating to the Nordea Group's Business

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

The Nordea Group's business operations are dependent on the ability to process a large number of complex transactions across different markets in many currencies. The Nordea Group's operations are carried out through a number of entities. Operational losses, including monetary damages, reputational damage, costs, and direct and indirect financial losses and/or write-downs, may result from inadequacies or failures in internal processes, systems (for example, IT systems), licences from external suppliers, fraud or other criminal actions, employee errors, outsourcing, failure to properly document transactions or agreements with customers, vendors, sub-contractors, co-operation partners and other third parties, or to obtain or maintain proper authorisation, or from customer complaints, failure to comply with regulatory requirements, including but not limited to anti-money laundering, data protection and antitrust regulations, conduct of business rules, equipment failures, failure to protect its assets, including intellectual property rights and collateral, failure of physical and security protection, natural disasters or the failure of external systems, including those of the Nordea Group's suppliers or counterparties and failure to fulfil its obligations, contractual or otherwise. Although the Nordea Group has implemented risk controls and taken other actions to mitigate exposures and/or losses, there can be no assurances that such procedures will be effective in controlling each of the operational risks faced by the Nordea Group, or that the Nordea Group's reputation will not be damaged by the occurrence of any operational risks.

As a part of its banking and asset management activities, the Nordea Group provides its customers with investment advice, access to internally as well as externally managed funds and serves as custodian of third-party funds. In the event of losses incurred by its customers due to investment advice from the Nordea Group, or the misconduct or fraudulent actions of external fund managers, the Nordea Group's customers may seek compensation from the Nordea Group. Such compensation might be sought even if the Nordea Group has no direct exposure to such risks, or has not recommended such counterparties to its customers. Any claims in this respect could have a material adverse effect on the Nordea Group's reputation, business, financial condition and results of operations.

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

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

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

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

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

The Nordea Group's performance is, to a large extent, dependent on the talents and efforts of highly skilled individuals, and the continued ability of the Nordea Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. Competition from within the financial services industry, including from other financial institutions, as well as from businesses outside the financial services industry for key employees is intense. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future could have an adverse effect on the Nordea Group's business.

The Nordea Group faces competition in all markets

There is competition for the types of banking and other products and services that the Nordea Group provides and there can be no assurances that the Nordea Group can maintain its competitive position. If the Nordea Group is unable to provide competitive product and service offerings, it may fail to attract new customers and/or retain existing customers, experience decreases in its interest, fee and commission income, and/or lose market share, the occurrence of any of which could have a material adverse effect on its business, financial condition and results of operations.

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

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

The Swedish Financial Supervisory Authority (the "**SFSA**") is the main regulator of the Nordea Group's operations, although the Nordea Group's operations in Denmark, Finland, Norway, Poland, Russia, Estonia, Latvia, Lithuania, Germany, Isle of Man, Luxembourg, Singapore and the United States are subject to direct scrutiny from the local regulators in these jurisdictions. The Nordea Group is also subject to the oversight of regulators in each country where it has a branch or representative office, including China. The Nordea Group is subject to laws and regulations, administrative actions and policies in each of the jurisdictions in which it operates, all of which are subject to change, and compliance with which may from time to time require significant costs.

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

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

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

The Basel Committee expects its member jurisdictions to begin the implementation of Basel III, including the new regulatory capital framework, from 1 January 2013, with full implementation by 1 January 2019. As of the date of this Base Prospectus, the CRD is in the process of being reformed to reflect the Basel III framework, including the higher capital adequacy requirements set forth in the framework. The Basel Committee on Banking Supervision has also proposed that global systemically important banks ("**G-SIBs**"), such as Nordea Bank, which was included in the initial list of G-SIBs published by the Financial Stability Board ("**FSB**") in November 2011, should have an additional loss absorbency capacity above the minimum common equity ratio of 7 per cent. required by Basel III. Further, the Swedish Ministry of Finance, the SFSA and the Central Bank of Sweden (*Riksbanken*) announced in November 2011 that higher capital adequacy standards than those set forth in the Basel III framework would be required from domestic systemically important banks ("**D-SIBs**"), which group includes the Nordea Group. There is no certainty as to the final framework for, or the timing of, the capital adequacy standards that will be ultimately developed and implemented, and the Nordea Group may incur substantial costs in monitoring and complying with the new capital adequacy requirements. The new capital adequacy requirements may also impact existing business models. In addition, there can also be no assurances that breaches of legislation or regulations by the Nordea Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.

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

In the ordinary course of its business, the Nordea Group is subject to regulatory oversight and liability risk. The Nordea Group carries out operations through a number of legal entities in a number of jurisdictions and is subject to regulation in each such jurisdiction. Regulation and regulatory requirements are continuously amended and new requirements are imposed on the Nordea Group, including, but not limited to, regulations on conduct of business, anti-money laundering, payments, consumer credits, capital requirements, reporting and corporate governance. The Nordea Group is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active. These types of claims and proceedings expose the Nordea Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on its businesses, all of which could have a material adverse effect on the Nordea Group's business, financial condition and results of operations. Adverse regulatory actions against the Nordea Group or adverse judgments in litigation to which the Nordea Group is party could result in restrictions or limitations on the Nordea Group's operations or result in a material adverse effect on the Nordea Group's business, financial condition and results of operations. See also "*Nordea Finland Plc—Legal and arbitration proceedings*".

The Nordea Group is exposed to risk of changes in tax legislation as well as to increases in tax rates

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

Capital Adequacy Regulatory Framework

The CRD and the Basel II Requirements have been implemented into Finnish legislation and regulation by, among others, the Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta* 121/2007), as amended and regulations and guidelines of the Finnish Ministry of Finance and the Financial Supervisory Authority. The Basel Committee on Banking Supervision has issued consultative documents and press releases during the course of 2009, 2010 and 2011 that outlined proposed changes to the definition of regulated capital. These proposals are going through a period of consultation and are expected to be introduced by the beginning of 2013, with substantial transitional arrangements.

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

Risks Relating to the Issuer

Credit risk of Nordea Finland

Investors investing in Notes are exposed to credit risk in respect of Nordea Finland. The Notes are not guaranteed by Nordea Bank or any other person. A Noteholder's ability to receive payment under the Notes is dependent on the Issuer's ability to fulfil its payment obligations, which in turn is dependent upon the development of the Issuer's business.

Risks Relating to the Covered Bonds

In the context of Covered Bonds, it should be noted that the CBA imposes several obligations on the Issuer that are intended to mitigate some of the risks described below. See "*The Covered Bond Act*" on pages 101 to 106.

Benefit of Cover Pool

The holders of Covered Bonds (along with counterparties to relating derivative transactions and providers of bankruptcy liquidity loans (each, as defined under "*The Covered Bond Act*" below)) have the benefit of priority to the Cover Pool, upon liquidation or bankruptcy of Nordea Finland. The assets in the Cover Pool are owned by Nordea Finland but will in Nordea Finland's liquidation or bankruptcy not be available to the holders of EMTNs or any other creditor until the holders of Covered Bonds and related derivative counterparties have been repaid in full. Under Section 25 of the CBA, this priority is limited to 70 per cent. in respect of housing loans and 60 per cent. in respect of commercial property loans of the current value of the property which stands as collateral for such mortgage loans (each, as defined under "*The*

Covered Bond Act" below). The bankruptcy administrator shall (with certain exceptions for non-performing loans) assign the share of payments out of any such loan exceeding the preferential right to the general bankruptcy estate. To the extent that claims in relation to the Covered Bonds are not met out of the assets in the Cover Pool, the residual claims will rank *pari passu* with the EMTNs and other unsecured and unsubordinated obligations of Nordea Finland. Given the *pari passu* ranking of the Covered Bonds, related derivative transactions and bankruptcy liquidity loans under the CBA, in the event of the Issuer's liquidation or bankruptcy, the amount available to be paid to holders of Covered Bonds out of the Cover Pool on a prioritised basis may be affected by the amounts payable at the relevant time to counterparties of related derivative transactions and the providers of bankruptcy liquidity loans. See also "*Liquidity post Nordea Finland bankruptcy*" below and "*The Covered Bond Act*" on pages 101 to 106.

The EMTNs have no such priority and are not secured by any specific assets of Nordea Finland.

No Events of Default

The terms and conditions of the Covered Bonds do not include any events of default relating to the Issuer, and therefore the terms and conditions of the Covered Bonds do not entitle holders of Covered Bonds to accelerate the Covered Bonds.

Failure of the Cover Pool to meet the matching requirements

Nordea Finland will be required under the CBA to comply with certain matching requirements as long as there is any Covered Bond outstanding. Under the CBA, if the Cover Pool does not fulfil the requirements provided for in the CBA, the Finnish Financial Supervisory Authority (the "**FIN-FSA**") may set a time limit within which the issuer shall place more collateral in compliance with the CBA. If these requirements are not met with, the issuer's license for mortgage credit bank operations may be withdrawn. If the Issuer is placed in liquidation or declared bankrupt, and the requirements for the total amount of collateral of the Covered Bonds in sections 16 and 17 of the CBA cannot be fulfilled, a supervisor appointed by the FIN-FSA may demand that the Issuer's bankruptcy administrator declare the Covered Bonds due and payable and sell the assets being used as collateral for the Covered Bonds. This could result in the holders of Covered Bonds receiving payment according to a schedule that is different than that contemplated by the terms of the Covered Bonds (with accelerations as well as delays) or that the holders of Covered Bonds are not paid in full, in part, due to the statutory limit to the priority of holders of Covered Bonds. See also "*The Covered Bond Act—Quality of the cover pool assets—Requirements for matching cover*" on page 103 and "*The Covered Bond Act—Management of cover pool assets during the liquidation or bankruptcy of the issuer*" on page 105.

Transfer of Covered Bonds and Cover Pool in bankruptcy

In bankruptcy, a bankruptcy administrator may, with the permission of the FIN-FSA, transfer the liability for a covered bond and the corresponding collateral to a mortgage credit bank, deposit bank or credit entity that has acquired a license to issue covered bonds or to a foreign mortgage credit bank which is subject to supervision corresponding to that of the CBA unless the terms of the covered bond provide otherwise. See also "*The Covered Bond Act—Management of cover pool assets during the liquidation or bankruptcy of the issuer*" on page 105.

No market for collateral in Finland after an insolvency of Nordea Finland

There is no assurance as to whether there will be a trading market for the collateral in the Cover Pool in Finland or an eligible transferee to take over the obligations relating to the Covered Bonds and the corresponding collateral after an insolvency of the Issuer.

Liquidity post Nordea Finland bankruptcy

It is believed that neither an insolvent issuer nor its bankruptcy estate would have the ability to issue Covered Bonds. Under the CBA, the bankruptcy administrator (upon the demand or the consent of a supervisor appointed by the FIN-FSA) may, however, raise liquidity through the sale of mortgage loans and other assets in the Cover Pool to fulfil the obligations relating to the Covered Bonds. Further, the bankruptcy administrator (upon the demand or the consent of the supervisor appointed by the FIN-FSA) may take out liquidity loans and enter into other agreements for the purpose of securing liquidity. Counterparties in such transactions will rank *pari passu* with holders of Covered Bonds and existing derivative counterparties with respect to assets in the Cover Pool. However, there can be no assurance as to the actual ability of the bankruptcy estate to raise post-bankruptcy liquidity, which may result in a failure by the Issuer to make full and timely payments to holders of Covered Bonds and existing derivative counterparties.

Collection of mortgage loans and default by borrowers

The mortgage loans which secure the Covered Bonds will comprise loans secured on property. A borrower may default on its obligation under such mortgage loan. Defaults may occur for a variety of reasons. Defaults under mortgage loans are subject to credit, liquidity and interest rate risks and rental yield reduction (in the case of investment properties). Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climates, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors relating to borrowers' individual, personal or financial circumstances may affect the ability of the borrowers to repay the mortgage loans. Loss of earnings, illness, divorce, weakening of financial conditions or the results of business operations and other similar factors may lead to an increase in delinquencies by and bankruptcies of borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the mortgage loans. In addition, the ability of a borrower to sell a property given as security for a mortgage loan at a price sufficient to repay the amounts outstanding under that mortgage loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

Concentration of Location of Properties

Mortgage loans contained in the Cover Pool will primarily be secured on property located or incorporated in Finland. The value of the Cover Pool may decline sharply and rapidly in the event of a general downturn in the value of property in Finland. Any such downturn may hence have an adverse effect on the Issuer's ability to make payment under the Covered Bonds.

No due diligence in relation to the Cover Pool

No investigations, searches or other actions in respect of any assets contained or to be contained in the pool of assets covering the Covered Bonds has or will be performed by the Arranger or the Dealers. Instead, they will rely on the obligations of the Issuer under applicable Finnish law.

Limited description of the assets in the Cover Pool

Investors will not receive detailed statistics or information in relation to the mortgage loans and other assets included in the Cover Pool and it is expected that the constitution of the Cover Pool will change from time to time through the repayment of the mortgage loans by borrowers or new mortgage loans or other assets being added to the Cover Pool. However, the FIN-FSA will monitor Nordea Finland's compliance with the matching requirements, eligibility criteria and certain other material provisions of CBA. As the Cover Pool is dynamic, there are no assurances that the credit quality of the assets in the Cover Pool will remain the same as at the date of this Base Prospectus or on or after the issue date of any Covered Bonds.

Risks Relating to the Notes

General

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

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

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

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

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

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

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

There is no active trading market for the Notes

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

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

Interest rate risks

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

The Notes may be redeemed prior to the maturity

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Finland or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

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

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

Other than as provided in the Conditions of the Covered Bonds, Covered Bonds may also be redeemed early in accordance with the CBA as described elsewhere in this Base Prospectus.

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

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

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

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

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

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

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

Index Linked Notes and Dual Currency Notes

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

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

(ii) they may receive no interest;

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

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

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

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

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

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

Variable rate Notes with a multiplier or other leverage factor

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

Inverse Floating Rate Notes

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

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Extendable obligations under the Covered Bonds

The applicable Final Terms may provide that an Extended Maturity Date applies to the relevant Series of Covered Bonds.

The extension of the maturity of the principal amount outstanding of the Covered Bonds from the Maturity Date to the Extended Maturity Date will not result in any right of the Covered Bondholders to accelerate payments or take action against the Issuer or give any Covered Bondholders any right to receive payment of interest, principal or otherwise on the relevant Covered Bonds other than as expressly set out in the Terms and Conditions of the Covered Bonds as amended by the applicable Final Terms.

Therefore, investors investing in Covered Bonds with an Extended Maturity Date should be aware of the possibility that their Covered Bonds will not be paid on the Maturity Date and that the interest basis, interest rates and interest periods for the period from the Maturity Date to the Extended Maturity Date may be different to those applicable for the period from the Issue Date to the Maturity Date, as specified in the relevant Final Terms.

Notes issued at a substantial discount or premium

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

Loss of Investment

If, in the case of any particular Tranche of EMTNs or Covered Bonds, the relevant Final Terms specify that the EMTNs or Covered Bonds are Index or Credit Linked, there is a risk that any investor may lose the value of their entire investment or part of it.

Meetings of Noteholders

The Terms and Conditions of the EMTNs and the Terms and Conditions of the Covered Bonds contain provisions for calling meetings of Holders of EMTNs or Holders of Covered Bonds respectively, to consider matters affecting their interests on a series by series basis. These provisions permit defined majorities to bind all holders of the relevant series including such holders who did not attend and vote at the relevant meeting and holders of the relevant series who voted in a manner contrary to the majority.

Change of debtor

In respect of the Covered Bonds, a substitution of the Issuer may only take place pursuant to the CBA upon the Issuer's insolvency.

EU Savings Directive

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

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, none of the Issuer, any Paying Agent or any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Minimum Specified Denomination and higher integral multiples

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

Changes in the law and regulations

No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Finnish law or administrative practice after the date of this Base Prospectus.

Credit Ratings May Not Reflect All Risks

The Issuer's credit ratings do not always mirror the risk related to individual Notes under the Programme. Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Notes already issued. There are no guarantees that such ratings will be assigned or maintained. Any credit rating agency may lower its ratings or withdraw the rating if, in the sole judgement of the credit rating agency, the credit quality of the Notes has declined or is in question. In addition, at any time a credit rating agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to the Notes may be lowered. If any of the ratings assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced. Furthermore, the ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds. Accordingly, a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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

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

With respect to (i) Notes issued after 31 December 2012 and (ii) any Notes treated as equity for U.S. federal income tax purposes, whenever issued, the Issuer may, under certain circumstances, be required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder ("**FATCA**"), or pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction, to withhold U.S. tax at a rate of 30 per cent. on all or a portion of payments of principal and interest which are treated as "pass-thru payments" made on or after 1 January 2017 to an investor that has not provided information requested to establish it is exempt from reporting under the rules or any other financial institution through which payment on the Notes is made that is a non-U.S. financial institution that is not in compliance with FATCA. If applicable, FATCA may be addressed in the relevant Final Terms with respect to Notes issued after 31 December 2012 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes). The application of FATCA to interest, principal or other amounts paid on or with respect to the Notes is not currently clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a Holder's failure to comply with FATCA, none of the Issuer, any paying agent or any other person would pursuant to the terms and conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax. If the Issuer issues further Notes on or after 1 January 2013 pursuant to a reopening of a Series of Notes that was created on or before 31 December 2012, payments on such further Notes may be subject to withholding under FATCA and, should the Notes under the Series that was outstanding on 31 December 2012 and the further Notes be indistinguishable for non-U.S. tax purposes, such payments on the previously outstanding Notes may become subject to withholding under FATCA.

Investors should consult their advisers about the application of FATCA. FATCA is particularly complex and its application is uncertain at this time. The above description is based on proposed regulations and official guidance that is subject to change. Any prospective Noteholder should consult its own tax adviser to obtain a more detailed explanation of FATCA and to learn how this legislation may affect its particular circumstances.

FORM OF THE NOTES

Notes may be issued (i) in the case of Notes other than Finnish Notes, in bearer form or in registered form or (ii) in the case of Finnish Notes, in uncertificated and dematerialised book-entry form cleared through Euroclear Finland, as the case may be, as specified in the relevant Final Terms. Notes in bearer form will not be exchangeable for Notes in registered form and Notes in registered form will not be exchangeable for Notes in bearer form.

Form of Notes other than Finnish Notes

Bearer Notes

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

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

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

Temporary Global Note exchangeable for Permanent Global Note

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

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

(i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and

(ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership.

If:

(a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

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

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

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form ("**Definitive Notes**"):

(a) on the expiry of such period of notice as may be specified in the Final Terms; or

(b) if the Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:

(i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

(ii) in the case of EMTNs only, any of the circumstances described in Condition 7 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or

(c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

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

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Bearer Notes in definitive form ("**Definitive Notes**") not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or

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

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

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

(i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(ii) at any time, if so specified in the relevant Final Terms; or

(iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following even occurs:

    (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

    (b) in the case of EMTNs only, any of the circumstances described in Condition 7 (*Events of Default*) occurs.

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

Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

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

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

Rights under Deed of Covenant

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

Terms and Conditions applicable to the Notes

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

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

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

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

Registered Notes

Each Tranche of Notes in registered form ("**Registered Notes**") will be represented by either:

(i) individual Note Certificates in registered form ("**Individual Note Certificates**"); or

(ii) one or more unrestricted global note certificates ("**Unrestricted Global Note Certificate(s)**") in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S ("**Unrestricted Registered Notes**") and/or one or more restricted global note certificates ("**Restricted Global Note Certificate(s)**") in the case of Registered Notes sold to QIBs in reliance on Rule 144A ("**Restricted Registered Notes**"), in each case as specified in the relevant Final Terms, and references in this Base Prospectus to "**Global Note Certificates**" shall be construed as a reference to Unrestricted Global Note Certificates and/or Restricted Global Note Certificates.

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

Each Note represented by an Unrestricted Global Note Certificate will either be: (a) in the case of a Certificate which is not to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common depositary; or (b) in the case of a Certificate to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Note represented by a Restricted Global Note Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for The Depositary Trust Company ("**DTC**") and the relevant Restricted Global Note Certificate will be deposited on or about the issue date with the custodian for DTC (the "**DTC Custodian**"). Beneficial interests in Notes represented by a Restricted Global Note Certificate may only be held through DTC at any time.

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

Global Note Certificate exchangeable for Individual Note Certificates

If the relevant Final Terms specifies the form of Notes as being "Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Note Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

(i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(ii) if the relevant Final Terms specifies "in the limited circumstances described in the Global Note Certificate", then:

  (a) in the case of any Global Note Certificate held by or on behalf of DTC, if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Note Certificate or DTC ceases to be a "**clearing agency**" registered under the Exchange Act or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;

  (b) in the case of any other Unrestricted Global Note Certificate, if Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and

  (c) in the case of EMTNs only, if any of the circumstances described in Condition 7 (*Events of Default*) occurs.

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in a Global Note Certificate must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person's holding). In addition, whenever a Restricted Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in the Restricted Global Note Certificate must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Note Certificate will bear the legends and be subject to the transfer restrictions set out under "*Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions*".

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates against the surrender of the Global Note Certificate at the specified office of the Registrar.

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

If:

(a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Note Certificate; or

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

then the Global Note Certificate (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Global Note Certificate will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Note Certificate or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note Certificate will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note Certificate became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Terms and Conditions applicable to the Notes other than Finnish Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

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

Form of Finnish Notes

Each Tranche of Finnish Notes will be issued in uncertificated and dematerialised book-entry form in accordance with the Finnish Act on the Book-Entry Securities System (*Laki arvo-osuusjärjestelmästä* 826/1991), as amended. No global or definitive Notes will be issued in respect thereof. The holder of a Finnish Note will be the person evidenced as such by the register for such Note maintained by Euroclear Finland on behalf of the Issuer. Where a nominee in accordance with such legislation is so evidenced it shall be treated by the Issuer as the holder of the relevant Finnish Note.

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

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

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

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

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

Clearing System Accountholders

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

In relation to any Tranche of Notes represented by one or more Global Note Certificates, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name the relevant Global Note Certificate is for the time being registered in the Register which (a) in the case of a Restricted Global Note Certificate held by or on behalf of DTC, will be Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC, and (b) in the case of any Unrestricted Global Note Certificate which is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

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

Transfers of Interests in Global Notes and Global Note Certificates

Transfers of interests in Global Notes and Global Note Certificates within DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the Registrar, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of any DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Note Certificate or for maintaining, supervising or reviewing any of the records of DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Note Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Note Certificate representing such interest.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions*", transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will be effected by the relevant clearing systems in accordance with their respective rules and through action taken by the DTC Custodian, the Registrar and the Principal Paying Agent.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Note Certificates will be effected through the Principal Paying Agent, the DTC Custodian, the relevant Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Note Certificate resulting in such transfer and (ii) two business days after receipt by the Principal Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Notes, see "*Subscription and Sale*" and "*Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions*".

Upon the issue of a Restricted Global Note Certificate to be held by or on behalf of DTC, DTC or the DTC Custodian will credit the respective nominal amounts of the individual beneficial interests represented by such Global Note Certificate to the account of DTC participants. Ownership of beneficial interests in such Global Note Certificate will be held through participants of DTC, including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in such Global Note Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee. DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes represented by a Global Note Certificate held by or on behalf of DTC (including, without limitation, the presentation of such Global Note Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in such Global Note Certificate are credited, and only in respect of such portion of the aggregate nominal amount of such Global Note Certificate as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the relevant Global Note Certificate for Individual Note Certificates (which will bear the relevant legends set out in "*Holders of Restricted Notes and Transfer Restrictions*").

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note Certificates among participants and account holders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Registrar, the Dealers or the Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

While a Global Note Certificate is lodged with DTC, Euroclear, Clearstream, Luxembourg or any relevant clearing system, Individual Note Certificates for the relevant Series of Notes will not be eligible for clearing and settlement through such clearing systems.

Payments in respect of Bearer Notes

Payments of principal, interest and any additional amounts pursuant to Condition 9 (*Payments*) of the EMTNs, or Condition 8 (*Payments*) of the Covered Bonds, if any, in respect of the Bearer Notes when represented by a Temporary Global Note or a Permanent Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms, will be made against presentation and surrender or, as the case may be, presentation of the relevant Temporary Global Note or Permanent Global Note to or to the order of any of the Paying Agents. A record of each payment so made will be endorsed on the relevant schedule to the Temporary Global Note or Permanent Global Note by or on behalf of the Fiscal Agent, which endorsement will be *prima facie* evidence that such payment has been made.

Notices

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

Meetings

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

Cancellation

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

Issuer's Option

No drawing of Notes will be required under Condition 6(f) (*Partial Redemption*) of the EMTNs or Condition 6(f) (*Partial Redemption*) of the Covered Bonds in the event that the Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a Temporary Global Note, Permanent Global Note or Global Note Certificate, as the case may be. In such event the partial redemption will be effected in accordance with the standard rules and procedures of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), DTC or, as the case may be, such other relevant clearing system(s).

Holder's Option

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

Conditions apply

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

Record Date

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

Business Day

Notwithstanding the definition of "Business Day" in Condition 9(6)(c)(i) of the EMTNs or Condition 8(6)(c)(i) of the Covered Bonds (as applicable), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Note Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Note Certificate is deposited with a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "**Business Day**" means:

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

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

FORM OF FINAL TERMS

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

NORDEA BANK FINLAND PLC

Issue of
[Aggregate Nominal Amount of Tranche]
[Title of Notes]
Issued under the
€20,000,000,000 Euro Medium Term Note Programme and Covered Bond Programme

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

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

(ii) in those Public Offer Jurisdictions mentioned in Paragraph 43 of Part A below, provided such person is one of the persons mentioned in Paragraph 43 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

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

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

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the "**Conditions**") set forth in the base prospectus dated 27 June 2012 [and the base prospectus supplement[s] dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive**.** This document constitutes the Final Terms of the [EMTNs/Covered Bonds] described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the [EMTNs/Covered Bonds] is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the base prospectus supplement[s] [is] [are] available for viewing during normal business hours at [*address*] and copies may be obtained from [*address*].

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

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

Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the "**Conditions**") set forth in the Base Prospectus dated [*original date*], which are incorporated by reference in the Base Prospectus dated [*current date*]. This document comprises the Final Terms of the [EMTNs/Covered Bonds] described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated [*current date*] [and the base prospectus supplement[s] dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive.

Full information on the Issuer and the offer of the [EMTNs/Covered Bonds] is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [*current date*] [and the base prospectus supplement[s] dated [•]].The Base Prospectus [and the base prospectus supplement[s] [is] [are] available for viewing during normal business hours at [*address*] and copies may be obtained from [*address*].

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

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

[These [EMTNs / Covered Bonds] are [Finnish EMTNs/Finnish Covered Bonds]. Holders of the [Finnish EMTNs/Finnish Covered Bonds] are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the deed of covenant dated 28 October 2010 executed by the Issuer constituting the [Finnish EMTNs/Finnish Covered Bonds]. [*This paragraph need only be included if the Final Terms relates to Finnish EMTNs/Finnish Covered Bonds.*]

[*When adding any other final terms or information including final terms at items 9, 10, 15, 16, 17, 29 or 31 of Part A or information in relation to the interests of natural and legal persons involved in the issue/offer in Part B, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*]

1.	Issuer:		Nordea Bank Finland Plc
2.	[(i)]	Series Number:	[●]
	[(ii)]	Tranche Number:	[●] *(If fungible with an existing Series, details of that Series, including the date on which the [EMTNs/Covered Bonds] become fungible)*
3.	Specified Currency or Currencies:		[●]
4.	Aggregate Nominal Amount:		
	[(i)]	Series:	[●]
	[(ii)]	Tranche:	[●]
5.	Issue Price:		[●] per cent. of the Tranche [plus accrued interest from [*insert date*] if applicable]
6.	[(i)]	Specified Denominations:	[●] No Notes may be issued which have a minimum denomination of less than EUR 1,000 (or nearly equivalent in another currency). [*Note where the minimum specified denomination of the Notes is EUR 100,000 - where multiple denominations above EUR 100,000 (or equivalent) are being used and Notes are not being issued in registered form,*

			the following sample wording should be followed: [EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]. No Notes in definitive form will be issued with a denomination above [EUR 199,000]. So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing systems so permit, the Notes will be tradeable only in the minimum authorised denomination of [EUR 100,000] and higher integral multiples of [EUR 1,000], notwithstanding that no definitive notes will be issued with a denomination above [EUR 199,000].]
	[(ii)]	Calculation Amount:	*[If there is more than one Specified Denomination, insert the highest common factor of these Specified Denominations (note: there must be a common factor of two or more Specified Denominations).]*
7.	[(i)]	Issue Date:	[•]
	[(ii)]	Interest Commencement Date:	[•]
8.	[(i)]	Maturity Date:	[*specify date*](*for Floating Rate* [*EMTNs/ Covered Bonds*] *Interest Payment Date falling in or nearest to the relevant month and year)*
	[(ii)]	Extended Maturity Date:	[Applicable/Not Applicable] [*If not applicable, delete the remaining sections of this subparagraph*] The Extended Maturity Date is [*specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year*]. [*If applicable, complete relevant sections regarding interest, etc.*]
9.	Interest Basis		[[•] per cent. Fixed Rate] [[*specify reference rate*] ± [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (specify)] (further particulars specified below)
10.	Redemption:		[Redemption at par] [Index Linked Redemption] [Dual Currency - *N.B. Not applicable for Finnish Notes*] [Partly Paid] [Instalment] [Other (specify)]
11.	Change of Interest or Redemption/Payment Basis:		[*Specify details of any provision for convertibility of [EMTNs/Covered Bonds] into*

		another interest or redemption/payment basis]
12.	Put/Call Options	[Investor Put] [Issuer Call] [(further particulars specified below)]
13.	Status of the [EMTNs/Covered Bonds]:	[Unsubordinated]
14.	Method of distribution:	[Syndicated/Non syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE TO MATURITY DATE

15.		**Fixed Rate [EMTNs/Covered Bonds] Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[•] per cent. per annum [payable [annually / semi-annually / quarterly / monthly/ other *(specify)*] in arrear]
	(ii)	Interest Payment Date(s):	[•] in each year [adjusted in accordance with [*specify and define Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	Broken Amount(s):	[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount*[(*s*)]]
	(v)	Day Count Fraction:	[Actual/Actual (ICMA) or 30/360 or *specify other*]
	(vi)	Determination Date(s):	[•] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long and short first or last coupon*] (*NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration*). (*NB: Only relevant where Day Count Fraction is Actual/Actual* (*ICMA*)).
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate [EMTNs/Covered Bonds]:	[Not Applicable/*give details*]
16.		**Floating Rate [EMTNs/Covered Bonds] Provisions**	[Applicable/Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Dates:	[•]
	(ii)	Business Day Convention:	[In accordance with Condition 4(2)(b)/Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / other (*give details. N.B. Only the Following Business Day Convention/Modified*

			Business Day Convention can be applicable for Finnish Notes. N.B. If other than as set out in Condition 4(2)(b), please define/set out.)]
	(iii)	Any relevant modification to the definition of Business Day for the purposes of Condition [8(4)(c)(i)]:	[•]
	(iv)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination / ISDA Determination/other (*give details*)]
	(v)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent):	[•]
	(vi)	Screen Rate Determination:	[•]
		— Reference Rate:	[•]
		— Interest Determination Date(s):	[•]
		— Relevant Screen Page:	[•]
	(vii)	ISDA Determination:	[•]
		— Floating Rate Option:	[•]
		— Designated Maturity:	[•]
		— Reset Date:	[•]
	(viii)	Margin(s):	[•] per cent. per annum
	(ix)	Minimum Rate of Interest:	[•] per cent. per annum
	(x)	Maximum Rate of Interest:	[•] per cent. per annum
	(xi)	Day Count Fraction:	[Actual/365 or Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other]
	(xii)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions.	[•]
17.	**Zero Coupon [EMTNs/Covered Bonds] Provisions**		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(i)	[Amortisation/Accrual] Yield:	[•] per cent. per annum
	(ii)	Reference Price:	[•] per cent. per annum

	(iii)	Any other formula/basis of determining amount payable:	[•]
	(iv)	Day Count Fraction:	[•]
18.	**Index Linked [EMTNs/Covered Bonds]/ other variable linked interest Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(i)	Index/Formula/other variable:	[*give or annex details*]
	(ii)	Calculation Agent responsible for calculating the principal or interest due:	[•]
	(iii)	Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[•]
	(iv)	Interest Determination Dates:	[•]
	(v)	Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
	(vi)	Interest or calculation period(s):	[•]
	(vii)	[Specified Period(s)/Specified Interest Payment Date(s)]:	[•]
	(viii)	Business Day Convention:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention/other (*give details. N.B. Only the Following Business Day Convention/Modified Business Day Convention can be applicable for Finnish Notes.*)]
	(ix)	Any relevant modification to the definition of Business Day for the purposes of Condition [8(4)(c)(i)]:	[•]
	(x)	Minimum Rate/Amount of Interest:	[•] per cent. per annum/[•]
	(xi)	Maximum Rate/Amount of Interest:	[•] per cent. per annum/[•]
	(xii)	Day Count Fraction:	[•]
19.	**Dual Currency [EMTN/Covered Bond] Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph. N.B. Not applicable for Finnish Notes*)
	(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
	(ii)	Calculation Agent, if any, responsible for calculating the	[•]

principal and/or interest due:

	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE FROM THE MATURITY DATE TO THE EXTENDED MATURITY DATE

20.	**Fixed Rate Covered Bonds Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*).
	(i)	Rate[(s)] of Interest:	[•] per cent. per annum [payable monthly] in arrear]
	(ii)	Interest Payment Date(s):	[•] in each year [adjusted in accordance with [*specify and define Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	Broken Amount(s):	[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]
	(v)	Day Count Fraction:	[Actual/Actual (ICMA) or 30/360 or *specify other*]
	(vi)	Determination Date(s):	[•] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long and short first or last coupon*] (*NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration*). (*NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)*).
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds:	[Not Applicable/*give details*]
21.	**Floating Rate Covered Bonds Provisions**		[Applicable/Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Dates:	[•]
	(ii)	Business Day Convention:	[In accordance with Condition 4(2)(b)/Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details. N.B. Only the Following Business Day Convention/Modified Business Day Convention can be applicable for*

			Finnish Notes. NB if other than as set out in Condition 4(2)(b), please define/set out.)]
	(iii)	Any relevant modification to the definition of Business Day for the purposes of Condition [8(4)(c)(i)]:	[•]
	(iv)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination / ISDA Determination/other (*give details*)]
	(v)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent):	[•]
	(vi)	Screen Rate Determination:	[•]
		— Reference Rate:	[•]
		— Interest Determination Date(s):	[•]
		— Relevant Screen Page:	[•]
	(vii)	ISDA Determination:	[•]
		— Floating Rate Option:	[•]
		— Designated Maturity:	[•]
		— Reset Date:	[•]
	(viii)	Margin(s):	[•] per cent. per annum
	(ix)	Minimum Rate of Interest:	[•] per cent. per annum
	(x)	Maximum Rate of Interest:	[•] per cent. per annum
	(xi)	Day Count Fraction:	[Actual/365 or Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other]
	(xii)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions.	[•]
22.	**Index Linked Covered Bonds/ other variable linked interest Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(i)	Index/Formula/other variable:	[*give or annex details*]
	(ii)	Calculation Agent responsible for calculating the principal or interest due:	[•]
	(iii)	Provisions for determining Coupon where calculated by reference to	[•]

		Index and/or Formula and/or other variable:	
	(iv)	Interest Determination Dates:	[•]
	(v)	Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
	(vi)	Interest or calculation period(s):	[•]
	(vii)	[Specified Period(s)/Specified Interest Payment Date(s)]:	[•] [(**provided**, **however**, **that** after the Maturity Date, the Specified Interest Payment Date shall be monthly)]
	(viii)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details. N.B. Only the Following Business Day Convention/Modified Business Day Convention can be applicable for Finnish Notes. NB In each case define accordingly.)*]
	(ix)	Any relevant modification to the definition of Business Day for the purposes of Condition [8(4)(c)(i)]:	[•]
	(x)	Minimum Rate/ Amount of Interest:	[•] per cent. per annum/[•]
	(xi)	Maximum Rate/ Amount of Interest:	[•] per cent. per annum/[•]
	(xii)	Day Count Fraction:	[•]
23.	**Dual Currency Covered Bond Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph. N.B. Not applicable for Finnish Notes*)
	(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
	(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]

PROVISIONS RELATING TO REDEMPTION

24.	**Call Option**		[Applicable/Not Applicable] [*refer to relevant Condition]*
	(i)	Optional Redemption Date(s):	[•]

	(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	Early redemption as a result of a Capital Event:	[Not Applicable/The provisions in Condition 6(d) (*Early Redemption as a result of a Capital Event*) (apply/do not apply]
	(iv)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[•] per Calculation Amount
		(b) Maximum Redemption Amount:	[•] per Calculation Amount
	(v)	Notice period (if other than as set out in the Conditions):	[•]
25.	**Put Option**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph).*
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each [EMTN/Covered Bond] and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	Notice period (if other than as set out in the Conditions):	[•]
26.	**Final Redemption Amount**		[•] per Calculation Amount
	[In cases where the Final Redemption Amount is Index Linked or other variable linked:		
	(i)	Index/Formula/variable:	[*give or annex details*]
	(ii)	Calculation Agent responsible for determining the Final Redemption Amount:	[•]
	(iii)	Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[•]
	(iv)	Determination Date(s):	[•]
	(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
	(vi)	Payment Date:	[•]
	(vii)	Minimum Final Redemption Amount:	[•] per Calculation Amount

	(viii)	Maximum Final Redemption Amount:	[•] per Calculation Amount
27.	**Early Redemption Amount**		[•]
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions) and/or the method of calculating the same (if required or if different from that set out in the Conditions):		[Condition 6[(b)/(c)/(d)/(e)] applies]
28.	**Form of [EMTNs/Covered Bonds]:**		[Bearer [EMTNs/Covered Bonds]]: [Temporary Global [EMTN/Covered Bond] exchangeable for a Permanent Global [EMTN/Covered Bond] which is exchangeable for Definitive [EMTNs/Covered Bonds] on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global [EMTN/Covered Bond.]] [Temporary Global [EMTN/Covered Bond] exchangeable for Definitive [EMTNs/Covered Bonds] on [•] days' notice.] [Permanent Global [EMTNs/Covered Bonds] exchangeable for Definitive [EMTNs/Covered Bonds] on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global [EMTNs/Covered Bonds.]] [Registered [EMTNs/Covered Bonds]]: [Unrestricted Global [EMTNs/Covered Bonds] Certificate exchangeable for unrestricted Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances described in the Unrestricted Global [EMTNs/Covered Bonds] Certificate] [Restricted Global [EMTNs/Covered Bonds] Certificate exchangeable for Restricted Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances described in the Restricted Global [EMTNs/Covered Bonds] Certificate] [Restricted Global [EMTNs/Covered Bonds] Certificate [(U.S.$ [•]/Euro [•] nominal amount)] registered in the name of a nominee for [DTC].] [Unrestricted Global [EMTNs/Covered Bonds] Certificate [(U.S.$/Euro [•] nominal amount)] registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New

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

			such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

37.	(i)	If syndicated, names [and addresses][1] of Managers [and underwriting commitments]:[1]	[Not Applicable/*give names, addresses and underwriting commitments*] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers*)
	(ii)	[Date of Subscription Agreement:]	[•]
	(iii)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
38.	If non-syndicated, name [and address][1] of Dealer:		[Not Applicable/*give name [and address]*]
39.	[Total commission and concession[2]:		[•] per cent. of the Aggregate Nominal Amount]
40.	Additional selling restrictions:		[Not Applicable/*give details*]
41.	U.S. Selling Restrictions:		[Reg. S Compliance Category [•]]; (In the case of Bearer Notes) - TEFRA D [*if TEFRA D is not applicable, specify* [TEFRA C]/[TEFRA not applicable]] (*In the case of Registered Notes/Finnish Notes*) - [Not Applicable]
42.	Rule 144A:		[Applicable/Not Applicable]
43.	Non-exempt Offer:		[Not Applicable] [An offer of the Notes may be made by the [Managers/Dealer] [and [*specify, if applicable*]] other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported*] (the "**Public Offer Jurisdictions**") during the period from [*specify date*] until [*specify date*] (the "**Offer Period**"). See further Paragraph [10] of Part B below.

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [*specify relevant regulated market*] of the [EMTNs/Covered Bonds] described herein] pursuant to the €20,000,000,000 Euro Medium Term Note and Covered Bond

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1 Applicable only if the Notes have a Specified Denomination of less than EUR 100,000 (or equivalent in another currency at the Issue Date).

2 Applicable only if the Notes have a Specified Denomination of less than EUR 100,000 (or equivalent in another currency at the Issue Date).

Programme of Nordea Bank Finland Plc.

RESPONSIBILITY

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

Signed on behalf of the Nordea Bank Finland Plc:

By: .... Duly authorised	By: .... Duly authorised
Date:	Date:..

PART B – OTHER INFORMATION

1. **LISTING**

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

2. **RATINGS**

Ratings:	[The issuance of the [EMTNs/Covered Bonds] itself [has not been rated/is expected to be rated: [•]]] [The following ratings reflect the ratings allocated to [EMTNs/Covered Bonds] of the type being issued under the Issuer's €20,000,000,000 Euro Medium Term Note and Covered Bond Programme generally: Moody's Investors Service Limited: [•] Standard & Poor's Credit Market Services Europe Limited: [•] Fitch Ratings Limited: [•] DBRS, Inc.: [•] (*Need to include a brief explanation of the meaning of the ratings if this has been previously published by the rating provider.*) [[*Insert legal name of particular credit rating agency entity providing rating*] is established in the European Economic Area and is registered under Regulation (EC) No. 1060/2009, as amended.] [[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the European Economic Area and is not registered in accordance with Regulation (EC) No. 1060/2009, as amended.] [[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the European Economic Area and is not registered in accordance with Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"). However, [insert the name of the relevant EEA CRA affiliate], which is established in the European Economic Area and registered under the CRA Regulation, has disclosed the intention to endorse credit ratings of [*insert legal name of particular*

credit rating agency entity providing rating].]

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the European Economic Area, but it is certified in accordance with Regulation (EC) No. 1060/2009, as amended.]

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

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

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

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

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

5. **[*Fixed Rate [EMTNs/Covered Bonds] only* - YIELD**

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

6. **[*Floating Rate [EMTNs/Covered Bonds] only* - HISTORIC INTEREST RATES[3]**

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

7. **[*Index Linked or other variable linked [EMTNs/Covered Bonds] only* - PERFORMANCE OF INDEX/ FORMULA/ OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER**

3 Applicable only if the Notes have a Specified Denomination of less than EUR 100,000 (or equivalent in another currency at the Issue Date)

INFORMATION CONCERNING THE UNDERLYING[4]

Need to include details of the exercise price or final reference price of the underlying (if available or not included in any index or formula for calculating the coupon or redemption of a Note), where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.[5] *[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.*]]

8. **[*Dual Currency [EMTNs/Covered Bonds] only* - PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**[6]

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.][7]

9. **OPERATIONAL INFORMATION**

ISIN Code:	[•]
Common Code:	[•]
CUSIP:	[•]
New Global Note intended to be held in a manner which would allow Eurosystem eligibility or Global Registered Note to be held under the NSS:	[Not Applicable/Yes/No] [Note that the designation "yes" simply means that the [EMTNs/Covered Bonds] are intended upon issue to be deposited with one of the ICSDs as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] [*include this text for registered* [EMTNs/Covered Bonds]]] and does not necessarily mean that the [EMTNs/Covered Bonds] will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [*include this text if "yes" selected in which case [the] [bearer] Global Notes must be issued in NGN form and Global Registered Notes must be issued in NSS form*]

4 The requirement to explain the effects of the performance of index/formula/other variable on the value of the investments and the associated risks thereof only arises where the Notes have a Specified Denomination of less than EUR 100,000 (or equivalent in another currency at the Issue Date).

5 The requirement to explain the effects of the performance of index/formula/other variable on the value of the investments and the associated risks thereof only arises where the Notes have a Specified Denomination of less than EUR 100,000 (or equivalent in another currency at the Issue Date).

6 The requirement to explain the effects of the performance of the rate(s) of exchange on the value of the investments and the associated risks thereof only arises where the Notes have a Specified Denomination of less than EUR 100,000 (or equivalent in another currency at the Issue Date).

7 The requirement to explain the effects of the performance of the rate(s) of exchange on the value of the investments and the associated risks thereof only arises where the Notes have a Specified Denomination of less than EUR 100,000 (or equivalent in another currency at the Issue Date).

Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name*(*s*) *and number*(*s*)]] [*In the case of Finnish Covered Bonds / Finnish EMTNs:* Euroclear Finland Ltd P.O. Box 1110 FI-00101 Helsinki [Euroclear Finland identification number: 1061446.0]
Delivery:	Delivery [against/free of] payment
Name(s) and address(es) of initial Paying Agent(s):	[•]
Name(s) and address(es) of additional Paying Agent(s) (if any):	[•]
[Name and address of Finnish Issuing Agent:]	[*only applicable to Finnish Notes*]

10. **TERMS AND CONDITIONS OF THE OFFER**[8]

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

Offer Price:	[Issue Price][specify]
Conditions to which the offer is subject:	[Not Applicable/*give details*]
Description of the application process:	[Not Applicable/*give details*]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/*give details*]
Details of the minimum and/or maximum amount of application:	[Not Applicable/*give details*]
Details of method and time limits for paying up and delivering the [EMTNs/Covered Bonds]:	[Not Applicable/*give details*]
Manner and date in which results of the offer are to be made public:	[Not Applicable/*give details*]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/*give details*]
Categories of potential investors to which the [EMTNs/Covered Bonds] are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/*give details*]

8 Applicable only if the Notes have a Specified Denomination of less than EUR 100,000 (or equivalent in another currency at the Issue Date).

Process for notification to applicants of the amount allotted and the indication whether dealing may being before notification is made:	[Not Applicable/*give details*]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/*give details*]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[None/*give details*]

TERMS AND CONDITIONS OF THE EMTNS

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

The EMTNs are issued in accordance with an amended and restated fiscal agency agreement (as amended and/or restated and/or replaced from time to time, the "**Fiscal Agency Agreement**") dated 27 June 2012 and made between Nordea Bank Finland Plc (the "**Issuer**"), Citibank, N.A. acting through its London office in its capacity as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor to Citibank, N.A., London office in its capacity as such) and as registrar (the "**Registrar**" in relation to any Series of EMTNs except Finnish EMTNs, which expression shall include any successor to Citibank, N.A., London office in its capacity as such) and certain financial institutions named therein in their capacity as paying agents (the "**Paying Agents**", which expression shall include the Fiscal Agent and any substitute or additional paying agents, the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Fiscal Agency Agreement) and Nordea Bank Finland Plc in its capacity as Finnish issuing agent for Finnish EMTNs (the "**Finnish Issuing Agent**"). The EMTNs have the benefit of a deed of covenant (the "**Deed of Covenant**") dated 28 October 2010 (as amended and/or restated and/or replaced from time to time), executed by the Issuer in relation to the EMTNs. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection at the specified office of each of the Paying Agents and the Registrar. All persons from time to time entitled to the benefit of obligations under any EMTNs shall be deemed to have notice of and to be bound by all of the provisions of the Fiscal Agency Agreement and the Deed of Covenant insofar as they relate to the relevant EMTNs.

The EMTNs are issued in series (each a "**Series**") made up of one or more Tranches, and each Series will be the subject of a final terms (each the "**Final Terms**") a copy of which, in the case of a Series in relation to which application has been made for admission to listing on the official list of the Irish Stock Exchange (the "**Official List**") and to trading on its regulated market (the "**Main Securities Market**"), will be filed with the Irish Stock Exchange and will be available for inspection at the specified office of each of the Fiscal Agent or, as the case may be, the Registrar on or before the date of issue of the EMTNs of such Series. EMTNs may be cleared through the Finnish Central Securities Depositary which will be Euroclear Finland Ltd., incorporated in Finland with Reg. No. 1061446-0 ("**Finnish EMTNs** " and "**Euroclear Finland**", respectively).

The registrar in respect of any Series of Finnish EMTNs will be a duly authorised central securities depositary under the Finnish Act on the Book-Entry Securities System (*Laki arvo-osuusjärjestelmästä* 826/1991), as amended, expected to be Euroclear Finland (the "**Finnish Registrar**").

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

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

References in these Conditions to EMTNs are to EMTNs of the relevant Series and any references to Coupons and Receipts, both as defined below, are to Coupons and Receipts relating to EMTNs of the relevant Series.

1. Form and Denomination

(a) ***Form***

EMTNs, other than Finnish EMTNs, are issued in bearer form or registered form, as specified in the relevant Final Terms and are serially numbered.

The Finnish EMTNs are issued in uncertificated and dematerialised book-entry form in accordance with the Finnish Act on the Book-Entry Securities System (*Laki arvo-osuusjärjestelmästä* 826/1991), as amended.

(b) ***Form of Bearer EMTNs***

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

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

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

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

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

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

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

(c) ***Form of Registered EMTNs***

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

(d) ***Form of Finnish EMTNs***

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

(e) ***Denomination of Bearer EMTNs***

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

(f) ***Denomination of Registered EMTNs***

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

(g) ***Denomination of Finnish EMTNs***

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

(h) ***Currency of EMTNs***

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

For the purposes of these Terms and Conditions (the "**Conditions**"), references to EMTNs shall, as the context may require, be deemed to be Temporary Global EMTNs, Permanent Global EMTNs, Definitive EMTNs or, as the case may be, Registered EMTNs.

The Issuer may in certain circumstances redenominate EMTNs in euros and consolidate the EMTNs with one or more issues of other EMTNs as described in Condition 5 (*Redenomination and Consolidation*) below.

2. **Title**

(a) ***Title to Bearer EMTNs, Registered EMTNs and Finnish EMTNs***

Title to the Bearer EMTNs, Receipts and Coupons passes by delivery. References herein to the "**EMTN Holders**" or "**Holders**" of Bearer EMTNs or of Receipts or

Coupons signify the bearers of such Bearer EMTNs or such Receipts or Coupons.

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

Title to the Finnish EMTNs shall pass by registration in the computerised register consisting of accounts for the holders of financial instruments registered pursuant to the Finnish Act on the Book-Entry Securities System (*Laki arvo-osuusjärjestelmästä* 826/1991), as amended other Finnish laws, regulations and operating procedures applicable to and/or issued by Euroclear Finland from time to time (the "**Euroclear Finland Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder (as defined below) of any Finnish EMTN shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it and no person shall be liable for so treating the Holder. References herein to the "**EMTN Holders**" or "**Holders**" of Finnish EMTNs signify the persons in whose names such EMTNs are so registered.

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

Where a nominee in accordance with the Finnish Act on the Book-Entry Securities System (*Laki arvo-osuusjärjestelmästä* 826/1991), as amended is so evidenced it shall be treated by the Issuer as the Holder of the relevant Finnish EMTNs.

(b) ***Transfer of Registered EMTNs and Finnish EMTNs***

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

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

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

One or more Finnish EMTNs may be transferred in accordance with Euroclear Finland Rules.

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

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

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

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

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

Upon the transfer, exchange or replacement of Registered EMTNs bearing the private placement legend (the "**Rule 144A Legend**") for the purpose of Rule 144A under the Securities Act set forth in the form of Registered EMTN scheduled to the Fiscal Agency Agreement, the Registrar shall deliver only Registered EMTNs that also bear such legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion, reasonably satisfactory to the Issuer, of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Registered EMTNs are not "**restricted securities**" within the meaning of Rule 144 under the Securities Act. The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its Affiliates not to acquire any beneficial interest, in any Registered EMTN bearing the Rule 144A Legend unless it notifies the Registrar in writing of such acquisition. The Registrar and all EMTN Holders will be entitled to rely without further investigation on any such notification (or lack thereof).

As used herein, "**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls the Issuer, directly or indirectly, or any entity under common control with the Issuer. For this purpose "**control**" of the Issuer or any entity means ownership of a majority of the voting power of the Issuer or such entity.

3. **Status**

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

4. **Interest**

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

(1) ***Interest—Fixed Rate***

EMTNs in relation to which this Condition 4(1) is specified in the relevant Final Terms as being applicable shall bear interest on its outstanding nominal amount (or if it is a Partly Paid EMTN, the amount paid up) from and including their date of issue to, but excluding the date of final maturity thereof (each date as specified in the relevant Final Terms) at the rate or rates per annum specified in the relevant Final Terms, **provided that** in the case of Finnish EMTNs, such Finnish EMTNs shall bear interest on its outstanding nominal amount (or if it is a Finnish Partly Paid EMTN, the amount paid up) from, but excluding their date of issue to and including the date of final maturity thereof (each date as specified in the relevant Final Terms) at the rate or rates specified in the relevant Final Terms. Interest will be payable in arrear on such dates as are specified in the relevant Final Terms and on the date of final maturity thereof. The amount of interest payable in respect of each EMTN for any period for which a Fixed Coupon Amount is not specified in the applicable Final Terms shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figures by a fraction equal to the Specified Denomination of such EMTN divided by the Calculation Amount. For the purposes of this Condition 4, a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Interest may also be calculated on such other basis as may be specified in the relevant Final Terms.

(2) ***Interest—Floating Rate***

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

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

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

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

(i) where the Floating Rate Option is based on the London inter bank offered rate ("**LIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of 11.00 a.m. (London time) on the second

London Banking Day before (or, in the case of EMTNs denominated in Pounds Sterling, on) the first day of the relevant Interest Period or, in the case of euro LIBOR, on the second TARGET2 Settlement Day before the first day of the relevant Interest Period (the "**Interest Determination Date**");

(ii) where the Floating Rate Option is based on the Euro zone inter bank offered rate ("**EURIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposit) in euro for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of 11.00 a.m. (Brussels time) of the second TARGET2 Settlement Day before the first day of the relevant Interest Period;

(iii) if no such rate for deposits so appears (or, as the case may require, if fewer than two such rates for deposits so appear), the Determination Agent will request appropriate quotations and will determine the arithmetic mean of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market (where the Floating Rate Option is LIBOR) or four major banks in the Euro zone interbank market (where the Floating Rate Option is EURIBOR), selected by the Determination Agent at approximately 11.00 a.m. (London time) (where the Floating Rate Option is LIBOR) or 11.00 a.m. (Brussels time) (where the Floating Rate Option is EURIBOR) on the Interest Determination Date to prime banks in the London interbank market (where the Floating Rate Option is LIBOR) or to prime banks in the Euro zone interbank market (where the Floating Rate Option is EURIBOR) for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time; and

(iv) if fewer than two rates are so quoted, the Determination Agent will (where the Floating Rate Option is LIBOR) determine the arithmetic mean of the rates quoted by major banks in the Relevant Financial Centre, selected by the Determination Agent at approximately 11.00 a.m. (Relevant Financial Centre (as defined in Condition 9(5)(c) (*Payments-General Provisions*) time) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks or (where the Floating Rate Option is EURIBOR) determine the arithmetic mean of the rates quoted by major banks in the Euro zone inter bank market selected by the Determination Agent at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks in the Euro zone for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

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

(e) The Determination Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of the Calculation Amount specified in the relevant Final Terms for the relevant Interest Period. The amount of interest shall be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the actual number of days in the Interest Period concerned divided by 360 (or, in the case of the EMTNs denominated in Pounds

Sterling, 365 (or, if any portion of such Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion divided by 366 and (ii) the actual number of days in the remainder of such Interest Period divided by 365)) or by such other number as may be specified in the relevant Final Terms, rounding the resulting figure to the nearest sub unit of the currency in which such EMTNs are denominated or, as the case may be, in which such interest is payable (one half of any such sub unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant EMTN divided by the Calculation Amount. Where the Specified Denomination of such a Note comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner above) for each Calculation Amount comprising the Specified Denomination, without any further rounding.

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

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

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

- the Issuer was the Fixed Rate Payer or, as the case may be, the Floating Rate Payer;
- the Determination Agent was the Calculation Agent;
- the Effective Date was such date of issue;
- the principal amount of such EMTN was the Calculation Amount;
- and all other terms were as specified in the relevant Final Terms.

(4) ***Interest—Other Rates***

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

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

(a) Condition 4(5)(b) (*Notification of Rates of Interest, Interest Amounts and Interest Payment Dates)* shall be applicable in relation to EMTNs in relation to which Condition 4(2) (*Interest—Floating Rate*) is specified in the relevant Final Terms as being applicable, Condition 4(5)(c) shall be applicable in relation to all interest bearing EMTNs, and Condition 4(5)(d) shall be applicable in relation to Instalment EMTNs.

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

The Determination Agent will cause each Rate of Interest, floating rate, Interest Payment Date, final day of a calculation period, Interest Amount or floating amount or, as the case may be, Instalment Amount determined or calculated by it to be notified to the Issuer and the Fiscal Agent. The Fiscal Agent will cause all such determinations or calculations to be notified to the other Paying Agents and, in the case of Registered

EMTNs, the Registrar (from whose respective specified offices such information will be available) as soon as practicable after such determination or calculated but in any event not later than the fourth London Banking Day thereafter and, in the case of EMTNs admitted to the listing on the Official List of the Irish Stock Exchange and to trading on its Main Securities Market, cause each such Rate of Interest, floating rate, Interest Amount or floating amount or, as the case may be, Instalment Amount to be notified to the Irish Stock Exchange. The Determination Agent will be entitled to amend any Interest Amount, floating amount, Interest Payment Date or last day of a calculation period (or to make appropriate alternative arrangements by way of adjustment) without notice in the event of the extension or abbreviation of the relevant Interest Period or calculation period. For the purposes of these Conditions, "**London Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and "**TARGET2 Settlement Day**" has the meaning set out below.

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

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

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

(f) For the purposes of these Conditions:

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

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

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

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

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

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

"**Regular Period**" means:

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

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

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

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

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

(6) ***Non Interest Bearing EMTNs***

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

5. **Redenomination and Consolidation**

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

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

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

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

(b) If Definitive EMTNs are required to be issued, they shall be issued at the expense of the Issuer (i) in the case of Relevant EMTNs in the denomination of euro 100,000 and/or such higher amounts as the Paying Agent may determine and notify to the EMTN Holders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the EMTN Holders in euro in accordance with Condition 6 (*Redemption and Purchase*); and (ii) in the case of EMTNs which are not Relevant EMTNs, in the denominations of euro 0.01, euro 1,000, euro 10,000, euro 100,000 and such other denominations as the Fiscal Agent shall determine and notify to EMTN Holders.

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

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

(e) An EMTN or Coupon may only be presented for payment on a day on which commercial banks and foreign exchange markets are open in the place of presentation and which is a day on which TARGET2 is open.

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

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

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

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

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

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

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

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

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

(A) Euroclear Bank SA/NV and Clearstream, Luxembourg;

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

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

"**Relevant EMTNs**" means all EMTNs where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area;

(l) Any consolidation of the EMTNs with Other EMTNs may involve, *inter alia*, a change of the depositary or, as the case may be, the common safekeeper which holds the EMTNs and/or the Other EMTNs on behalf of the clearing system(s) through which the EMTNs and/or the Other EMTNs are held and/or the issue of a replacement global EMTN or global EMTNs.

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

6. Redemption and Purchase

(a) *Redemption at Maturity*

Unless previously redeemed, or purchased and cancelled, EMTNs shall be redeemed at their principal amount (or at such other redemption amount as may be specified in the relevant Final Terms) (or, in the case of Instalment EMTNs, in the Instalment Amounts and in such number of instalments as may be specified in or determined in accordance with the provisions of, the Final Terms) on the date or dates (or, in the case of EMTNs which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the relevant Final Terms.

(b) *Early Redemption for Taxation Reasons*

If, in relation to any Series of EMTNs, as a result of any change in the laws of Finland 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 EMTNs or any earlier date specified in the relevant Final Terms on the occasion of the next payment due in respect of such EMTNs the Issuer would be required to pay additional amounts as provided in Condition 8 (*Taxation*), the Issuer may, at its option having given not less than thirty nor more than sixty days' notice (ending, in the case of EMTNs which bear interest at a floating rate, on a day upon which interest is payable) to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable) redeem in whole (but not, unless and to the extent that the relevant Final Terms specifies otherwise, in part) the EMTNs of the relevant Series at its principal amount or such other redemption amount as may be specified in the relevant Final Terms or at the redemption amount referred to in Condition 6(h) (*Early Redemption of non interest bearing EMTNs*), together with accrued but unpaid interest ("**Accrued Interest**") (if any) thereon.

(c) *Optional Early Redemption (Call)*

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

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

- the Series of EMTNs subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the EMTNs of the relevant Series which are to be redeemed;
- the due date for such redemption, which shall be not less than thirty days (or such lesser period as may be specified in the relevant Final Terms) after the date on which such notice is validly given and which is, in the case of EMTNs which bear interest at a floating rate, a date upon which interest is payable; and
- the amount at which such EMTNs are to be redeemed, which shall be their principal amount (or such other amount as may be specified in the relevant

Final Terms) together with, in the case of EMTNs which bear interest, Accrued Interest thereon.

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

(d) ***Partial Redemption***

If the EMTNs of a Series are to be redeemed in part only on any date in accordance with Condition 6(c) (*Optional Early Redemption (Call)*):

(i) in the case of Bearer EMTNs, the EMTNs to be redeemed shall be drawn by lot in such European city as the Fiscal Agent may specify, or identified in such other manner or in such other place as the Fiscal Agent may approve and deem appropriate and fair, subject always to compliance with all applicable laws and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the EMTNs have then been admitted to listing, trading and/or quotation and, if applicable, the rules of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), and the notice to Holders of EMTNs referred to in Condition 6(c) (*Optional Early Redemption (Call)*) shall specify the serial numbers of the EMTNs so to be redeemed; and

(ii) in the case of Registered EMTNs, the EMTNs shall be redeemed *pro rata* to their principal amounts, subject always to compliance with all applicable laws and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the EMTNs have then been admitted to listing, trading and/or quotation and, if applicable, the rules of Euroclear and Clearstream, Luxembourg.

(e) ***Optional Early Redemption (Put)***

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

(f) ***Early Redemption of non interest bearing EMTNs***

The redemption amount payable in respect of any non interest bearing EMTN upon redemption of such EMTN pursuant to Condition 6(b) (*Early Redemption for Taxation Reasons - withholding tax*), or, if applicable Condition 6(c) (*Optional Early Redemption (Call)*) or 6(f) (*Early Redemption of non interest bearing EMTNs*) or upon it becoming due and payable as provided in Condition 7 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such EMTNs.

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

(ii) If the redemption amount payable in respect of any such EMTN upon its redemption pursuant to Condition 6(b) (*Early Redemption for Taxation Reasons - withholding tax*), or, if applicable Condition 6(c) (*Optional Early Redemption (Call)*) or 6(f) (*Early Redemption of non interest bearing EMTNs*) or upon it becoming due and payable as provided in Condition 7 (*Events of Default*) is not paid when due, the redemption amount due and payable in respect of such EMTN shall be the Amortised Face Amount of such EMTN as defined in sub paragraph (i) above, except that sub paragraph shall have effect as though the reference therein to the date on which the EMTN becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub paragraph will continue to be made (as well after as before judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the principal amount of such EMTN.

(g) ***Purchase of EMTNs***

The Issuer and its subsidiaries (if any) may at any time purchase EMTNs in the open market or otherwise and at any price **provided that**, in the case of interest bearing Definitive EMTNs, any unmatured Receipts and Coupons appertaining thereto are purchased therewith. Such purchased EMTNs may be cancelled, reissued or resold.

(h) ***Cancellation of Redeemed and Purchased EMTNs***

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

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

Any redemption of the Finnish EMTNs pursuant to this Condition 6 shall be in accordance with, in the case of the Finnish Notes, the Euroclear Finland Rules.

7. **Events of Default**

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

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

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

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

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

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

(c) If an Event of Default shall occur in relation to any Series of Finnish EMTNs, any Holder of any Finnish EMTN of the relevant Series may by written notice to the Issuer and the Finnish Issuing Agent, declare such Finnish EMTN, and (if the Finnish EMTN is interest bearing) all interest then accrued on such Finnish EMTN to be forthwith due and payable, whereupon the same shall become immediately (or on such later date on which the relevant Finnish EMTNs, as the case may be, have been transferred to the account designated by the Finnish Issuing Agent and blocked for further transfer by the Finnish Issuing Agent in accordance with the Euroclear Finland Rules) due and payable at its principal amount (or, if the Finnish EMTNs of that Series are non-interest bearing Finnish EMTNs at the redemption amount referred to in Condition 6(g) (*Purchase of EMTNs*) or such other amount as may be specified in the relevant Final Terms) without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Finnish EMTNs to the contrary notwithstanding, unless prior to the time when the Issuer receives such notice all Events of Default in respect of all the Finnish EMTNs shall have been cured.

8. **Taxation**

(a) All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the EMTNs will be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Finland or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the Holders after such withholding or deduction shall equal the respective amounts which would have been receivable in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of payment in respect of any Bearer EMTN, Receipt or Coupon presented for payment:

(i) in Finland;

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

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

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

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

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

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

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

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

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

9. Payments

(1) *Payments—Bearer EMTNs*

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

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

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

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Bearer EMTN to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of a Bearer EMTN without the relative Receipt or the presentation of a Receipt without the Bearer EMTN to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

(b) Payment of amounts due in respect of interest on Bearer EMTNs will be made:

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

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

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

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

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

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

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

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

(2) ***Payments—Registered EMTNs***

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

(b) Payments of the amounts (including Accrued Interest) due on the final redemption of Registered EMTNs will be made against presentation and, save in the case of a partial redemption by reason of insufficiency of funds, surrender of the relevant Registered EMTNs at the specified office of the Registrar. If the due date for payment of the final redemption amount of Registered EMTNs is not a Business Day, the Holder thereof will not be entitled to payment thereof until the next following such Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms and Conditions.

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

(d) Notwithstanding the provisions of Condition 9(5)(b), payments of interest due (other than in respect of the final redemption of Registered EMTNs) will be made by a cheque drawn on a bank in the Relevant Financial Centre and posted to the address (as recorded in the register held by the Registrar) of the Holder thereof, (or, in the case of joint Holders, the first named) on the Business Day immediately preceding the relevant date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account (in the case aforesaid, a non resident account with an authorised foreign exchange bank).

(3) ***Payments—Finnish EMTNs***

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

(4) ***Payments — General Provisions***

(a) Save as otherwise specified herein, this Condition 9(5) is applicable in relation to EMTNs whether in bearer or in registered form.

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

(c) For the purposes of these Conditions:

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

- in relation to EMTNs denominated in euro, a TARGET2 Settlement Day; and
- in relation to Finnish EMTNs, Helsinki; and
- in relation to EMTNs denominated in any other currency, which is a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the Relevant Financial Centre; and
- in relation to payments due upon presentation and/or surrender of any EMTNs or Coupon, in the relevant place of presentation and/or surrender; and

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

- in relation to EMTNs denominated in Japanese Yen, Tokyo;
- in relation to EMTNs denominated in Pounds Sterling, London;
- in relation to EMTNs denominated in United States dollars, New York City;
- in relation to EMTNs denominated in Swedish kronor, Stockholm;
- in relation to EMTNs denominated in Danish krone, Copenhagen;
- in relation to EMTNs denominated in Norwegian krone, Oslo; and
- in relation to EMTNs denominated in any other currency, such financial centre or centres as may be specified in relation to the relevant currency and for the purposes of the definition of "**Business Day**" in the 2006 ISDA Definitions (as amended and updated from time to time), as published by the International Swaps and Derivatives Association, Inc.,

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

10. Prescription

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

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

11. The Paying Agents and the Registrars

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

12. Replacement of EMTNs

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

13. **Meetings of Holders**

The Fiscal Agency Agreement contains provisions, which are binding on the Issuer and the Holders of EMTNs or Coupons, for convening meetings of the Holders of EMTNs of any Series to consider matters affecting their interests, including the modification or waiver of the Conditions applicable to any Series of EMTNs.

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

14. **Notices**

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

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

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

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

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

Notices to the Issuer will be deemed to be validly given if delivered at Nordea Bank Finland Plc, Aleksanterinkatu 36B, FIN-00020 Nordea, Helsinki, Finland and clearly marked on their exterior "Urgent — Attention: Group Treasury" (or at such other address and for such other attention as may have been notified to the Holders of the EMTNs in accordance with this Condition 14) and will be deemed to have been validly given at the opening of business on the next day on which the Issuer's principal office is open for business.

(d) ***Notices in respect of Finnish EMTNs***

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

15. **Provision of Information**

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

In relation to Finnish EMTNs, each Holder agrees and gives consent to Euroclear Finland to provide to the Finnish Issuing Agent, upon request, information registered with Euroclear Finland relating to the Finnish EMTNs and the Holders of the Finnish EMTNs in order that the Finnish Issuing Agent may provide any relevant Finnish authorities, including the Finnish Financial Supervisory Authority and the Finnish tax authorities with any information required under applicable Finnish laws. Such information shall include, but not be limited to, the identity of the registered holder of the Finnish EMTNs, the residency of the registered holder of the Finnish EMTNs, the number of Finnish EMTNs registered with the relevant holder, the address of the relevant holder, the account operator in respect of the relevant Euroclear Finland account and whether or not the Finnish EMTNs are registered in the name of a nominee and the identity of any such nominee.

16. **Further Issues**

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

17. ***Law and Jurisdiction***

(a) The EMTNs, the Fiscal Agency Agreement and the Deed of Covenant and all non-contractual obligations arising out of or in connection with any of them are governed by English law except that Finnish law and jurisdiction will be applicable with regard to the registration of such Finnish EMTNs in Euroclear Finland and the Finnish EMTNs must comply with the Finnish Act on the Book-Entry Securities System (*Laki arvo-osuusjärjestelmästä* 826/1991), as amended.

(b) The Issuer irrevocably agrees for the benefit of the Holders of the EMTNs that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the EMTNs (including a dispute relating to any non-contractual obligation arising out of or in connection with the EMTNs) (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts. The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum. The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Nordea Bank Finland Plc, London Branch at its registered address in London from time to time, being presently at 8th Floor, City Place House, 55 Basinghall Street, London EC2V 5NB, or at any other address at which process may from time to time be served on it in accordance with the Companies Act 2006 (as modified or re enacted from time to time). Nothing contained herein shall affect the right to serve process in any other manner permitted by law. The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Holders of the EMTNs or any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

(c) Notwithstanding that, under the Finnish Act on the Book-Entry Securities System (*Laki arvo-osuusjärjestelmästä* 826/1991), as amended, other Finnish laws or the operating procedures, rules and regulations of Euroclear Finland (together, the "**Finnish Remedies**"), Holders of Finnish EMTNs may have remedies against the Issuer for non-payment or non-performance under the Conditions applicable to such Finnish EMTNs, a Finnish EMTN Holder must first exhaust all available remedies under English law for non-payment or non-performance before any Proceedings may be brought against the

Issuer in Finland in respect of the Finnish Remedies. Notwithstanding Condition 18(b), and in this limited respect only, a Registered Holder of Finnish EMTNs may therefore not take concurrent Proceedings in Finland.

18. **Third Parties Rights**

No person shall have any right to enforce any term or Condition of any EMTNs under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from such Act.

TERMS AND CONDITIONS OF THE COVERED BONDS

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

The Covered Bonds are issued in accordance with an amended and restated fiscal agency agreement (as amended and/or restated and/or replaced from time to time, the "**Fiscal Agency Agreement**") dated 27 June 2012 and made between Nordea Bank Finland Plc (the "**Issuer**"), Citibank, N.A., acting through its London office in its capacity as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor to Citibank, N.A., London office in its capacity as such) and as registrar (the "**Registrar**" in relation to any Series of Covered Bonds except Finnish Covered Bonds, which expression shall include any successor to Citibank, N.A., London office in its capacity as such) and certain financial institutions named therein in their capacity as paying agents (the "**Paying Agents**", which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Fiscal Agency Agreement) and Nordea Bank Finland Plc in its capacity as Finnish issuing agent for Finnish Covered Bonds (the "**Finnish Issuing Agent**"). The Covered Bonds have the benefit of a deed of covenant (the "**Deed of Covenant**") dated 28 October 2010 (as amended and/or restated and/or replaced from time to time), executed by the Issuer in relation to the Covered Bonds. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection at the specified office of each of the Paying Agents and the Registrar. All persons from time to time entitled to the benefit of obligations under any Covered Bonds shall be deemed to have notice of and to be bound by all of the provisions of the Fiscal Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Covered Bonds.

The Covered Bonds are issued in series (each a "**Series**") made up of one or more Tranches, and each Series will be the subject of a final terms (each the "**Final Terms**") a copy of which, in the case of a Series in relation to which application has been made for admission to listing on the official list of the Irish Stock Exchange (the "**Official List**") and to trading on its regulated market (the "**Main Securities Market**"), will be filed with the Irish Stock Exchange and will be available for inspection at the specified office of each of the Fiscal Agent or, as the case may be, the Registrar and a copy of which will be delivered to the FSA and the London Stock Exchange plc (the "**London Stock Exchange**") on or before the date of issue of the Covered Bonds of such Series. Covered Bonds may be cleared through the Finnish Central Securities Depository which will be the Finnish Central Securities Depositary and Clearing Organisation Euroclear Finland Ltd, incorporated in Finland with Business ID: 1061446-0 ("**Finnish Covered Bonds**" and "**Euroclear Finland**", respectively).

The registrar in respect of any Series of Finnish Covered Bonds will be a duly authorised central securities depositary under the Finnish Act on the Book-Entry Securities System (*Laki arvo-osuusjärjestelmästä* 826/1991), as amended, expected to be Euroclear Finland (the "**Finnish Registrar**").

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

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

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

1. Form and Denomination

(a) *Form*

Covered Bonds, other than Finnish Covered Bonds, are issued in bearer form or registered form, as specified in the relevant Final Terms and are serially numbered.

The Finnish Covered Bonds are issued in uncertificated and dematerialised book-entry form in accordance with the Finnish Act on the Book-entry Securities System (*Laki arvo-osuusjärjestelmästä* 826/1991), as amended.

(b) ***Form of Bearer Covered Bonds***

Covered Bonds issued in bearer form ("**Bearer Covered Bonds**") will be issued as covered bonds pursuant to the Covered Bond Act (*Laki kiinnitysluottopankkitoiminnasta* 688/2010), as amended (the "**CBA**") and will be represented upon issue by a temporary global Covered Bond (a "**Temporary Global Covered Bond**") in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement. On or after the date which is forty days after the completion of the distribution of the Covered Bonds (the "**Exchange Date**") of the relevant Series and provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (substantially in the form set out in the Temporary Global Covered Bond) has been received, interests in the Temporary Global Covered Bond may be exchanged for:

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

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

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

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

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

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

(c) ***Form of Registered Covered Bonds***

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

(d) ***Form of Finnish Covered Bonds***

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

(e) ***Denomination of Bearer Covered Bonds***

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

(f) ***Denomination of Registered Covered Bonds***

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

(g) ***Denomination of Finnish Covered Bonds***

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

(h) ***Currency of Covered Bonds***

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

For the purposes of these Terms and Conditions (the "**Conditions**"), references to Covered Bonds shall, as the context may require, be deemed to be Temporary Global

Covered Bonds, Permanent Global Covered Bonds, Definitive Covered Bonds or, as the case may be, Registered Covered Bonds.

The Issuer may in certain circumstances redenominate Covered Bonds in euros and consolidate the Covered Bonds with one or more issues of other Covered Bonds as described in Condition 5 (*Redenomination and Consolidation*) below.

2. **Title**

(a) ***Title to Bearer Covered Bonds, Registered Covered Bonds and Finnish Covered Bonds***

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

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

Title to the Finnish Covered Bonds shall pass by registration in the computerised register consisting of accounts for the holders of financial instruments registered pursuant to the Finnish Act on the Book-Entry Securities System (*Laki arvo-osuusjärjestelmästä* 826/1991), as amended, other Finnish laws, regulations and operating procedures applicable to and/or issued by Euroclear Finland from time to time (the "**Euroclear Finland Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder (as defined below) of any Finnish Covered Bond shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it and no person shall be liable for so treating the Holder as defined in Condition 2(b).

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

Where a nominee in accordance with the Finnish Act on the Book-Entry Securities System (*Laki arvo-osuusjärjestelmästä* 826/1991), as amended is so evidenced it shall be treated by the Issuer as the Holder of the relevant Finnish Covered Bonds.

(b) ***Transfer of Registered Covered Bonds and Finnish Covered Bonds***

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

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

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

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

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

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

In these Terms and Conditions in relation to Finnish Covered Bonds only, "**Covered Bond Holder**" or "**Holder**" means, as the context requires, the person in whose name a Finnish Note is registered in the Euroclear Finland Register and shall also include any person duly authorised to act as a nominee and registered as a holder of the Finnish Covered Bonds.

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

Upon the transfer, exchange or replacement of Registered Covered Bonds bearing the private placement legend (the "**Rule 144A Legend**") for the purpose of Rule 144A under the Securities Act set forth in the form of Registered Covered Bond scheduled to the Fiscal Agency Agreement, the Registrar shall deliver only Registered Covered Bonds that also bear such legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion, reasonably satisfactory to the Issuer, of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Registered Covered Bonds are not "**restricted securities**" within the meaning of Rule 144 under the Securities Act. The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its Affiliates not to acquire any beneficial interest, in any Registered Covered Bonds bearing the Rule 144A Legend unless the Issuer notifies the Registrar in writing of such acquisition. The Registrar and all Covered Bonds Holders will be entitled to rely without further investigation on any such notification (or lack thereof).

As used herein, "**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls the Issuer, directly or indirectly, or any entity under common control with the Issuer. For this purpose "**control**" of the Issuer or any entity means ownership of a majority of the voting power of the Issuer or such entity.

3. **Status**

The Covered Bonds constitute unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. The Covered Bonds are obligations issued in accordance with the CBA and rank *pari passu* among themselves and with derivative transactions and bankruptcy liquidity loans in respect of the statutory security in accordance with the CBA. To the extent that claims in relation to the Covered Bonds are not met out of the assets of the Issuer that are covered in accordance with the CBA, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer.

For the purposes of this Condition 3 (*Status*):

"**Derivative transactions**" means derivative transactions entered into by the Issuer to hedge against risks relating to Covered Bonds or their underlying collateral and recorded in the register of Covered Bonds; and

"**Bankruptcy liquidity loans**" means loans made by the bankruptcy administrator of the Issuer to secure liquidity or take out liquidity credit in accordance with Section 26 of the CBA and recorded in the register of Covered Bonds.

4. **Interest**

Covered Bonds may be interest bearing or non-interest bearing, as specified in the relevant Final Terms. In case of non-interest bearing Covered Bonds, a reference price and yield will, unless otherwise agreed, be specified in the relevant Final Terms. The Final Terms in relation to each Series of interest bearing Covered Bonds shall specify which one of Conditions 4(1) (*Interest—Fixed Rate*), 4(2) (*Interest—Floating Rate*), 4(3) (*Interest—Swap Related (ISDA)*) or 4(4) (*Interest—Other Rates*) shall be applicable **provided that** Condition 4(5) (Interest—Supplemental Provision) will be applicable to each Series of interest bearing Covered Bonds as specified therein and **provided further that** Condition 4(7) (*Interest Payments up to the Extended Maturity Date*) will be applicable to each series of interest bearing and non-interest bearing Covered Bonds to which Condition 6(k) (*Extension of maturity up to Extended Maturity Date*) is specified as being applicable in the relevant Final Terms, save, in each case, to the extent inconsistent with the relevant Final Terms.

(1) ***Interest – Fixed Rate***

Covered Bonds in relation to which this Condition 4(1) is specified in the relevant Final Terms as being applicable shall bear interest on its outstanding nominal amount (or if it is a Partly Paid Covered Bond, the amount paid up) from and including their date of issue to, but excluding the date of final maturity thereof (each date as specified in the relevant Final Terms) at the rate or rates per annum specified in the relevant Final Terms, **provided that** in the case of Finnish Covered Bonds, such Finnish Covered Bonds shall bear interest on its outstanding nominal amount (or if it is a Finnish Partly Paid Covered Bond, the amount paid up) from, but excluding their date of issue to and including the date of final maturity thereof (each date as specified in the relevant Final Terms) at the rate or rates specified in the relevant Final Terms. Interest will be payable in arrear on such dates as are specified in the relevant Final Terms and on the date of final maturity thereof. The amount of interest payable in respect of each Covered Bond for any period for which a Fixed Coupon Amount is not specified in the applicable Final Terms shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figures by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For the purposes of this Condition 4, a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Interest may also be calculated on such other basis as may be specified in the relevant Final Terms.

(2) ***Interest – Floating Rate***

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

(b) Covered Bonds shall bear interest from and including their date of issue to, but excluding the date of final maturity thereof (each date as specified in the relevant Final Terms), **provided that** in the case of Finnish Covered Bonds, such Finnish Covered Bonds shall bear interest from, but excluding their date of issue to and including the date of final maturity thereof (each date as specified in the relevant Final Terms). Interest will be payable on each date (an "**Interest Payment Date**") which falls in such period of months or any other period as may be specified in the relevant Final Terms after such date of issue or, as the case may be, after the preceding Interest Payment Date. If any Interest Payment Date would otherwise fall on a date which is not a Business Day (as defined in Condition 8 (*Payments*)), it shall be postponed to the next

Business Day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the preceding Business Day unless it is specified in the relevant Final Terms that if any Interest Payment Date would otherwise fall on the date which is not a Business Day, it shall be postponed to the next Business Day. If such date of issue or any succeeding Interest Payment Date falls on the last Business Day of the month, each subsequent Interest Payment Date shall be the last Business Day of the relevant month. Each period beginning on (and including) such date of issue and ending on (but excluding) the first Interest Payment Date and each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**", **provided that** in the case of Finnish Covered Bonds, each period beginning on (but excluding such date of issue and ending on (and including) the first Interest Payment Date and each period on (but excluding) an Interest Payment Date and ending on (and including) the next Interest Payment Date shall be the relevant Interest Period.

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

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

(i) where the Floating Rate Option is based on the London inter bank offered rate ("**LIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of 11.00 a.m. (London time) on the second London Banking Day before (or, in the case of Covered Bonds denominated in Pounds Sterling, on) the first day of the relevant Interest Period or, in the case of euro LIBOR, on the second TARGET2 Settlement Day before the first day of the relevant Interest Period (the "**Interest Determination Date**");

(ii) where the Floating Rate Option is based on the Euro zone inter bank offered rate ("**EURIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposit) in euro for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of 11.00 a.m. (Brussels time) of the second TARGET2 Settlement Day before the first day of the relevant Interest Period;

(iii) if no such rate for deposits so appears (or, as the case may require, if fewer than two such rates for deposits so appear), the Determination Agent will request appropriate quotations and will determine the arithmetic mean of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market (where the Floating Rate Option is LIBOR) or four major banks in the Euro zone interbank market (where the Floating Rate Option is EURIBOR), selected by the Determination Agent at approximately 11.00 a.m. (London time) (where the Floating Rate Option is LIBOR) or 11.00 a.m. (Brussels time) (where the Floating Rate Option is EURIBOR) on the Interest Determination Date to prime banks in the London interbank market (where the Floating Rate Option is LIBOR) or to prime banks in the Euro zone interbank market (where the Floating Rate Option is EURIBOR) for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time; and

(iv) if fewer than two rates are so quoted, the Determination Agent will (where the Floating Rate Option is LIBOR) determine the arithmetic mean of the rates quoted by major banks in the Relevant Financial Centre, selected by the Determination Agent at approximately 11.00 a.m. (Relevant Financial Centre (as defined in Condition 8(5)(c) (*Payments - General Provisions*)) time) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks or (where the Floating Rate Option is EURIBOR) determine the arithmetic mean of the rates quoted by major banks in the Euro zone inter bank market selected by the Determination Agent at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks in the Euro zone for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

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

(e) The Determination Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of the Calculation Amount specified in the relevant Final Terms for the relevant Interest Period. The amount of interest should be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the actual number of days in the Interest Period concerned divided by 360 (or, in the case of the Covered Bonds denominated in Pounds Sterling, 365 (or, if any portion of such Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion divided by 366 and (ii) the actual number of days in the remainder of such Interest Period divided by 365)) or by such other number as may be specified in the relevant Final Terms and rounding the resulting figure to the nearest sub unit of the currency in which such Covered Bonds are denominated or, as the case may be, in which such interest is payable (one half of any such sub unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Covered Bond divided by the Calculation Amount.

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

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

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

- the Issuer was the Fixed Rate Payer or, as the case may be, the Floating Rate

Payer;

- the Determination Agent was the Calculation Agent;
- the Effective Date was such date of issue;
- the principal amount of such Covered Bond was the Calculation Amount;
- and all other terms were as specified in the relevant Final Terms.

(4) ***Interest—Other Rates***

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

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

(a) Condition 4(5)(b) shall be applicable in relation to Covered Bonds in relation to which Condition 4(2) (*Interest—Floating Rate*) is specified in the relevant Final Terms as being applicable, Condition 4(5)(c) shall be applicable in relation to all interest bearing Covered Bonds, and Condition 4(5)(d) shall be applicable in relation to Instalment Covered Bonds.

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

The Determination Agent will cause each Rate of Interest, floating rate, Interest Payment Date, final day of a calculation period, Interest Amount or floating amount or, as the case may be, Instalment Amount determined or calculated by it to be notified to the Issuer and the Fiscal Agent. The Fiscal Agent will cause all such determinations or calculations to be notified to the other Paying Agents and, in the case of Registered Covered Bonds, the Registrar (from whose respective specified offices such information will be available) as soon as practicable after such determination or calculated but in any event not later than the fourth London Banking Day thereafter and, in the case of Covered Bonds admitted to listing on the Official List of the Irish Stock Exchange and to trading on its Main Securities Market, cause each such Rate of Interest, floating rate, Interest Amount or floating amount or, as the case may be, Instalment Amount to be notified to the Irish Stock Exchange. The Determination Agent will be entitled to amend any Interest Amount, floating amount, Interest Payment Date or last day of a calculation period (or to make appropriate alternative arrangements by way of adjustment) without notice in the event of the extension or abbreviation of the relevant Interest Period or calculation period. For the purposes of these Conditions, "**London Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and "**TARGET2 Settlement Day**" has the meaning set out below.

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

(d) Interest shall accrue on the Outstanding Principal Amount of each Covered Bond during each Interest Period (as defined in Condition 4(2)(b)) from and including the Interest Commencement Date, **provided that** in the case of Finnish Covered Bonds, interest shall accrue on the Outstanding Principal Amount of each Finnish Covered Bond during each Interest Period from but excluding the Interest Commencement Date. Interest will cease to accrue in respect of each instalment of principal on, but excluding the due date for payment of the relevant Instalment Amount, **provided that** in the case of Finnish Covered Bonds interest will cease to accrue in respect of each instalment of principal on and including the due date for payment of the relevant Instalment Amount, unless upon due presentation or surrender thereof (if required), payment in full of the relevant Instalment Amount is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the interest rate then applicable or such other rate as may be specified for this purpose in the Final Terms until, but excluding the date, or in the case of Finnish Covered Bonds, including the date on which, upon due presentation or surrender of the relevant Covered Bond (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Covered Bond is not required as a preCondition of payment), the seventh day after the date on which the Fiscal Agent having received the funds required to make such payment, gives notice to the Holders of the Covered Bonds in accordance with Condition 13 (*Notices*) that the Fiscal Agent has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

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

(f) For the purposes of these Conditions:

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

"**date of final maturity**" means the Maturity Date;

"**date of issue**" means the Issue Date;

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

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

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

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

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

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

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

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

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

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

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

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

where:

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

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

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

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

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D2 will be 30";

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

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

where:

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

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

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

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

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

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

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

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

where:

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

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

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

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

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

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

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

"**Extended Maturity Date**" has the meaning given in the relevant Final Terms;

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

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

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

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

"**Regular Period**" means:

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

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

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

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

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

(6) ***Non Interest Bearing Covered Bonds***

If any principal amount or Instalment Amount in respect of any Covered Bond which is non interest bearing is not paid when due, interest shall accrue from and including such due date, or in the case of Finnish Covered Bonds, from and excluding such due date, on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Accrual Yield defined in, or determined in accordance with the provisions of, the Final Terms or at such other rate as may be specified for this purpose in the Final Terms until but excluding, or in the case of Finnish Covered Bonds, until and including, the date on which, upon due presentation or surrender of the relevant Covered Bond (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Covered Bond is not required as a preCondition of payment), the seventh day after the date on which, the Fiscal Agent or the Registrar, as the case may be, having received the funds required to make such payment, gives notice to the Holders of the Covered Bonds in accordance with Condition 13 (*Notices*) that the Fiscal Agent or the Registrar, as the case may be has received the required funds, (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated by multiplying the product of the Accrual Yield and the overdue sum by the Day Count Fraction as specified for this purpose in the Final Terms.

(7) ***Interest Payments up to the Extended Maturity Date***

If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the maturity of those Covered Bonds is extended beyond the Maturity Date in accordance with Condition 6(k) (*Extension of maturity up to Extended Maturity Date*):

(a) the Covered Bonds shall bear interest from (and including) the Maturity Date to (but excluding), **provided that** in the case of Finnish Covered Bonds, such Finnish Covered Bonds shall bear interest from (but excluding) the Maturity Date to (and including), the earlier of the relevant Interest Payment Date after the Maturity Date on which the Covered Bonds are redeemed in full and the Extended Maturity Date, subject to Condition 4(5)(d) in respect of Instalment Covered Bonds. Interest shall be payable on the Covered Bonds at the rate specified in the applicable Final Terms on the principal amount outstanding of the Covered Bonds in arrear on each monthly Interest Payment Date after the Maturity Date in respect of the interest period beginning on (and including) the Maturity Date and ending on (but excluding) the first Interest Payment Date after the Maturity Date and each subsequent interest period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date, **provided that** in the case of Finnish Covered Bonds, the interest period beginning on (but excluding) the Maturity Date and ending on (and including) the first Interest Payment Date after the Maturity Date and each subsequent interest period beginning on (but excluding) an Interest Payment Date and ending on (and including) the next Interest Payment Date, subject as otherwise provided in the applicable Final Terms. The final Interest Payment Date shall fall no later than the Extended Maturity Date;

(b) the rate of interest payable from time to time under Condition 4(7)(a) will be as specified in the applicable Final Terms and, where applicable, determined by the Fiscal Agent or, where the applicable Final Terms specify a Determination Agent, the

Determination Agent so specified, three Business Days after the Maturity Date in respect of the first such interest period and thereafter as specified in the applicable Final Terms; and

(c) in the case of Covered Bonds which are non-interest bearing Covered Bonds up to (and including) the Maturity Date, for the purposes of this Condition 4(7) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.

5. **Redenomination and Consolidation**

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

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

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

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

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

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

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

(e) A Covered Bond or Coupon may only be presented for payment on a day on which commercial banks and foreign exchange markets are open in the place of presentation and which is a day on which the TARGET2 is open.

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

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

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

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

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

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

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

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

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

(i) Euroclear Bank SA/NV and Clearstream, Luxembourg;

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

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

(l) Any consolidation of the Covered Bonds with Other Covered Bonds may involve, *inter alia*, a change of the depositary or, as the case may be, the common safekeeper which holds the Covered Bonds and/or the Other Covered Bonds on behalf of the clearing system(s) through which the Covered Bonds and/or the Other Covered Bonds are held and/or the issue of a replacement global Covered Bond or global Covered Bonds.

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

6. Redemption and Purchase

(a) *Redemption at Maturity*

Unless previously redeemed, or purchased and cancelled, Covered Bonds shall be redeemed at their principal amount (or at such other redemption amount as may be specified in the relevant Final Terms) (or, in the case of Instalment Covered Bonds, in the Instalment Amounts and in such number of instalments as may be specified in or determined in accordance with the provisions of, the Final Terms) on the Maturity Date (which, in the case of Covered Bonds which bear interest at a floating rate of interest, will be a date upon which interest is payable) as specified in the relevant Final Terms (or in the case of Instalment Covered Bonds on such dates specified in the applicable Final Terms as the dates on which each payment is to be made), subject as provided in Condition 6(k) (*Extension of maturity up to Extended Maturity Date*) if an Extended Maturity Date is specified in the applicable Final Terms.

(b) *Early Redemption for Taxation Reasons*

If, in relation to any Series of Covered Bonds, as a result of any change in the laws of Finland 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 Covered Bonds or any earlier date specified in the relevant Final Terms on the occasion of the next payment due in respect of such Covered Bonds the Issuer would be required to pay additional amounts as provided in Condition 7 (*Taxation*), the Issuer may, at its option, having given not less than thirty nor more than sixty days' notice (ending, in the case of Covered Bonds which bear interest at a floating rate, on a day upon which interest is payable) to the Holders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable) redeem all (but not some only) of the Covered Bonds comprising the relevant Series at their principal amount (or at the redemption amount referred to in Condition 6(g) (*Early Redemption of non interest bearing Covered Bonds*) or such other early redemption amount as may be specified in the relevant Final Terms), together with accrued but unpaid interest ("**Accrued Interest**") (if any) thereon.

(c) *Optional Early Redemption (Call)*

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

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

- the Series of Covered Bonds subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Covered Bonds of the relevant Series which are to be redeemed;
- the due date for such redemption, which shall be not less than thirty days (or such lesser period as may be specified in the relevant Final Terms) after the date on which such notice is validly given and which is, in the case of Covered Bonds which bear interest at a floating rate, a date upon which interest is payable; and
- the amount at which such Covered Bonds are to be redeemed, which shall be their principal amount (or such other amount as may be specified in the relevant Final Terms) together with, in the case of Covered Bonds which bear interest, Accrued Interest thereon.
- Any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

(e) ***Partial Redemption***

If the Covered Bonds of a Series are to be redeemed in part only on any date in accordance with Condition 6(c) (*Optional Early Redemption (Call)*):

(i) in the case of Bearer Covered Bonds, the Covered Bonds to be redeemed shall be drawn by lot in such European city as the Fiscal Agent may specify, or identified in such other manner or in such other place as the Fiscal Agent may approve and deem appropriate and fair, subject always to compliance with all applicable laws and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation and, if applicable, the rules of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), and the notice to Holders of Covered Bonds referred to in Condition 13(c) (*Notices - To the Issuer*) shall specify the serial numbers of the Covered Bonds so to be redeemed; and

(ii) in the case of Registered Covered Bonds, the Covered Bonds shall be redeemed *pro rata* to their principal amounts, subject always to compliance with all applicable laws and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation and, if applicable, the rules of Euroclear and Clearstream, Luxembourg.

(f) ***Optional Early Redemption (Put)***

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

(g) ***Early Redemption of non interest bearing Covered Bonds***

The redemption amount payable in respect of any non interest bearing Covered Bond upon redemption of such Covered Bond pursuant to Condition 6(b) (*Early Redemption for Taxation Reasons*), or, if applicable, Condition 6(c) (*Optional Early Redemption (Call)*) or 6(f) (*Optional Early Redemption (Put)*) shall be the Amortised Face Amount (calculated as provided below) of such Covered Bonds.

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

(ii) If the redemption amount payable in respect of any such Covered Bond upon its redemption pursuant to Condition 6(b) (*Early Redemption for Taxation Reasons*), or, if applicable, Condition 6(c) (*Optional Early Redemption (Call)*) or 6(f) (*Optional Early Redemption (Put)*) is not paid when due, the redemption amount due and payable in respect of such Covered Bond shall be the Amortised Face Amount of such Covered Bond as defined in sub paragraph (i) above, except that sub paragraph shall have effect as though the reference therein to the date on which the Covered Bond becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub paragraph will continue to be made (as well after as before judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the principal amount of such Covered Bond.

(h) ***Purchase of Covered Bonds***

The Issuer and its subsidiaries (if any) may at any time purchase Covered Bonds in the open market or otherwise and at any price **provided that**, in the case of Interest bearing Definitive Covered Bonds, any unmatured Receipts and Coupons appertaining thereto are purchased therewith. Such purchased Covered Bonds may be cancelled, reissued or resold.

(i) ***Cancellation of Redeemed and Purchased Covered Bonds***

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

(j) ***Procedure for Payment Upon Redemption of Finnish Covered Bonds***

Any redemption of the Finnish Covered Bonds pursuant to this Condition 6 shall be in accordance with the Euroclear Finland Rules.

(k) ***Extension of maturity up to Extended Maturity Date***

(i) An Extended Maturity Date may be specified in the applicable Final Terms as applying to the relevant Series of Covered Bonds.

(ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date or within three Business Days thereafter, the maturity of the outstanding Covered Bonds and the date on which such Covered Bonds will be due and repayable for the purposes of these Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as otherwise provided for in the applicable Final Terms. In that event, the Issuer may redeem all or any part of the principal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms. The Issuer shall give notice to the Covered Bondholders (in accordance with Condition 13 (*Notices*)) and the Paying Agents of its intention to redeem all or any of the principal amount outstanding of the Covered Bonds at least five Business Days prior to the relevant Interest Payment Date or, as applicable, the Extended Maturity Date. Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date or, as applicable, the Extended Maturity Date, or give rise to rights to any such person.

(iii) In the case of Covered Bonds which are non-interest bearing up to (and including) the Maturity Date to which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 6(k) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.

(iv) Any extension of the maturity of Covered Bonds under this Condition 6(k) shall be irrevocable. Where this Condition 6(k) applies, any failure to redeem the Covered Bonds on the Maturity Date or any extension of the maturity of Covered Bonds under this Condition 6(k), shall not constitute a default, an event of default or acceleration of payment or other similar condition or event (however described) for any purpose or give any Covered Bondholder any right to receive any payment of interest, principal or otherwise on the relevant Covered Bonds other than as expressly set out in these Conditions.

(v) In the event of the extension of the maturity of Covered Bonds under this Condition 6(k), rates of interest, interest periods and interest payment dates on the Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date, **provided that** in the case of Finnish Covered Bonds from (but excluding) the Maturity Date to (and including) the Extended Maturity Date, shall be determined and made in accordance with the applicable Final Terms and Condition 4(7) (*Interest Payments up to the Extended Maturity Date*).

(vi) If the Issuer redeems part and not all of the principal amount outstanding of Covered Bonds on any Interest Payment Date falling after the Maturity Date, the redemption proceeds shall be applied rateably across the Covered Bonds and the principal amount outstanding on the Covered Bonds shall be reduced by the level of that redemption.

(vii) If the maturity of any Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 6(k), subject as otherwise provided for in the applicable Final Terms, for so long as any of those Covered Bonds remains outstanding, the Issuer shall not issue any further Covered Bonds, unless the proceeds of issue of such further Covered Bonds are applied by the Issuer on issue to redeem in whole or in part the relevant Covered Bonds in accordance with the terms hereof.

7. **Taxation**

(a) All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Covered Bonds will be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Finland or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the Holders after such withholding or deduction shall equal the respective amounts which would have been receivable in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of payment in respect of any Bearer Covered Bond or Coupon presented for payment:

(i) in Finland; or

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

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

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

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

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

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

(b) For the purposes of these Conditions, the "**Relevant Date**" means the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Fiscal Agent or, as the case may be, the Registrar on or prior to such due date, it means the first date on which the full amount of such moneys has been so received and notice to that effect shall have been duly given to the Holders of the Covered Bonds of the relevant Series in accordance with Condition 13 (*Notices*).

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

(d) Notwithstanding anything in this Condition 7 (*Taxation*) or in Condition 8 (*Payments*) to the contrary, the Issuer shall be permitted to withhold and deduct for or on account of any taxes imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, pursuant to any inter-governmental agreement, official interpretation thereof or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service, on any amount payable in respect of the Covered Bonds and shall not be required to pay any additional amounts in respect of any such taxes.

8. **Payments**

(1) ***Payments – Bearer Covered Bonds***

(a) This Condition 8(1) is applicable in relation to Bearer Covered Bonds.

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

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

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Bearer Covered Bond to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of a Bearer Covered Bond without the relative Receipt or the presentation of a Receipt without the Bearer Covered Bond to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

(b) Payment of amounts due in respect of interest on Bearer Covered Bonds will be made:

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

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

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

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

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

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

(ii) in the case of Definitive Covered Bonds which bear interest at, or at a margin above or below, a floating rate, all unmatured Coupon relating to such

Definitive Covered Bonds (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

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

(2) ***Payments – Registered Covered Bonds***

(a) This Condition 8(2) is applicable in relation to Registered Covered Bonds.

(b) Payments of the amounts (including Accrued Interest) due on the final redemption of Registered Covered Bonds will be made against presentation and, save in the case of a partial redemption by reason of insufficiency of funds, surrender of the relevant Registered Covered Bonds at the specified office of the Registrar. If the due date for payment of the final redemption amount of Registered Covered Bonds is not a Business Day, the Holder thereof will not be entitled to payment thereof until the next following such Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms and Conditions.

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

(d) Notwithstanding the provisions of Condition 8(5)(b), payments of amounts (whether principal, interest or otherwise) due (other than in respect of the final redemption of Registered Covered Bonds) will be made by a cheque drawn on a bank in the Relevant Financial Centre and posted to the address (as recorded in the register held by the Registrar) of the Holder thereof (or, in the case of joint Holders, the first named) on the Business Day immediately preceding the relevant date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account (in the case aforesaid, a non resident account with an authorised foreign exchange bank.

(3) ***Payments—Finnish Covered Bonds***

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

(4) ***Payments – General Provisions***

(a) Save as otherwise specified herein, this Condition 8(4) is applicable in relation to Covered Bonds whether in bearer or in registered form.

(b) Payments of amounts due (whether in respect of principal, interest or otherwise) in respect of Covered Bonds denominated in a currency other than euro will be made by cheque drawn on, or by transfer to, an account maintained by the payee with, a bank (in the case aforesaid, an authorised foreign exchange bank) in the Relevant Financial Centre and in respect of a Covered Bond denominated in euro by cheque drawn on, or by transfer to, an euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Union. Payments will, without prejudice to the provisions of Condition 7 (*Taxation*), be subject in all cases to any applicable fiscal or other laws and regulations.

(c) For the purposes of these Conditions:

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

- in relation to Covered Bonds denominated in euro, a TARGET2 Settlement Day; and
- in relation to Finnish Covered Bonds, Helsinki; and
- in relation to Covered Bonds denominated in any other currency, which is a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the Relevant Financial Centre; and
- in relation to payments due upon presentation and/or surrender of any Covered Bonds or Coupon, in the relevant place of presentation and/or surrender; and

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

- in relation to Covered Bonds denominated in Japanese Yen, Tokyo;
- in relation to Covered Bonds denominated in Pounds Sterling, London;
- in relation to Covered Bonds denominated in United States dollars, New York City; and
- in relation to Covered Bonds denominated in Swedish kronor, Stockholm;
- in relation to Covered Bonds denominated in Danish krone, Copenhagen
- in relation to Covered Bonds denominated in Norwegian krone, Oslo; and
- in relation to Covered Bonds denominated in any other currency, such financial centre or centres as may be specified in relation to the relevant currency and for the purposes of the definition of "**Business Day**" in the 2006 ISDA Definitions (as amended and updated from time to time), as published by the International Swaps;

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

9. **Prescription**

(a) Bearer Covered Bonds and the related Coupons will become void unless presented for payment within ten years (or, in the case of Coupons and save as provided in Condition 8(1)(d), five years) after the due date for payment.

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

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

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

11. **Replacement of Covered Bonds**

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

12. **Meetings of Holders**

The Fiscal Agency Agreement contains provisions, which are binding on the Issuer and the Holders of Covered Bonds or Coupons, for convening meetings of the Holders of Covered Bonds of any Series to consider matters affecting their interests, including the modification or waiver of the Conditions applicable to any Series of Covered Bonds.

In relation to Finnish Covered Bonds only, meetings of Holders shall be held in accordance with the Fiscal Agency Agreement.

13. **Notices**

(a) ***To Holders of Bearer Covered Bonds***

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

(b) ***To Holders of Registered Covered Bonds***

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

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

Notices to the Issuer will be deemed to be validly given if delivered at Nordea Bank Finland Plc, Aleksanterinkatu 36B, FIN-00020 Nordea, Helsinki, Finland and clearly marked on their exterior "Urgent — Attention: Group Treasury" (or at such other address and for such other attention as may have been notified to the Holders of the Covered Bonds in accordance with this Condition 13) and will be deemed to have been validly given at the opening of business on the next day on which the Issuer's principal office is open for business.

(d) ***Notices in respect of Finnish Covered Bonds***

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

14. **Provision of Information**

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

In relation to Finnish Covered Bonds, each Holder agrees and gives consent to Euroclear Finland to provide to the Finnish Issuing Agent, upon request, information registered with Euroclear Finland relating to the Finnish Covered Bonds and the Holders of the Finnish Covered Bonds in order that the Finnish Issuing Agent may provide any relevant Finnish authorities, including the Finnish Financial Supervisory Authority and the Finnish tax authorities with any information required under applicable Finnish laws. Such information shall include, but not be limited to, the identity of the registered holder of the Finnish Covered Bonds, the residency of the registered holder of the Finnish Covered Bonds, the number of Finnish Covered Bonds registered with the relevant holder, the address of the relevant holder, the account operator in respect of the relevant Euroclear Finland account and whether or not the Finnish Covered Bonds are registered in the name of a nominee and the identity of any such nominee.

15. **Further Issues**

Subject to Condition 6(k) (*Extension of maturity up to Extended Maturity Date*), the Issuer may from time to time without the consent of the Holders of any Covered Bonds of any Series create and issue further covered bonds having terms and Conditions the same as those of the Covered Bonds of such Series or the same except for the amount and date of the first payment of interest (if any), which may be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

16. **Law and Jurisdiction**

(a) The Covered Bonds, the Fiscal Agency Agreement and the Deed of Covenant and all non-contractual obligations arising out of or in connection with any of them are governed by English law, except that Condition 3 (*Status*) is governed by, and shall be construed in accordance with the laws of Finland. Finnish law and jurisdiction will be applicable with regard to the registration of such Finnish Covered Bonds in Euroclear Finland. In addition, the Finnish Covered Bonds must comply with the CBA.

(b) The Issuer irrevocably agrees for the benefit of the Holders of the Covered Bonds that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the

Covered Bonds (including a dispute relating to any non-contractual obligation arising out of or in connection with the Covered Bonds) (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts. The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum. The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Nordea Bank Finland Plc, London Branch at its registered address in London from time to time, being presently at 8th Floor, City Place House, 55 Basinghall Street, London EC2V 5NB or at any other address at which process may from time to time be served on it in accordance with the Companies Act 2006 (as modified or re enacted from time to time). Nothing contained herein shall affect the right to serve process in any other manner permitted by law. The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Holders of the Covered Bonds or any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

(c) Notwithstanding that, under the Finnish Act on the Book-Entry Securities System (*Laki arvo-osuusjärjestelmästä* 826/1991), as amended, other Finnish laws or the operating procedures, rules and regulations of Euroclear Finland (together, the "**Finnish Remedies**"), Holders of Finnish Covered Bonds may have remedies against the Issuer for non-payment or non-performance under the Conditions applicable to such Finnish Covered Bonds, a Finnish Covered Bond Holder must first exhaust all available remedies under English law for non-payment or non-performance before any Proceedings may be brought against the Issuer in Finland in respect of the Finnish Remedies. Notwithstanding Condition 16(b), and in this limited respect only, a Registered Holder of Finnish Covered Bonds may therefore not take concurrent Proceedings in Finland.

17. Third Parties Rights

No person shall have any right to enforce any term or condition of any Covered Bonds under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from such Act.

THE COVERED BOND ACT

The following is a brief summary of certain features of the Finnish Covered Bond Act (*Laki kiinnitysluottopankkitoiminnasta* 688/2010), as amended (the "**CBA**") as of the date hereof. The summary does not purport to be, and is not, a complete description of all aspects of the Finnish legislative and regulatory framework for covered bonds. Please also refer to the "*Risk Factors*" on pages 6 to 19 above.

General

The CBA entered into force on 1 August 2010. It enables the issue of covered bonds (*katetut joukkolainat*) ("**covered bonds**") which are debt instruments secured by a cover pool of eligible assets ("**cover pool**"). The CBA regulates which assets can be used as collateral for the covered bonds and the quality of such assets. They are issued by credit institutions (such as the Issuer), which are authorised to engage in a mortgage credit business (*kiinnitysluottopankkitoiminta*) (each an "**issuer**").

Supervision

The Finnish Financial Supervisory Authority ("**FIN-FSA**") is responsible for supervising each issuer's compliance with the CBA and may issue regulations for risk management and internal control in respect of mortgage credit business operations. If an issuer does not comply with the provisions of the CBA or the conditions of the license granted by the FIN-FSA, the FIN-FSA shall lay down a period in which the issuer must fulfil any requirements set by the FIN-FSA. If such requirements are not fulfilled within the set period, the FIN-FSA may cancel the issuer's authorisation to engage in mortgage credit business.

Authorisation

Mortgage credit business is a line of banking business which involves the issuing of covered bonds on the basis of loans secured by residential or commercial real estate or, shares in Finnish housing companies or real estate companies as well as claims against public-sector entities. A credit institution must fulfil certain requirements prescribed in the CBA in order to obtain authorisation from the FIN-FSA to engage in a mortgage credit business. The credit institution must, among other things, have in place suitable procedures and instruments for managing the risk entailed in holding the cover pool assets and in issuing covered bonds and also prove that it intends to engage in a mortgage credit business on a regular and sustained basis. The issuer must have put the appropriate organisational structure and resources into place. Mortgage credit banks, whose activities are exclusively restricted to carrying out a mortgage credit business, may also be authorised to issue covered bonds.

Register of covered bonds

Chapter 5 of the CBA requires the issuer to maintain a register (the "**register**") for the covered bonds and the collateral which forms the cover pool assets for the covered bonds. Any intermediary loan (see "*Intermediary Loans*" below) shall also be entered in the register. The actual entry of the covered bonds and relevant derivative transactions (as defined below) in the register is necessary to confer the preferential right in the cover pool in favour of, among other, the holders of covered bonds. Further, only assets entered in the register form part of the cover pool.

The register must list, amongst other things, the covered bonds issued by the issuer and the assets in the cover pool and derivatives transactions entered into by the issuer to hedge against the risks relating to covered bonds or their underlying collateral and recorded in the register ("**derivative transactions**") along with any loans made by the bankruptcy administrator of the issuer to secure liquidity or take out liquidity credit in accordance with Section 26 of the CBA recorded in the register ("**bankruptcy liquidity loans**") entered into on behalf of the issuer. All assets entered in the register shall rank equally as collateral for the covered bonds, unless the collateral has been entered in the register as collateral for specified covered bonds. If mortgage loans, a public-sector loan or any supplementary collateral (as defined below) is placed in the register as collateral for a particular covered bond, the register must specify the covered bond which this collateral covers. Section 22 of the CBA requires that the information shall be entered in the register no later than on the first business day following the issue of the covered bonds and information on the granting or acquisition of a mortgage loan or public-sector loan or a supplementary collateral which is placed as collateral for the covered bonds shall be entered in the register no later than one day after granting or acquiring such collateral. Any changes in such information shall be entered in the register without delay (although no specific timeframe is provided for under the CBA). A mortgage loan or a public-sector loan shall be removed from the register when it has been fully repaid by the relevant borrower. A loan shall also be removed from the register if it can no longer be deemed to be an eligible asset (as defined below). A mortgage loan, a public-sector loan or any supplementary collateral may also be removed from the register, if, after its removal, the remaining mortgage loans, public sector loans and supplementary collateral entered in the register are sufficient to meet the requirements prescribed in the CBA. Accordingly, the cover pool is dynamic in the sense that an issuer may supplement or substitute assets in the cover pool.

The duty to maintain the register is with the issuer. The CBA contains no formal requirements for the physical form of the register. The FIN-FSA monitors the standard and form as well as the management of the register including the due and proper recording of assets. The information in the register shall be submitted to the FIN-FSA regularly.

Eligible cover pool assets

The covered bonds shall be covered at all times by a specific but dynamic cover pool of eligible assets which may consist of mortgage loans, public-sector loans and supplementary collateral ("**eligible assets**"), each as defined in the CBA as follows:

"**Mortgage loans**" are housing loans or commercial property loans.

"**Housing loans**" are loans secured by (i) mortgageable property for primarily residential purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (*Maakaari* 540/1995), as amended; or (ii) shares in a housing company referred to in Chapter 1, Section 2 of the Act on Housing Companies (*Asunto-osakeyhtiölaki* 1599/2009), as amended or shares comparable thereto, participations and rights of occupancy; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area.

"**Commercial property loans**" are loans secured by (i) mortgageable property for commercial or office purposes referred to in Chapter 16, Section 1 or Chapter or Chapter 19, Section 1 of the Finnish Land Code (*Maakaari* 540/1995), as amended; or (ii) shares of a housing company or a real estate company entitling the holder to occupancy of the commercial or office premises; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area.

"**Public-sector loans**" are loans which have been granted to the Republic of Finland, a Finnish municipality or other public-sector entity which may, when applying the procedure set out in Section 58 of the Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta* 121/2007), as amended, be considered equivalent to the Finnish State or Finnish municipality or a credit which is fully collateralised by a guarantee granted by a public-sector entity or a claim on such entity.

"**Supplementary collateral"** is collateral which may include: (i) bonds and other debt obligations issued by a central government, a municipality or another public-sector entity or a credit institution (other than one belonging to the same consolidated group as the issuer); (ii) guarantees granted by a public-sector entity or a credit institution referred to in (i) above; (iii) credit insurance given by an insurance company other than one belonging to the same "group", as defined in the Finnish Act on Supervision of Finance and Insurance Groups (*Laki rahoitus- ja vakuutusryhmittymien valvonnasta* 699/2004), as amended, as the issuer; or (iv) assets of the issuer deposited in the Bank of Finland or a deposit bank; if the issuer is a deposit bank the deposit may not be in a deposit bank belonging to the same consolidated group as the issuer.

Supplementary collateral may only be used as collateral for covered bonds on a temporary basis and in the circumstances set out in the CBA (see "*Supplementary collateral*" below).

At least 90 per cent. of the total amount of collateral shall be housing loans or public sector loans or supplementary collateral unless otherwise provided for in the terms and conditions of a covered bond.

Derivative transactions concluded for hedging against risks related to covered bonds and their underlying collateral must be registered in the register and therefore constitute part of the cover pool assets.

Quality of the cover pool assets

Mortgage lending limit and valuation

Mortgage loans entered in the register as collateral for a covered bond may not exceed the current value of the shares or real estate standing as collateral. The current value shall be calculated using good real estate evaluation practice applicable to credit institutions in accordance with provisions on the management of capital adequacy and credit risk of credit institutions issued by the FIN-FSA. The issuer shall regularly monitor the value of the shares or real estate entered as collateral for the covered bonds and revise the value of the collateral in accordance with provisions on the management of capital adequacy of credit institutions issued by the FIN-FSA.

Requirements for matching cover

The CBA seeks to protect holders of covered bonds' position by requiring that the outstanding principal amount and net present value of the covered bonds must be covered at all times by matching cover pool assets. This is achieved by Section 16 of the CBA, which provides that (a) the total value of cover pool assets must always exceed the aggregate outstanding principal amount of the covered bonds and (b) the net present value of cover pool assets must always be at least 2 per cent. above the net present value of the liabilities under the covered bonds. According to the preparatory works of the CBA (HE 42/2010), the net present value means, in respect of (a) covered bonds and (b) mortgage loans, public-sector loans and supplementary collateral, the total value of the future discounted cashflows applying the market rate of interest, prevailing from time to time.

Requirements relating to liquidity

Under Section 17 of the CBA, the issuer shall ensure that the average maturity date of the covered bonds does not exceed the average maturity date of the loans entered in the register. Further, the issuer shall further ensure that the total amount of interest accrued from the cover pool assets, during any 12-month period, is sufficient to cover the total amount payable to the holders of covered bonds as interest and to the counterparties of derivative transactions as payments under such derivative transactions. Before the commencement of liquidation or bankruptcy proceedings against the issuer or a debtor of an intermediary loan, a mortgage credit bank may, in respect of collateral granted by a debtor of an intermediary loan, treat the interest payments on the intermediary loans as being the interest accrued from such collateral.

Determination of requirements under Sections 16 and 17 of the CBA

To determine the value of the cover pool assets in order to provide the matching cover required by Sections 16 and 17 of the CBA, the issuer shall only take into account:

1) an amount not exceeding 70 per cent. of the current value of the shares or real estate placed as collateral for any housing loan;

2) an amount not exceeding 60 per cent. of the current value of the shares or real estate placed as collateral for any commercial property loan; and

3) the book value of any public-sector loans and supplementary collateral.

Loans that have been entered in the register which must be booked as non-performing loans at the time of review of such loans in accordance with the regulations issued by the FIN-FSA, shall no longer be included as cover pool assets in calculating the matching cover.

Derivative transactions concluded in order to hedge the covered bonds and any assets provided as collateral for the derivative transactions shall be taken into account for the purposes of Sections 16 and 17 of the CBA.

Supplementary collateral

Up to 20 per cent. of the aggregate amount of all assets constituting the statutory security for the covered bonds conferred by the CBA may temporarily consist of supplementary collateral, **provided that** receivables from credit institutions shall not exceed 15 per cent. (or such larger amount as may be approved by the FIN-FSA) on the application of the issuer for a specific reason and for a specified period of time) of the total amount of collateral. Supplementary collateral may temporarily be used in situations where (i) mortgage loans or public-sector loans have not yet been granted or registered as collateral for the covered bonds; or (ii) the total amount of collateral does not fulfil the provisions provided for in Sections 16 and 17 of the CBA.

Intermediary loans

The CBA allows deposit banks and credit societies to participate indirectly in the issue of covered bonds by means of intermediary loans granted by a mortgage credit bank to such institutions. The intermediary loan shall be entered in the register but shall not form part of the cover pool assets of the covered bonds. In addition the debtor of the intermediary loan shall provide collateral in the form of mortgage loans and public-sector loans to be registered in the register as security for the covered bonds of the mortgage credit bank. The total priority value of such loans in the cover pool shall always exceed the principal amount of the intermediary loan. Upon the liquidation or bankruptcy of the issuer the estate of the issuer will be entitled to collect any proceeds from such loans and enter such proceeds in the register as security for the covered bonds. Moreover, the issuer's estate may demand a transfer of title of the loans to the estate or a named third party.

Derivatives

The issuer may enter into derivative transactions to hedge against the risks relating to covered bonds or their underlying collateral. Details of any such derivative transactions must be entered in the register and registered derivatives will hence form part of the cover pool.

Set-off

A creditor of the issuer may not set-off its claim against mortgage loans or a public-sector loan entered in the register if it is within the scope of the priority of payment of the holders of covered bonds as provided for in Section 25 of the CBA nor against an intermediary loan. This restriction on set-off would apply (among other) to deposits in bank accounts.

Prohibition on transfers, pledges, execution and precautionary measures

The issuer or the debtor under an intermediary loan may not, without the permission of the FIN-FSA, assign or pledge mortgage loans or public-sector loans, which are included in the cover pool assets. A mortgage credit bank may not assign or pledge any intermediary loan without the permission of the FIN-FSA. An assignment or pledge violating such prohibition shall be void.

Mortgage loans, a public-sector loan or any supplementary collateral entered in the register as collateral for a covered bond or an intermediary loan may not be taken in execution for a debt of an issuer, a deposit bank or a credit entity, nor may precautionary measures be directed at it.

Preferential right in the event of liquidation or bankruptcy

Under Finnish law, "*selvitystila*" (or liquidation in English) means either a voluntary winding up of a company or a winding up pursuant to specific provisions of Finnish law and "*konkurssi*" (or bankruptcy in English) means the mandatory winding up of a company in the event of its insolvency.

Under Section 25 of the CBA, notwithstanding the liquidation or bankruptcy of the issuer, a covered bond shall be paid until its maturity in accordance with the terms and conditions of the covered bond from the funds accruing on the cover pool assets of the covered bond before other claims. The funds accruing from collateral for covered bonds after the commencement of liquidation or bankruptcy proceedings against the issuer shall be entered in the register as collateral for such covered bonds. In bankruptcy proceedings, the bankruptcy administrator must ensure due maintenance of the register.

Collateral entered in the register in accordance with the CBA may not be recovered pursuant to Section 14 of the Finnish Act on Recovery of Assets to a Bankruptcy Estate (*Laki takaisinsaannista konkurssipesään* 758/1991), as amended.

In respect of mortgage loans included in the cover pool for a covered bond, the priority of payment right in accordance with Section 25 of the CBA is limited to a maximum amount which corresponds to 70 per cent. in respect of housing loans and to 60 per cent. in respect of commercial property loans of the current value of shares or real estate which stand as collateral for the loan as entered in the register at the time of commencement of liquidation or bankruptcy proceedings against the issuer. Under the CBA, funds accruing from the cover pool after the commencement of liquidation or bankruptcy shall be entered in the register and constitute part of the cover pool. The bankruptcy administrator shall, nonetheless, assign the share of payments out of any mortgage loans exceeding the preferential right to the general bankruptcy estate, except in the case of non-performing mortgage loans which would primarily be within the scope of the preferential right. According to the preparatory works of the CBA, payments deriving from mortgage loans to be booked as non-performing and proceeds from disposal of loans or enforcement of collateral shall, nonetheless, be firstly used for payment of covered bonds up to their preferential portion.

What is set out above in respect of Section 25 of the CBA applies *mutatis mutandis* to the counterparties of the derivative transactions entered in the register and to the providers of bankruptcy liquidity loans. These parties have an equal right with the holders of the covered bonds to payment from the funds, entered in the register as collateral for the covered bonds, and from the payments relating to them, and accordingly, such derivative transactions and bankruptcy liquidity loans rank *pari passu* with the covered bonds with respect to such cover pool assets.

The bankruptcy administrator may, upon the demand or with the consent of the supervisor appointed by the FIN-FSA (see "*Management of cover pool assets during the liquidation or bankruptcy of the issuer*"), transfer collateral entered in the register to the issuer's general bankruptcy estate, if the value and the net present value of the cover pool, as provided for in Section 16 of the CBA, considerably exceed the total amount of the covered bonds and it is apparent that the collateral to be transferred shall not be necessary to fulfil the obligations in respect of the covered bonds, derivative transactions and bankruptcy liquidity loans.

Management of cover pool assets during the liquidation or bankruptcy of the issuer

When the issuer has entered into liquidation or bankruptcy proceedings, the FIN-FSA shall, without delay, appoint a supervisor in accordance with Section 29 of the Finnish Act on the Financial Supervisory Authority (*Laki Finanssivalvonnasta* 878/2008), as amended to protect the interests of creditors of covered bonds and creditor entities comparable to such and to enforce their right to be heard (a "**supervisor**"). The supervisor shall, in particular, supervise the management of the collateral for the covered bonds and their conversion into cash as well as the contractual payments to be made to the holders of the covered bonds. The person to be appointed as supervisor shall have sufficient knowledge of financing and legal issues with regard to the nature and scope of the duties.

In bankruptcy proceedings the courts will by operation of law appoint a bankruptcy administrator to administer the bankruptcy estate. The cover pool will be run by the bankruptcy administrator, but the supervisor will supervise the bankruptcy administrator, acting in the interest of the holders of the covered bonds. Under Section 26 of the CBA, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, conclude derivative transactions necessary for hedging against risks relating to covered bonds and the relevant collateral as well as, where necessary, sell a sufficient amount of collateral for the covered bond in order to fulfil the obligations relating to the covered bond. In addition, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, have a right to conclude contractual arrangements to secure liquidity or take out bankruptcy liquidity loans.

Funds which accrue on the collateral for covered bonds after the commencement of liquidation or bankruptcy of the issuer and the bank accounts related to the collateral and its income shall be entered in the register. Correspondingly, a bankruptcy liquidity loan taken under Section 26 of the CBA and each bank account into which any such funds are deposited shall be entered in the register.

The bankruptcy administrator may, with the permission of the FIN-FSA, transfer the liability for a covered bond and the corresponding collateral to another mortgage credit bank, deposit bank or credit entity that has acquired a licence to issue covered bonds or to a foreign mortgage credit bank which is subject to supervision corresponding to that of the CBA, unless the terms of the covered bond provide otherwise.

A bankruptcy administrator has the right to terminate or transfer a derivative transaction to a third party on the demand or with the consent of the supervisor, **provided that** the collateral is transferred or converted into cash, or a right to transfer collateral to the counterparty in the derivative transaction when the interests of the holder of the covered bonds demands such and it is reasonable from the perspective of risk management.

If the requirements for the cover pool of the covered bonds, as provided for in Sections 16 and 17 of the CBA, cannot be fulfilled, the bankruptcy administrator must, upon the request or approval of the supervisor, accelerate the covered bonds and sell the cover pool assets in order to pay the covered bonds.

Management of cover pool assets upon the liquidation or bankruptcy of the debtor of an intermediary loan

When the debtor of an intermediary loan has entered into liquidation or bankruptcy proceedings, the FIN-FSA shall without delay appoint a supervisor to protect the interests of the holders of covered bonds issued by the issuer, standing as the creditor of the intermediary loan and will have a right to enforce the holders' right to be heard. The supervisor must, in particular, supervise the management of the collateral for covered bonds and its conversion into cash as well as oversee the contractual payments to be made to the holders of covered bonds and other parties comparable to such holders. Notwithstanding the liquidation or bankruptcy of the debtor of the intermediary loan, the issuer's obligations under the covered bond must be paid for the full term of the covered bond, in accordance with its contractual terms, from the collateral entered in the register before other claims can be met, following, where applicable, what is provided for in Section 25 of the CBA in respect of payment priority.

When the debtor of the intermediary loan is in liquidation or bankruptcy, the bankruptcy administrator shall upon the supervisor's demand or with his consent:

1) sell to the issuer the mortgage loans or public-sector loans, included in the collateral of its covered bond, in such a manner that the substitute claim is set-off partially or wholly against the claim under the intermediary loan of the issuer; or

2) if necessary, sell to a third party a sufficient amount of collateral for a covered bond, to comply with its obligations under the covered bond.

USE OF PROCEEDS

The net proceeds of the issue of each Series of EMTNs or each Series of Covered Bonds, as the case may be, will be used for the general banking and other corporate purposes of Nordea Bank Finland Plc. If, in respect of any particular issue, there is another or a particular identified use of proceeds this will be stated in the applicable Final Terms.

CLEARING AND SETTLEMENT

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

DTC

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

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

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

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

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

Euroclear Finland

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

Euroclear

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

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

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

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

Clearstream, Luxembourg

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

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

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

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

Initial Settlement in Relation to Global Note Certificates held in DTC

Upon the issue of a Global Note Certificate held in DTC, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interest represented by such relevant

Global Note Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealers. Ownership of beneficial interests in such a Global Note Certificate will be limited to DTC Participants, including Euroclear and Clearstream, Luxembourg, or Indirect DTC Participants. Ownership of beneficial interests in such Global Notes Certificates will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interest of Indirect DTC Participants).

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

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

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

Secondary Market Trading in Relation to Global Note Certificates held in DTC

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

Trading between DTC Participants

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

Trading between Clearstream, Luxembourg and/or Euroclear Participants

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

Trading between Euroclear or Clearstream, Luxembourg AccountHolders

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

Trading between Euroclear or Clearstream, Luxembourg Seller and DTC Purchaser

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

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

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

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

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

Trading between DTC Seller and Euroclear or Clearstream, Luxembourg Purchaser

When interests are to be transferred from the account of a DTC Participant to the account of a Euroclear Participant or Clearstream, Luxembourg Participant, the purchaser will send instructions to Euroclear or Clearstream, Luxembourg through a Euroclear Participant or Clearstream, Luxembourg Participant, as the case may be, at least one business day prior to settlement. Euroclear or Clearstream, Luxembourg, as the case may be, will instruct its respective depositary to receive such interest against payment. Payment will include interest (if any) accrued on such beneficial interest in such Global Note Certificate being transferred from and including the immediately preceding date for the payment of interest to and excluding the settlement date. Payment will then be made by the depositary to the DTC Participants account against delivery of the interest in such Global Note Certificate. After settlement has been completed, the interest will be credited to the respective clearing system, and by the clearing system, in accordance with its usual procedures, to the Euroclear Participant's account. The securities credit will appear the next day (European time) and the cash debt will be back valued to, and any interest on such Global Note Certificate will accrue from, the value date (which would be the preceding day when settlement occurred in New York), if settlement is not completed on the intended value date (i.e. the trade fails), the Euroclear and Clearstream, Luxembourg cash debt will be valued instead as of the actual settlement date.

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

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

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

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

NOTICE TO PURCHASERS AND HOLDERS OF RESTRICTED NOTES AND TRANSFER RESTRICTIONS

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

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

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

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

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

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

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

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

THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR ANY SECURITIES LAW OF ANY STATE IN THE UNITED STATES, AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THE FOLLOWING SENTENCES. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, ACKNOWLEDGES AND AGREES, FOR THE BENEFIT OF THE ISSUER, THAT THIS NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A)(1) TO THE ISSUER, (2) IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE

TRANSACTION COMPLYING WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (4) IN A TRANSACTION THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT BUT ONLY IF AVAILABLE AND UPON DELIVERY TO THE ISSUER OF AN OPINION OF COUNSEL IN FORM AND SCOPE SATISFACTORY TO THE ISSUER; AND (B) IN EACH CASE IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THIS NOTE OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

THE NORDEA GROUP

Overview

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

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

As at 31 December 2011, the Nordea Group's assets totalled EUR 716 billion and Tier 1 capital EUR 22.6 billion. As of the same date, the Nordea Group had approximately 11 million customers across the markets in which it operates, of which approximately 7.6 million are household customers in customer programmes and 0.6 million are active corporate customers.

As of 31 December 2011, the Nordea Group had approximately 1,400 branches of which more than 290 were located in Russia, Poland and the Baltic countries. In addition, the Group has a very large number of telephone and Internet customers. The Nordea Group is very active within e-based financial services and, at the end of 2011, had approximately 6.3 million users of such services.

In addition, the Nordea Group acts as an asset manager within the Nordic region and Baltic Sea region with EUR 187 billion in assets under management as per 31 December 2011. The Nordea Group also provides life insurance products.

The Formation of the Nordea Group

The Nordea Group was created through international mergers among four large Nordic financial institutions which gradually resulted in the creation of a single unit. Its predecessors were Nordea Bank Sverige AB (publ) (formerly Nordbanken AB (publ)) in Sweden ("**Nordea Bank Sverige**"), which, on 1 March 2004, merged with the Group's parent company and underwent a change of name to Nordea Bank AB (publ); Nordea Bank Danmark A/S (formerly Unibank A/S) in Denmark ("**Nordea Bank Danmark**"); Nordea Finland (formerly Merita Bank Abp) in Finland and Nordea Bank Norge ASA (formerly Christiania Bank og Kreditkasse ASA) in Norway ("**Nordea Bank Norge**").

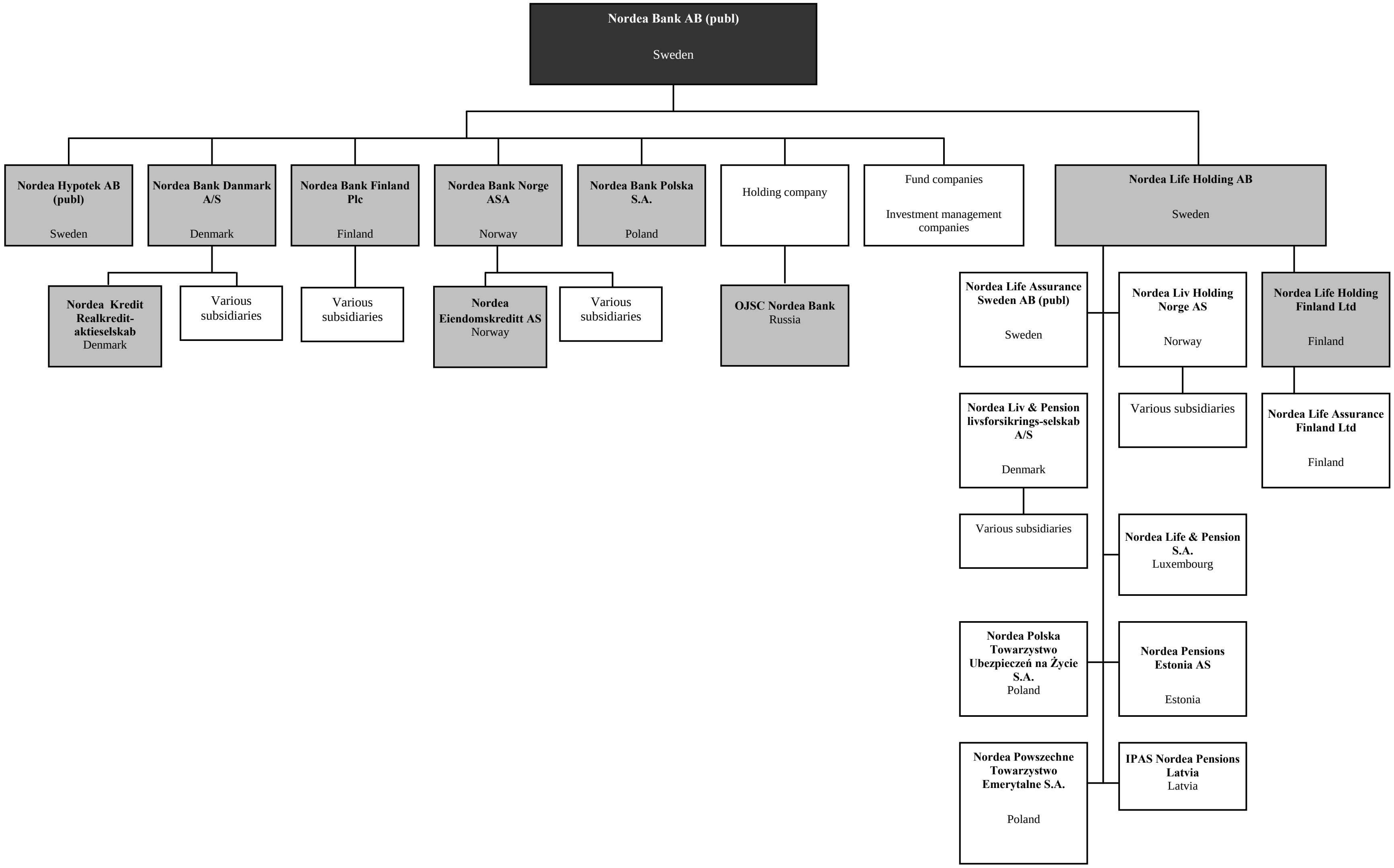
After the Group's parent company had adopted the name Nordea AB (publ) at the end of 2000, the name "Nordea" was gradually introduced within the Group and, by December 2001, the banks and branch offices within the Group had adopted the name Nordea.

Legal Structure

To improve operating capacity, reduce risk exposure and enhance capital efficiency, the Nordea Group's Board of Directors initiated a change in the Group's legal structure in June 2003. The internal restructuring commenced in 2003 when Nordea Bank, the parent company of the Nordea Group, acquired Nordea Bank Sverige, Nordea Bank Danmark and Nordea Bank Norge from Nordea Finland. At the same time, Nordea AB (publ) also acquired Nordea North America, Inc. from Nordea Finland. Following these transactions, Nordea Bank was established as a bank and its name was changed to Nordea Bank AB (publ). Thereafter, Nordea Bank Sverige merged with Nordea Bank. The merger was registered with the Swedish Patent and Registration Office (currently the Swedish Companies Registration Office) on 1 March 2004.

The Nordea Group aims to further rationalise its legal structure and potentially culminating with Nordea Bank being converted into a European company, a "Societas Europaea", as regards the Nordic banks. Such conversion is conditional on, among other things, Nordea Bank obtaining necessary approvals from the relevant authorities. As all regulatory responses to the financial turmoil and the "New Normal" are yet to be seen and evaluated, the Nordea Group is following up and analysing the changes currently in process which are not expected to be finalised during 2012.

The following chart sets forth the general legal structure of the Nordea Group, including its material subsidiaries, as of 31 December 2011:



The Nordea Group's banking business in the Baltic countries is operated as branches of Nordea Finland.

The Nordea Group's Organisation

Overview

The Nordea Group's organisational structure, which was implemented in June 2011, is built around three main business areas: Retail Banking, Wholesale Banking and Wealth Management. In addition to these business areas, the Nordea Group's organisation includes the business unit Group Operations and Other Lines of Business, Group Corporate Centre and Group Risk Management which are also central parts of the Nordea Group's organisation. The Nordea Group's financial reporting structure has been based on the new organisational structure from and including the third quarter of 2011.

In the Nordea Group's organisation, all parts of the value chains – customer responsibility, support, products, staff and IT development – have been incorporated into the three main business areas with the objective to improve efficiency, increase return on equity and deepen customer relationships. By organising the business areas around value chains, the Nordea Group believes that the responsibilities for creating efficiencies will be clearer and that the Nordea Group will be able to respond to new regulatory and investor demands in a more agile manner. The purpose of the organisational structure is also to enable all people within the Nordea Group to work even closer to customers, including understanding and delivering on their needs and preferences. Similar to the Nordea Group's previous operating model described below under "*—Nordea Group's Previous Operating Model*", segmentation of customers and differentiating both the value proposition and resource allocation according to customer needs are at the core of the Nordea Group's customer strategy in the new organisation.

Of the Nordea Group's business areas, Retail Banking is responsible for customer relations with household customers as well as large, medium-sized and small corporate customers in the Nordic and Baltic Sea markets. Retail Banking is responsible for segmentation (customer groups) as well as value propositions (customer programmes), cross-border customer strategies and sales processes. The Retail Banking business is operated through Banking Denmark, Banking Finland, Banking Norway, Banking Sweden and Banking Poland & the Baltic countries.

The Wholesale Banking business area further builds on the Nordea Group's customer-centric relationship banking approach and aims to ensure that all service and product competences of the Nordea Group reach its large corporate customers. The Wholesale Banking business area includes the business units Corporate & Institutional Banking, Shipping, Offshore & Oil Services, Banking Russia, Nordea Markets, Transaction Products and International Units.

Wealth Management includes the business units Private Banking (Nordic and International), Asset Management and Life & Pensions. The Private Banking business is operated through an integrated model with Retail Banking.

The business unit Group Operations and Other Lines of Business operates the Nordea Group's common development and services, including IT, Processes, Services, and Premises and Property. It also contains two lines of business that have their own value chains and operating models, namely Nordea Bank Russia and Nordea Finance.

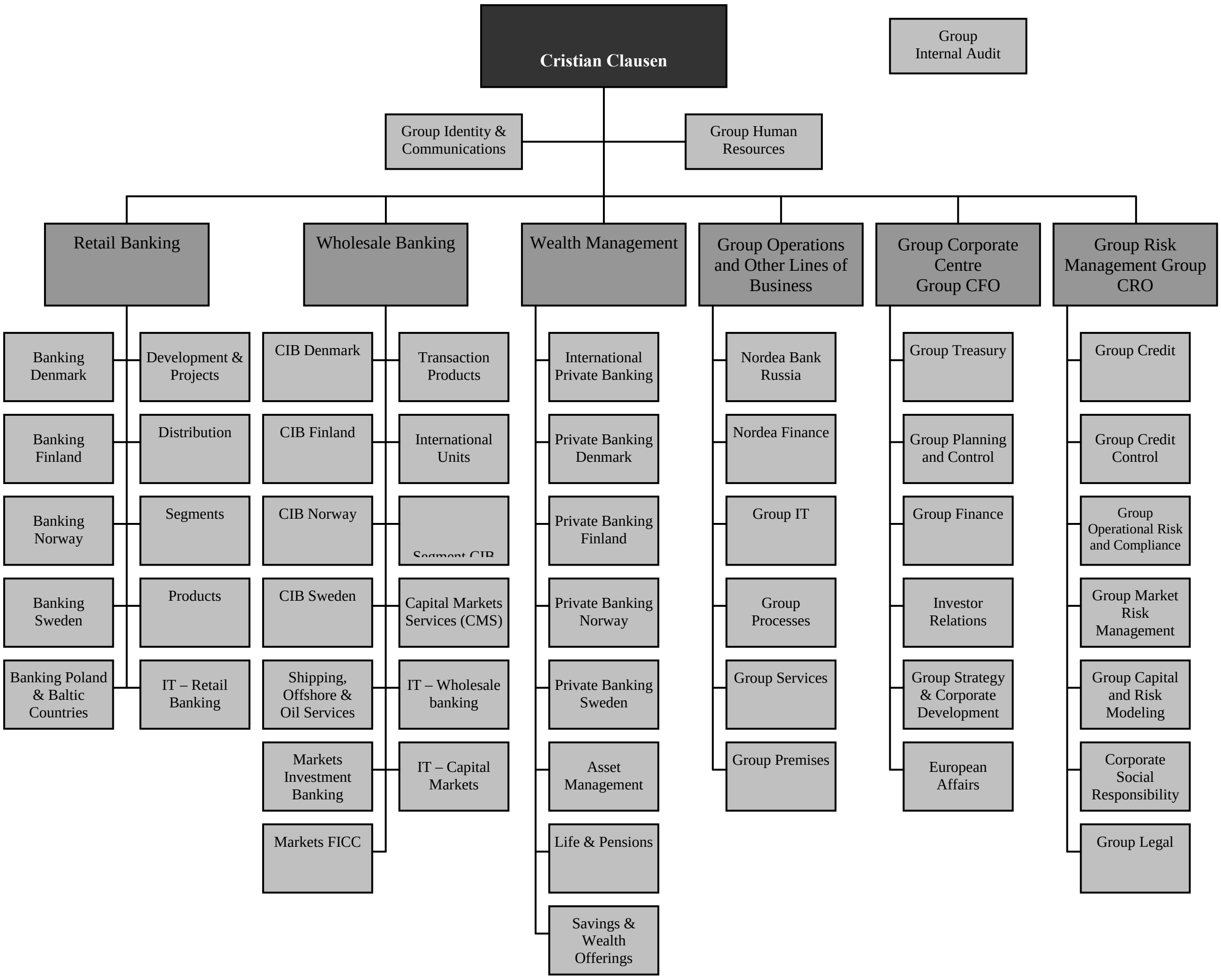
Group Corporate Centre and Group Risk Management are group functions that continue to operate in the same structure as they did in the Nordea Group's previous operating model.

Business Areas

At the core of the Nordea Group's strategy is segmentation of customers and differentiating both value proposition and resource allocation according to customer needs. The Nordea Group's customer activities are organised around two major customer groups: household customers and corporate customers. With both its household customers and corporate customers, the Nordea Group seeks to build long-term banking relationships and to become a lifetime financial partner by gaining an understanding of the customers' specific product and service needs and by offering products and advice tailored to meet those requirements.

To serve its household customers and corporate customers, the Nordea Group has divided its operations into three main business areas (Retail Banking, Wholesale Banking and Wealth Management) and the business unit Group Operations and Other Lines of Business. The business areas each comprise a number of business units which operate as separate profit units.

The following chart sets forth the Nordea Group's organisation:



Retail Banking

Retail Banking is the largest of the business areas within the Nordea Group. Retail Banking is responsible for customer relations with household customers as well as large, medium-sized and small corporate customers in the Nordic and Baltic Sea markets. Retail Banking is responsible for segmentation (customer groups) as well as value propositions (customer programmes), cross-border customer strategies and sales processes. The Retail Banking business is operated through Banking Denmark, Banking Finland, Banking Norway, Banking Sweden and Banking Poland & Baltic countries.

Within Retail Banking, the Nordea Group operates a multi-channel distribution strategy in the household customer segment to ensure that household customers can access the bank when and how it suits them. The three core elements of Retail Banking's distribution strategy are branches, contact centres and on-line and mobile banking. Through the Nordea Group's common customer relationship system, the three distribution channels are fully integrated so that customer interaction in one channel is simultaneously recorded in all other channels. The Nordea Group assigns household customers in each of the Nordic markets to different segments based on the business volume and number of products and services the customer has with the Nordea Group, namely Gold, Silver and Bronze customers in the Nordea Group's customer programmes. Retail Banking advisors work to develop relationships with the Nordea Group's household customers and to provide them with product solutions tailored to meet their individual banking needs.

In the Nordic markets, Retail Banking divides its corporate customers further into the following customer segments: Large, Medium and Small corporates. The aim for the Large, Medium and Small customer segments is to develop customer relationships and to become the house bank for their respective customers. Retail Banking has launched a concept to service small corporate customers with one adviser for both their corporate and their household business.

Wholesale Banking

The Wholesale Banking business area was established to further build on the Nordea Group's customer centric relationship banking approach and to ensure that all service and product competences of the Nordea Group reach its large corporate customers. The organisation of the Wholesale Banking business area was slightly revised in late 2011 when the units serving corporate and institutional customers, Corporate Merchant Banking and Financial Institutions, were combined into Corporate & Institutional Banking ("**CIB**"), that, in turn, has four units (CIB Denmark, CIB Finland, CIB Norway and CIB Sweden). Currently, the Wholesale Banking business area includes the units Corporate & Institutional Banking, Shipping, Offshore & Oil Services, Banking Russia, Nordea Markets, Transaction Products and International Units.

CIB

The CIB organisation serves the Nordea Group's largest Nordic corporate customers and institutional customers in one central unit in each market. The Nordea Group seeks to establish strategic partnerships with its CIB customers by becoming their primary source for a wide range of financial services, including day-to-day banking services such as cash management. The Nordea Group provides CIB with tailored, highly individualised product solutions and terms. A central part of the Nordea Group's corporate strategy is to create value by relationship banking, through a named senior relationship manager responsible for developing and organising the customer relationship and having a total view of the customer's business and financial affairs. In the upper corporate customer segments, the Nordea Group's aim is to establish partnerships that develop into house bank relationships, comprising the full spectrum of financial services and a high level of ancillary business. When serving large financial institution customers, such as banks, investment banks, hedge funds and other financial institutions, the Nordea Group employs a similar relationship banking concept, seeking to establish a strategic partnership with the customer and to provide specialised advice and tailored products and services.

Shipping, Offshore & Oil Services

The Nordea Group believes that it has a solid recognition in the maritime sector. With a global business platform, strong syndication franchise and consistent presence in the market during business cycles, the Nordea Group believes that it has positioned itself as a globally leading bank to the shipping, offshore and oil services industries, and further that the Nordea Group's exposure to the shipping, offshore and oil services industries is well diversified.

Banking Russia

The Nordea Group offers banking services to corporate and household customers in Russia through its wholly owned subsidiary, OJSC Nordea Bank, a full service bank. Banking Russia has a particular focus on making business with large global companies and core Nordic clients in Russia and offers all regular banking products, including cash management, lending and capital markets services. Based on its strong presence in the Nordic countries, the Nordea Group believes that it can offer companies active both there and in Russia solutions that meet their needs for banking services.

Nordea Markets

The Nordea Group believes that Nordea Markets is the leading capital markets and investment banking operation in the Nordic region. Nordea Markets is responsible for handling trading, research and sales within areas such as foreign exchange, fixed income, equities, structured products, commodities, capital markets services, financial advisory and corporate finance. Nordea Markets offers its products to corporate and financial institutions and through Wealth Management to household customers. The activities in Nordea Markets are purely customer-driven. The strategy of the Nordea Group is to further increase business in risk management products with its corporate customers.

Transaction Products

The Transaction Products product division consists of three units, Cash Management, Trade Finance and Payment Operations. The division is responsible for the Nordea Group's product offering within, among others, transaction products and services, working capital related services, corporate e-channels and trade financing.

International Units

The Nordea Group operates an international network of branches in New York, London, Frankfurt, Shanghai and Singapore, as well as representative offices in São Paulo and Beijing. In addition to its own network, the Nordea Group has entered into various cooperation agreements with banks around the world. As a result, the Nordea Group is able to offer its corporate customers high-quality solutions for their international business. The product offering focuses on day-to-day banking services, credit products, cash management, trade finance and capital markets products. The Nordea Group's business in the Baltic countries is operated through branches of Nordea Finland.

Wealth Management

Wealth Management provides high-quality investment, savings and risk management products, manages the Nordea Group's customers' assets and advises affluent and high-net-worth individuals as well as institutional investors on their financial situation.

Private Banking

The Nordea Group operates its Private Banking business through an integrated model with Retail Banking. The Nordea Group believes that this integrated operating model enables it to fully leverage the distribution capabilities and customer base of the whole Group as well as to utilise the investment and product development competencies in the Group.

In addition to its Nordic Private Banking operations, the Nordea Group engages in International Private Banking operations that are targeted to both customers of a Nordic origin domiciled outside the Nordic region and international customers off non-Nordic origin.

Asset Management

Asset Management is responsible for delivering the Nordea Group's savings products to household customers, including private banking customers. The savings product offering consists of actively managed investment products such as investment funds, life insurance and pension products and discretionary mandates. Asset Management is also responsible for the Nordea Group's asset management offerings to large corporate and institutional customers.

Life & Pensions

Life & Pensions covers product development and packaging of life insurance and pension products to corporate and household customers. Customers are served through banking branches, Life & Pensions' own sales force or via tied agents and brokers.

Nordea Group's Previous Operating Model

Prior to June 2011, the Nordea Group divided its operations into customer areas (Nordic Banking, Corporate Merchant Banking, Private Banking, Financial Institutions, Shipping, Oil Services & International and New European Markets) and product areas (Banking Products, Markets FICC and Saving Products), in addition to which the Nordea Group had Group Operations and Service and Staff Units:

- *Customer Areas*: The Nordea Group divided its operations into six business areas that focused on customer relations: Nordic Banking, Corporate Merchant Banking, Private Banking, Financial Institutions, Shipping, Oil Services & International and New European Markets. The customer areas were responsible for advising customers and for product sales. Nordic Banking, the Nordea Group's largest customer area, served household customers and corporate customers in the Nordic markets whereas Corporate Merchant Banking served the largest corporate customers. Private

Banking served the Nordea Group's Nordic and international private banking customers. Financial Institutions had global customer responsibility for financial institutions, while Shipping, Oil Services & International had the global customer responsibility for shipping, offshore and oil services companies. The New European Markets had responsibility for the Nordea Group's banking activities in Estonia, Latvia, Lithuania, Poland and Russia.

- *Product Areas*: In the previous operating model, the product and service delivery chain was streamlined by organising all products and services across the Nordea Group into three product areas, Banking Products, Markets FICC and Savings Products. Within these product areas, the Nordea Group organised all products and related processing into six main product divisions: Account Products, Transaction Products and Finance Products (in the Banking Products product area), Markets FICC (in the Markets FICC product area), Life & Pension Products and Savings Products & Asset Management (in the Savings Products product area). The product areas were group-wide and responsible for ensuring common simple and transparent delivery processes and a flexible and fast product development.

- *Group Operations and Service and Staff Units*: Group Operations and Service and Staff Units supported the customer areas and the product areas and were responsible for providing basic infrastructure for business, making it easier for customers to do business with the Nordea Group.

Up to and including the second quarter of 2011, the Nordea Group's financial reporting structure was largely aligned with the customer areas under the previous operating model and the Nordea Group's operations were divided into Nordic Banking (including the operations within Corporate Merchant Banking), New European Markets, Financial Institutions and Shipping, Oil Services & International, and Other Operating Segments and Group Functions.

Strategy

In 2007, the Nordea Group initiated a clear organic growth strategy both in the Nordic markets as well as in the other Baltic Sea markets. The Nordea Group maintained this strategic direction despite the challenging macroeconomic environment during the past years. The Nordea Group's current strategy is based on focused relationship strategy banking where financial solutions are provided in an efficient and diversified manner and where the main focus areas are:

- balanced customer focus, building on a customer-centric organisational design, in which the right products are delivered in the right way at a fair price based on the true cost of providing the products;

- people focus, clear values and principles are reflected in the objectives and incentives that are set within the Group, with the economic profit framework remaining at the heart of how management and support are pursued; and

- optimised value chain integration, adoption and development of best practices where loyalty to simplicity, transparency and reduction of complexity is promoted while keeping the Nordea Group's clients and their objectives in focus.

The Nordea Group believes that having one operating model and business area ownership of the end-to-end value chain ensures overview, accountability and congruence. This focused relationship strategy provides the basis for the Nordea Group's financial target, as further discussed below.

The Nordea Group believes that profitability will be key to maintaining a high credit rating, low funding costs and flexibility within the Nordea Group's capital position, and further believes that sound profitability is a prerequisite for providing customers with excellent customer experiences in a sustainable manner. For the Nordea Group to stay in what it sees as the top league in performance for its peer group of European banks, the Nordea Group believes it needs to increase its return on equity by taking actions on both cost and capital efficiency, and at the same time continue to grow the Group's income. In line with this strategy, the Nordea Group has set a single financial target for itself, which is to reach a return on equity of 15 per cent. in a normalised macroeconomic environment with a capital requirement of 11 per cent. (core Tier 1 capital) and higher interest rates. Subsequent to the setting of this financial target, Swedish authorities have announced a proposal that sets forth higher capital requirements for Swedish D-SIBs (domestic systemically important banks), which group includes the Nordea Group. Before the final framework for the capital adequacy standards that will be ultimately implemented in Sweden and elsewhere in Europe are known, and the related funding and liquidity regulations are finalised, it is difficult to predict whether these standards will affect the Nordea Group's financial target.

Efficiency Initiatives

The Nordea Group has introduced efficiency initiatives aimed at both cost efficiency and asset and capital efficiency in order to mitigate the anticipated higher costs for banking in the changed business environment that is often referred to as the "New Normal". In June 2011, the Nordea Group implemented a new organisational structure, which the Nordea Group believes will enable a continued focus on efficiency across value chains and on assisting customers in finding efficient solutions in the "New Normal". The new organisational structure aims to ensure improved accountability and a focused implementation of identified cost efficiency measures. In the second half of 2011, the Nordea Group undertook a range of additional cost efficiency measures, including the reduction in the number of employees of the Group by approximately 2,000 in 2011 and 2012, and expects to initiate further efficiency measures. The Nordea Group has also taken initiatives for cost efficiency in, among other areas, IT development. The Nordea Group strives for further capital efficiency by focusing the business on capital-light products on the advisory and relationship business as well as ancillary income in customer relations. The Nordea Group's asset and capital efficiency initiatives further aim at taking actions to achieve only moderate growth in consolidated RWA despite income growth. These initiatives include reviews of credit risk processes for further improving RWA efficiency as well as further roll-out of Internal Rating Based models.

Household and Corporate Relationships

The Nordea Group's relationship strategies are divided into a household relationship strategy and a corporate relationship strategy.

Household Relationship Strategy

Household customers are divided into four segments based on their business with the Nordea Group. The core philosophy of this strategy is to provide the best service, advice and product solutions to the customers and thereby to ensure loyalty, brand value and increase business and income. The household relationship strategy aims at moving existing customers to higher relationship segments, attracting new customers to enter relationship segments, freeing up more advisor time and reducing costs by multichannel distribution.

The Nordea Group believes that the successful implementation of the household relationship strategy will provide better income and growth potential, higher customer loyalty, more efficient services and lower risk, while also creating the customer benefits of a relationship-based and prioritised access to a named advisor, a long-term holistic view on the customer relationship and transparent and generally non-negotiable prices.

Corporate Relationship Strategy

Corporate customers comprise four segments based upon their business potential and complexity of banking needs. The corporate relationship strategy aims to increase the Nordea Group's market share with its largest customers and to become the leading bank among the largest corporate customers in all Nordic markets. For customers in the large and medium segments, the Nordea Group's aim is to make risk management products and capital markets transactions an integrated part of the basic product offering.

The Nordea Group believes that the successful implementation of the corporate relationship strategy will provide better income and growth potential, a balanced and diversified product mix and close partnership-based relationships and allow prudent risk taking, while also creating the customer benefits of relationship-based advice, access to the Nordea Group's products and balance sheet capacity, competitive prices and a partnership relation.

NORDEA BANK FINLAND PLC

Operational overview

Nordea Finland has, since 1998, been a part of the Nordea Group which was formed following the merger between Merita and Nordbanken which is addressed in more detail above (see "*The Nordea Group—Formation of the Nordea Group*").

Nordea Finland conducts banking operations in Finland as a part of the Nordea Group and its operations are fully integrated into the Nordea Group's operations.

Legal structure and subsidiaries

Nordea Finland is a wholly-owned subsidiary of Nordea Bank. Nordea Finland was incorporated on 2 January 2002 in accordance with Finnish law. Nordea Finland has its registered office in Helsinki, Finland and is a company with limited liability pursuant to the Finnish Companies Act and holds a licence (*oktroj*) to conduct banking operations in accordance with the Credit Institutions Act, and further to pursue financing operations and operations related thereto, including, *inter alia*, carrying out securities business. Nordea Finland operates mainly in the Finnish mortgage lending market and grants loans, primarily long-term in nature, to private individuals through its branch office network. The purpose of such lending is primarily to finance single family homes and for terraced houses or flats (which are commonly owned by housing companies) and summer cottages. Although the central emphasis is on housing financing, financing for business and commercial property is also provided. The collateral granted to Nordea Finland in relation to its lending consists mainly of mortgages on residential property and pledges over housing company shares. The average repayment period of a mortgage loan is 20 years in Finland. A majority of Nordea Finland's customers in Finland choose a variable twelve month interest rate where the interest base is EURIBOR.

Nordea Finland increased its share of the Finnish mortgage market during 2011 and its market share amounted to 30.9 per cent. at year-end 2011.

Nordea Finland is subject to substantial regulation in all markets in which it operates. Nordea Finland is registered in the trade register with business identity code 1680235-8. Nordea Finland has its head office in Helsinki at the following address: Aleksanterinkatu 36 B, 00100 Helsinki, Finland (telephone number +358 9 1651).

Nordea Finland holds a license from the FIN-FSA to issue Covered Bonds in accordance with the CBA.

Nordea Finland has subsidiaries in Finland and abroad. The most significant subsidiary is Nordea Finances Finland Ltd.

Board of directors

According to its articles of association, Nordea Finland's board of directors shall consist of not less than four and not more than seven members. A chairman and a deputy chairman are appointed by the board of directors.

At the date of this Base Prospectus, Nordea Finland's board of directors consists of the following members:

Fredrik Rystedt, Chairman
Ari Kaperi, Deputy Chairman and President of Nordea Finland
Gunn Wærsted
Casper von Koskull

All board members are employed in the Nordea Group.

Name	Year of birth	Position
Fredrik Rystedt	1963	Executive Vice President, CFO, Head of Group Corporate Centre and Country Senior Executive in Sweden

Name	Year of birth	Position
Ari Kaperi	1960	Executive Vice President, President of Nordea Bank Finland Plc, CRO, Head of Group Risk Management and Country Senior Executive in Finland
Gunn Wærsted	1955	Executive Vice President, Managing Director of Nordea Bank Norway ASA, Head of Wealth Management and Country Senior Executive in Norway
Casper von Koskull	1960	Executive Vice President, and Head of Wholesale Banking

Fredrik Rystedt has been the Executive Vice President, CFO (member of Group Executive Management) and Head of Group Corporate Centre since September 2008 and Country Senior Executive in Sweden since 2009. As from 1 July 2010, Mr. Rystedt is the Chairman of the board of directors.

Ari Kaperi has been the Executive Vice President and a member of Group Executive Management since 2008. He is the President of Nordea Bank Finland Plc and he became CRO, Head of Group Risk Management and Country Senior Executive in Finland in 2010. Mr. Kaperi joined the Nordea Group in 2001 and has held several executive positions within the Nordea Group. As of the date of this Base Prospectus, Mr. Kaperi is the Vice Chairman of the Board of Directors the Federation of Finnish Financial Services and a member of the board of Pensions Insurance Company Varma Mutual Pension, member of the Supervisory Board of Directors of Luottokunta Oy, member of the Advisory Boards of Central Chamber of Commerce, Finnish Business and Policy Forum Eva/ETLA and University of Turku. As from 1 July 2010, Mr. Kaperi is the Deputy Chairman of the board of directors.

Gunn Wærsted has been the Executive Vice President, Managing Director of Nordea Bank Norway ASA, a member of Group Executive Management and Country Senior Executive in Norway since 2007 and Head of Wealth Management since 2011. Ms. Wærsted was Head of Shipping, Private Banking & Savings Products during 2010 to 2011. As of the date of this Base Prospectus, Ms. Wærsted is a member of the Board of Directors of the Norwegian Depository Guaranty Fund and Finance Norway (FNO) and a member of the Nomination Committee of Schibsted ASA, the Corporate Assembly of Orkla ASA and a member of the Nomination Committee and the Council of Det Norske Veritas. Ms. Wærsted has been a member of the board of directors since 1 July 2010.

Casper von Koskull has been the Executive Vice President and a member of Group Executive Management since 2010. Mr von Koskull has been Head of Wholesale Banking since 2011. Mr. von Koskull joined Nordea in 2010and was Head of Corporate Merchant Banking & Capital Markets between 2010 and 2011. As of the date of this Base Prospectus, Mr von Koskull is a member of the International Chamber of Commerce ICC Finland.

The address of the board members is c/o Nordea Bank Finland Plc, Aleksanterinkatu 36 B, 00100 Helsinki, Finland.

To the best knowledge of Nordea Finland, no potential conflicts of interest exist between any duties to Nordea Finland of a member of the board of directors or the Nordea Group executive management and the private interests or other duties of such persons.

Auditors

Nordea Finland's auditors are elected at the annual general meeting of the shareholders for a period of one year. The auditors elected at the annual general meeting with respect to the years 2003, 2004, 2005, 2006 2007, 2008, 2009, 2010, 2011 and 2012 are KPMG Oy Ab of Mannerheimintie 20 B, 00100 Helsinki, Finland. CGR Raija-Leena Hankonen is the auditor-in-charge.

Legal and arbitration proceedings

Within the framework of the normal business operations, the Nordea Group faces claims in civil lawsuits and disputes, most of which involve relatively minimal amounts. Nordea Finland has not been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Nordea Finland is aware of) during the last 12 months that may have, or have had, recent significant effects on Nordea Finland's or the Nordea Group's financial position or profitability.

Material agreements

Nordea Finland is not a party to any material agreement outside of its normal course of business which may result in another Group company obtaining a right or incurring an obligation which may materially affect the Nordea Finland's ability to perform its obligations under the Notes issued.

Corporate governance

All the operations of Nordea Finland are integrated into the operations of the Nordea Group. The Nordea Group has established a corporate governance framework at group level and the framework is reviewed on a continuous basis.

Recent developments

No material adverse changes to Nordea Finland's prospects have occurred since the date of its last published audited financial statements.

No significant changes to Nordea Finland's financial position or market position have occurred since 31 December 2011.

Funding

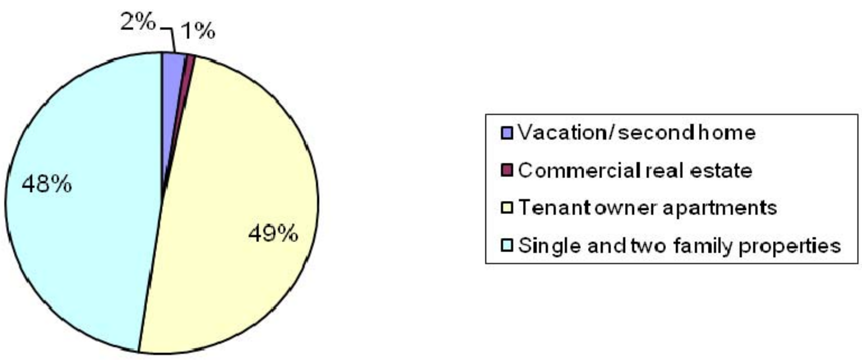
Nordea Finland's borrowing is conducted in both the Finnish and the international fixed income and money markets. Short-term funding refers mainly to issuance of issuance of certificates of deposits issued by Nordea Finland branches in London and New York. The total outstanding volume of short-term funding was EUR 30.8 billion at the end of 2011. At the end of 2010, the total outstanding volume of short term funding was EUR 31.8 billion. Long-term funding mainly takes place through issuance of bonds under Nordea Finland's Swedish medium term note programme and covered bonds. Nordea Finland issued its inaugural covered bond under the revised Finnish covered bond legislation in November 2010. At the end of 2011, the volume of Nordea Finland's outstanding covered bonds was EUR 7.3 billion. In addition, Nordea Finland had outstanding subordinated debenture loans of EUR 0.5 billion at the end of 2011 (EUR 477 million at the end of 2010).

Distribution of the loan portfolio

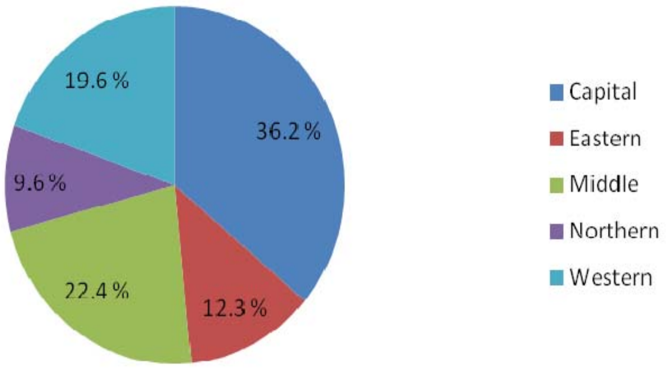
At 31 December 2011, Nordea Finland's total assets included in the cover pool measured EUR 12 billion. All loans are granted in EUR and all collateral is located in Finland. Lending to the public during 2011 increased by 35 per cent. (7 per cent. excluding repos) to EUR 99 billion at 2011 year-end. Lending to legal entities increased by 63 per cent. (9 per cent. excluding repos) to EUR 62 billion, while lending to households increased by 5 per cent. and amounted to EUR 36 billion at 31 December 2011.

The diagrams below describe the diversification of the housing loan portfolio (as at December 2011) in terms of collateral and geographical area:

Lending distribution in collateral



Lending by geographical area



THE HOUSING MORTGAGE MARKET IN FINLAND

The information provided below has been derived from publicly available information on the Finnish housing mortgage market.

Introduction

Specialist mortgage lenders are the principal originators of residential mortgage loans in Finland. Residential mortgage lending tends to be primarily secured on residential properties, although lending to municipality-owned housing companies may also be backed by municipal guarantees.

Lending for single family houses typically takes the form of one or more mortgage loans with an aggregated Loan-to-Value Ratio of up to 70 per cent. Loans with a Loan-to-Value Ratio of up to 85 per cent. or 90 per cent. where the borrower also receives an interest subsidy from the Finnish State are also available by using a state guarantee as set out in more detail under "*State Guarantees*" below. There are also other arrangements and special cases where banks are willing to lend at a higher Loan-to-Value Ratio by way of personal loans. In these situations additional collateral or guarantees are usually required.

Finnish mortgage loans may have a fixed or variable rate of interest, although loans with variable rates of interest tend to be the most commonly originated at the date of this Base Prospectus. Interest rates for fixed loans are typically set for a period of 3, 5, 10 or 15 years. For variable rate loans, the interest is determined as a variable margin over 1-month, 3-month, 6-month or 12-month EURIBOR interest rates or over prime rates set by the banks. The Finnish Consumer Protection Act (*Kuluttajansuojalaki 38/1978*), as amended (see "*Regulatory Framework*" below), does not impose limitations on the margin or nominal rate of interest that may be set on a consumer loan. While there are no specific rules limiting rates of interest (other than in respect of default interest), the general principles of equity under Finnish law also apply. The rate of default interest on any due and payable receivable, unless otherwise agreed by the lender and borrower, is a rate 7 per cent. higher than the statutory reference rate (which is, as at the Closing Date, 1 per cent. per annum) in accordance with the Finnish Interest Rates Act (*Korkolaki* 633/1982), as amended. It is possible to contractually agree to disapply this default rate, but in the case of a loan governed by the Finnish Consumer Protection Act, it cannot be disapplied to the detriment of the borrower and, as a result, any default rate over the rate above would be ineffective.

State Guarantees

Borrowers in Finland can take advantage of a specific government guarantee scheme under the Act on State Guarantees for Owner-Occupied Housing Loans (*Laki omistusasuntolainojen valtiontakauksesta*, 204/1996), as amended which is available to any individual who buys a home or builds a house to be used as the primary residence of that individual or their family. While the majority of loans on residential property have a maximum Loan-to-Value Ratio of 70 per cent., lenders can agree to raise the Loan-to-Value Ratio to 85 per cent. or 90 per cent. where the borrower also receives an interest subsidy under the Act on Interest Subsidy for Loans Granted for Home Purchase (*Laki oman asunnon hankintaan myönnettävien lainojen korkotuesta* 639/1982), as amended (i.e. where the Finnish State pays part of the interest rate) in cases where the loan terms and other circumstances qualify for a guarantee from the Finnish State in accordance with the Act on Interest Subsidy for Loans Granted for Home Purchase whereby the Finnish State undertakes to protect the lender against a portion of their mortgage default losses (the "**State Guarantee**").

The lender obtains the State Guarantee as part of its residential mortgage lending process; borrowers do not need to apply for a State Guarantee separately but must inform the lender that they wish to obtain a State Guarantee.

The Housing Finance and Development Centre of Finland supervises lenders' guarantee operations. A borrower is liable to pay a premium of 2.5 per cent. of the guaranteed loan amount in connection with the application for and granting of a loan. However, where the borrower receives an interest subsidy under the Act on Interest Subsidy for Loans Granted for Home Purchase, there is no charge for the State Guarantee. A State Guarantee is not a full guarantee but instead covers an amount of the loan not exceeding 85 per cent. of the purchase price of the property or housing company shares (as defined below) or estimated construction of a property, or where the borrower obtained a loan on or after 1 June 2005 and also receives an interest subsidy under the Act on Interest Subsidy for Loans Granted for Home Purchase, an amount of the loan not exceeding 90 per cent. of the purchase price (the "**State Guaranteed**

Loan Portion"). The primary collateral for the loan that has the benefit of a State Guarantee is the property or the housing company shares, whereas the State Guarantee acts as secondary collateral.

The maximum amount of the State Guarantee is limited to the aggregate of (a) the lower of (i) 20 per cent. (in the case of a borrower of a loan granted on or after 1 June 2005 and receiving an interest subsidy under the Act on Interest Subsidy for Loans Granted for Home Purchase, 25 per cent.) of the outstanding State Guaranteed Loan Portion and (ii) €50,000 in respect of a loan granted on or after 1 July 2009 (or, in respect of a loan granted prior to 1 July 2009, €25,250) and (b) interest and default interest accrued on the amount referred to in (a). Additionally, if a lender lends a borrower an amount in excess of the State Guaranteed Loan Portion (i.e. an amount in excess of 85 per cent. or, in certain circumstances, 90 per cent.) the lender must use any repayments of principal and any proceeds of enforcement firstly to reduce the State Guaranteed Loan Portion and secondly to reduce the remaining portion of the loan.

A lender may enforce the State Guarantee by requesting payment from the Housing Finance and Development Centre of Finland, **provided that** the lender's final total debt in respect of that Borrower has been established after (a) the borrower and each guarantor that has not paid the amounts owed by him in full have been declared insolvent and (b) all collateral or security securing the loan has been enforced and the proceeds used to pay the debt owed to the lender. The payment of the State Guarantee to the lender may be withheld or reduced if the Housing Finance and Development Centre of Finland determine that the Act on State Guarantees for Owner-Occupied Housing Loans, the regulations pursuant thereto and accepted banking practices in Finland have not been observed in respect of granting or managing the Loan or Related Security and if the interests of the Finnish State have been adversely affected.

Mortgage Lenders in Finland

Mortgage lenders in Finland provide a range of financing for single family homes and for terraced houses or flats (which are commonly owned by housing companies). They also provide financing for business and commercial property. In the fourth quarter of 2011, aggregate outstanding loans from mortgage lenders secured on Finnish residential properties totalled approximately €81,248,000 and the principal lenders in the Finnish mortgage market (housing loans) were:

- OP-Pohjola Group (which has a market share of approximately 36.0 per cent.);
- Nordea (which has a market share of approximately 30.8 per cent.); and
- other banks (which have a market share of approximately 33.2 per cent.)[9]

Material Legal Aspects of the Mortgage Loans

Covered bonds, register and eligible cover pool assets

The CBA entered into force on 1 August 2010. It enables the issue of covered bonds (*katetut joukkolainat*) which are debt instruments secured by a cover pool of eligible assets. The CBA regulates which assets can be used as collateral for the covered bonds and the quality of such assets. They are issued by credit institutions (such as the Issuer) which are authorised to engage in mortgage credit business (*kiinnitysluottopankkitoiminta*) (each an "**issuer**").

The CBA requires the issuer to maintain a register for the covered bonds and the collateral which forms the cover pool assets for the covered bonds. Any intermediary loan shall also be entered in the register. The actual entry of the covered bonds and relevant derivative transactions in the register is necessary to confer the preferential right in the cover pool. Further, only assets entered into the register form part of the cover pool.

The covered bonds shall be covered at all times by a specific cover pool of eligible assets. Eligible assets which are permitted as collateral for covered bonds consist of mortgage loans, public-sector loans and supplementary collateral, each as defined in the CBA as follows:

For a more detailed description of the provisions of the CBA, see the section of this Base Prospectus headed "*The Covered Bond Act*".

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9 Danske Bank no longer publishes country-specific figures of their mortgage loan market share.

Form of the Mortgage Certificates

A mortgage loan may be secured by the pledge of one or more mortgage certificates (*kiinteistöpanttikirja*) (such mortgage certificates that have been pledged as security for a loan, together, the "**Mortgage Certificates**"), evidencing a mortgage over a property (or a portion thereof) owned by a Borrower or Security Provider as provided for in Chapter 15, sections 1 and 2 of the Finnish Land Code (*Maakaari* 540/1995), as amended. The security interest over real estate is created by executing a pledge agreement, delivering the mortgage certificates to the pledgee (or a third party sufficiently remote from the pledgor and acting on behalf of the pledgee) and the retention of the mortgage certificates by the pledgee or the third party throughout the security period. In the event that mortgages have not been registered on the pledged property or the principal amount of registered mortgages is insufficient to cover the amount of the relevant secured obligation, an application for the registration of (additional) mortgages is submitted to the competent District Court (*käräjäoikeus*) by the owner of the pledged property (or the pledgee, authorised by the owner). The District Court registers the mortgage in the register of title and mortgages and prepares a mortgage certificate, which is then typically delivered directly to the pledgee. The identity of the pledgee may be registered in the register of title and mortgages, but this registration is voluntary and has no impact on the validity of the security interest.

Form of the Pledge over Housing Company Shares

A mortgage loan may also be secured by a pledge of shares in a housing company which is a company incorporated in Finland and referred to in Chapter 1, Section 2 of the Finnish Act on Housing Companies (*Asunto-osakeyhtiölaki* 1599/2009), as amended. A pledge of shares in a housing company, which shares entitle the holder to possess a separate dwelling unit (such shares that have been pledged as security for a loan, together, the "**housing company shares**") is effected by executing a pledge agreement, delivering the share certificate evidencing such shares to the pledgee (or a third party sufficiently remote from the pledgor and acting on behalf of the pledgee) and the retention of such share certificate by the pledgee or the third party throughout the security period.

Enforcement Procedures

Introduction and general principles of Finnish law in respect of enforcement

Enforcement of obligations, including receivables such as the mortgage loans, under Finnish law typically requires that the creditor first obtains a judgment or arbitral award ordering the particular obligations to be satisfied (for example, for a debt to be paid) after which the actual enforcement is carried out by a district bailiff in a procedure regulated by Finnish law.

The principles of equity and statutory limitation may restrict the creditor from obtaining a judgment or arbitral award. Pursuant to the Finnish Contracts Act (*Laki varallisuusoikeudellisista oikeustoimista* 228/1929), as amended and the Consumer Protection Act, if a contract term is unfair or its application would lead to an unfair outcome, the term may be adjusted or set aside. Consequently, enforcement of obligations may be limited by general principles of equity; in particular, equitable remedies (such as an order for specific performance or an injunction) are discretionary remedies and may not be available under the laws of Finland where damages are considered to be an adequate remedy. For a more detailed description of the provisions of the Consumer Protection Act, see the section of this Base Prospectus headed "*Description of the Finnish Residential Mortgage Market—Regulatory Framework*".

Under the Finnish Act on Barring of Debts by the Statute of Limitations (*Laki velan vanhentumisesta* 728/2003), as amended, debt obligations are subject to statutory limitation, which become effective on the earlier of:

(a) the date falling 3 years as of the date when the payment obligation becomes due and payable;

(b) the date falling 3 years from the date on which the relevant non-breaching contracting party became or should have become aware of a breach of contract; or

(c) the date falling 10 years from the date on which such breach occurred.

Where a creditor has been granted a security interest to secure its receivable, the enforcement procedure depends on the type of the asset securing the receivable.

Enforcement of a Pledge over Receivables

Under Finnish law, the pledgor and pledgee may freely agree on the method of enforcement. In the case of receivables, these methods may include collecting payment from the debtor or selling the receivable to a third party. However, mandatory legislation requires that the pledgee must act diligently and give due consideration to the pledgor's justified interests when liquidating the asset, which in practice means that the asset may not be sold at clearly less than its market value. Regardless of the method of liquidation, any proceeds in excess of the amount of the creditor's receivable shall be returned to the pledgor.

Enforcement of a Pledge of Mortgage Certificates

Enforcement of a pledge of mortgage certificates must be carried out through an enforcement procedure in accordance with the Finnish Execution Code (*Ulosottokaari* 705/2007), as amended.

A creditor wishing to enforce a claim secured by a pledge of mortgage certificates can either:

(a) apply to the bailiff for enforcement of its claim without requesting enforcement against any specific assets, thereby leaving the decision concerning the target and method of the enforcement up to the bailiff, in which case the creditor's claim will have the priority described below in a sale of the property; or

(b) apply to the bailiff for enforcement action directed specifically at the property by virtue of the mortgage loan.

In the case of an application in accordance with paragraph (B) above and, to the extent that enforcement action under paragraph (A) above results in an attempt to sell the property, the bailiff may choose either to organise a public auction or, **provided that** certain requirements are met, such as it is agreed upon by all parties to the proceedings, to sell the property by other means, for example, a private sale by a real estate agent.

In the case of a public auction, the bailiff will make a public announcement that the property shall be auctioned and send invitations to all secured creditors. In doing so, the bailiff will request that the secured creditors inform the bailiff in writing whether they desire to be paid from the proceeds of the auction or whether they are satisfied with the fact that their mortgage shall continue to encumber the property after it is sold. If there is any uncertainty concerning the secured creditors, e.g. where some of them are not known to the bailiff or cannot be reached, the bailiff will typically summon a meeting to be held before the public auction. As a supplement to the information available in public registers and the debtor's obligation to provide information to the bailiff, this meeting is a way of obtaining information concerning the secured creditors. A notice to convene the meeting is sent to all known parties, including all known mortgage holders, and is published in a local newspaper and, if necessary, in the Official Gazette in Finland. As a result of this meeting, the bailiff will prepare a list of all parties involved and their respective rights and claims. Any claim of an unknown secured creditor not represented at the meeting shall be included in the list as a conditional claim with an amount corresponding to the registered amount of the relevant mortgage. This list must be delivered to all relevant parties in good time (normally, a few days) before the public auction takes place.

Based on the amount and priority of mortgages registered over the relevant property, the bailiff shall determine the lowest acceptable bid, which must be received from the property in question from its sale in the auction. To determine the lowest acceptable bid, the bailiff shall arrange the mortgages on such property in an order of priority based on the dates on which the mortgages were registered with the Finnish Title and Mortgage Register (*lainhuuto- ja kiinnitysrekisteri*). The lowest acceptable bid must cover the enforcement costs and the aggregate amount of mortgages, which rank higher in priority than the mortgage that is being enforced. The bailiff may not accept a bid if it is clearly lower than the market value of the property.

Mortgages shall terminate upon the sale unless the property has been sold encumbered or the secured debt has been otherwise assumed. If no acceptable bids are received, another auction or a sale by other means shall be organised unless the creditor requesting the first sale objects to this. The requirement concerning the lowest acceptable bid can be set aside by agreement between all secured creditors.

If a secured creditor has not duly notified the bailiff in writing of the mortgage and made a request for payment in the above meeting held by the bailiff, the relevant mortgage will not continue to encumber the property following the auction. In such case, the bailiff will hold a certain portion of the proceeds received from the auction of the property for the benefit of such secured creditor, for up to two years from the sale of the property at the auction becoming effective. Unless that secured creditor notifies the bailiff of its claim within that period, the remaining proceeds will be disimbursed to the other creditors. If the secured creditor has notified the bailiff in writing of the mortgage, the secured creditor will have priority in relation to the unsecured creditors as regards the proceeds accruing from the auction of the property. The secured creditor may also agree with the purchaser that the property is sold encumbered in which case the purchaser assumes the liabilities of the debtor towards the secured creditor and the mortgage will become effective against the purchaser and secure the assumed liabilities.

Enforcement of a Pledge over Housing Company Shares

In respect of housing company shares, the parties may generally agree to grant the creditor full discretion over the means of enforcing the security and realising the asset. Such discretion is, however, limited, *inter alia*, by the statutory invalidity of a provision providing that title to the pledged asset shall, upon default, automatically transfer to a pledgee. Furthermore, the pledgee always has a duty to ascertain that the interests of the borrower and other creditors of the borrower are not unduly jeopardised due to the actions taken by the pledgee. Under the standard terms of the pledge agreements used by the Seller, a pledged object may not be realised unless the pledgor is notified that the object will be realised unless payment is received within a month (or, if the pledged object is shares, such as housing company shares entitling to the possession of the pledgor's residence, two months). If payment is not received within the given time, the pledged object may be sold by public auction, by a real estate agent or by other appropriate means.

Regulatory Framework

Banking activities in Finland are subject to extensive regulation, primarily, under the Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta* 121/2007), as amended, which implements the requirements of the relevant EU directives pertaining to banking legislation. Furthermore, banking activities are governed by the regulations issued by the FIN-FSA. Activities of credit institutions (as such activities are defined in the Finnish Act on Credit Institutions) are subject to prior authorisation by the FIN-FSA.

Business activity where repayable funds (e.g. deposits) are accepted from the public, credit and other financing is offered by an entity for its own account or electronic money is issued (for example, a monetary value recorded on an electronic device or system and accepted as payment by one or more enterprises), is generally referred to as credit institution activity (*luottolaitostoiminta*).

Pursuant to the Finnish Act on Credit Institutions, credit institutions and holding companies of credit institutions are supervised by the FIN-FSA. The supervision mainly consists of monitoring credit institutions' financial standing and risk management. Furthermore, the Finnish Act on Credit Institutions governs the process of applying for a licence to conduct credit institution activity, the provisions for granting the licence as well as cancelling thereof, the financial conditions to be met by the credit institution, the general procedures to be followed in conducting the business and contains the provisions on sanctions in case of a breach of its regulations.

A credit institution has to qualify for the general conditions which relate to conducting credit institution activity set out in Chapter 4 of the Finnish Credit Institutions Act as well as the financial conditions set out in Chapter 5 of the said act. Furthermore, the FIN-FSA will verify the trustworthiness of a founder or a major shareholder. A person is not deemed trustworthy if he/she has been convicted of a crime five years preceding the assessment or received a fine three years preceding the assessment which can be deemed to indicate, or has otherwise demonstrated, that he/she is manifestly unsuitable as a founder or a shareholder of a credit institution.

Credit institutions may only carry out the business activities listed in the Finnish Act on Credit Institutions, which for deposit banks include, receiving deposits and other repayable funds from the public, raising funds, granting or arranging credit and other financing, financial leasing and general transfer of payments. In addition, a Finnish credit institution must have its head office in Finland as well as at least one permanent place of business. In case a credit institution intends to outsource a part of its critical functions' (as defined in the Finnish Act on Credit Institutions) after receiving authorisation from the FIN-FSA, the FIN-FSA must be informed in advance. A credit institution shall further ensure that no close link, such as an ownership interest of more than 20 per cent. or an equivalent degree of control, between the credit institution and another legal person or a natural person shall prevent the efficient supervision of its operations. The Finnish Act on Credit Institutions provides that certain qualifying acquisitions of shares in a credit institution require a prior filing with the FIN-FSA. If a credit institution belongs to a consolidated group not governed by Finnish law, the ability of a foreign authority to adequately supervise the group forms a prerequisite for granting the authorisation required in Finland.

The members and deputy members of the board of directors as well as the managing director and deputy managing director must be trustworthy persons who are not bankrupt and whose capacity has not been restricted.

The share capital, co-operative capital or basic capital of a deposit bank (*talletuspankki*) and a financing institution (*luottoyhteisö*) may not be less than five million euro. The share capital or co-operative capital of an electronic money institution (*sähkörahayhteisö*) may not be less than EUR 350,000.

A credit institution and an undertaking belonging to its consolidated group may not, in the course of their operations, incur a risk that materially jeopardises the solvency or consolidated solvency or the liquidity of the credit institution. A credit institution and an undertaking belonging to its consolidation group must have adequate internal controls and adequate risk management systems as well as adequate liquidity considering the scope and scale of its operations.

The CBA enables the issue of covered bonds (*katetut joukkolainat*) which are debt instruments secured by a cover pool of eligible assets. Covered bonds may be issued by credit institutions (such as the Issuer) which are authorised to engage in mortgage credit business (*kiinnitysluottopankkitoiminta*). A credit institution must fulfil certain requirements prescribed in the CBA in order to obtain authorisation from the FIN-FSA to engage in mortgage credit business. The credit institution must, among other things, have in place suitable procedures and instruments for managing the risk entailed in holding the cover pool assets and in issuing covered bonds and also prove that it intends to engage in mortgage credit business on a regular and sustained basis. The issuer must have put the appropriate organisational structure and resources into place.

Consumer Protection

Under the Finnish Consumer Protection Act (*Kuluttajasuojalaki* 38/1978), as amended, all consumer credit agreements (*kuluttaluottospimus*) must be concluded in writing or if concluded electronically, in a manner whereby the consumer may record and reproduce the agreement unaltered. Before concluding the credit agreement the creditor must assess the consumer's creditworthiness on the basis of sufficient information taking into account the amount of the credit and other circumstances. The creditor must ensure that the information is up to date if the parties agree to change the total amount of credit or increase the credit limit after the conclusion of the credit agreement and assess the creditworthiness of the consumer again before any significant change to the total amount of credit or increase in the credit limit.

Pursuant to the Finnish Consumer Protection Act and the Governmental Decree on the information to be given to consumers in credit agreements (*Valtioneuvoston asetus luottosopimuksesta kuluttajalle annettavista tiedoista* 789/2010), issued thereunder, the consumer credit agreement must include, among others, the following information: (i) the type, amount or limit of the credit and conditions governing the drawdown; (ii) the interest rate, the basis for determining the interest rate and other conditions regarding the interest as well as other costs relating to the granting and use of the credit; (iii) the duration of the credit agreement or, if the credit is to be paid in instalments, the amount, number and frequency of payments; (iv) the aggregate amount payable by the consumer, the annual percentage rate calculated by dividing all costs, interest and charges payable on the credit during the credit period taking into account scheduled repayment instalments, and all assumptions used in order to calculate the rate at the time of concluding the credit agreement; (v) the right of early repayment, and, information concerning the creditor's possible right to compensation and the way in which that compensation will be determined as well as guidance for the use of the right of early repayment; and (vi) the interest rate applicable in the case of late payments and the arrangements for its adjustment and where applicable, any charges payable for default. The consumer must not be charged any payment, interest, fee or compensation that is not included in the terms and conditions of the consumer credit agreement.

The terms of a consumer credit agreement may stipulate that the interest rate payable on the credit shall vary in accordance with a reference rate, which shall be public and based on matters not dependent on the unilateral decisions of the creditor. The consumer must be notified of changes in the interest rate either in the account statements or otherwise in a durable medium. When notifying the consumer of such change, the consumer must also be notified of the amount of payments after any changes in the number and frequency of payments, if applicable. In respect of housing credits, the consumer must, instead of the number of payments, be notified of current information regarding the last payment date.

A consumer has the right to prepay the consumer credit in full or in part before it matures. In such case, the consumer is entitled to a reduction in the total cost of the credit attributable to the remaining duration of the credit. The creditor is, however, entitled to recover its arrangement fee in full if the fee has been specified in the agreement and is not unreasonable. The consumer has the right to decide towards which of several receivables of the same creditor his/her payment is applied. In the event of early repayment, the creditor is also entitled to compensation from the consumer, **provided that** the interest of the credit is not linked to a reference rate, *i.e.* the early repayment falls within a period for which the interest rate is fixed. Such compensation may not exceed 1 per cent. of the amount of credit repaid early, if the period of time between the early repayment and the agreed termination of the credit agreement exceeds one year. If the period does not exceed one year, the compensation may not exceed 0,5 per cent. of the amount of the credit repaid. In any event, compensation for early repayment may not be claimed, if, the amount of the repayment within the last period of twelve months has not exceeded EUR 10,000; the repayment is made under an insurance contract intended to provide a credit repayment guarantee; or, if the repaid credit is based on a credit agreement related to a current account.

As regards housing credits, the creditor is entitled to compensation for early repayment if the amount of the credit exceeds EUR 20,000 and the interest of the credit is either fixed or, if variable in accordance with a reference rate, determined over a period of 3 years or more. Such compensation may not exceed the amount of loss resulting from a decline in the interest rate for the remaining credit period for fixed interest rate loans or the determination period of a reference rate. The Fin-FSA may issue further guidance on the method for calculating the loss.

If the creditor has a contractual right to, upon a consumer's payment default or other breach of contract, declare the credit or a part thereof prematurely due and payable or to enforce any other specific sanction, the creditor may enforce such a right only if the payment has not been made within one month from its due date and remains outstanding and if the defaulted payment constitutes at least 10 per cent. of the original principal amount of the credit or, if the payment default concerns more than one instalment, at least 5 per cent. of the original principal amount of the credit or if it concerns the total remaining balance of the credit. The creditor may also enforce such right on a material breach of contract (other than non-payment) by the consumer. Notwithstanding the aforementioned thresholds, the creditor may enforce its right if the payment has not been made within six months and remains substantially outstanding.

The creditor does not have any right to declare the credit or a part of the credit prematurely due and payable, if the payment default resulting in such right is due to the consumer's illness, unemployment or any other corresponding reason that is not attributable to him, except where this would be evidently unreasonable to the creditor taking into account the length of the delay and other circumstances.

The creditor may declare the credit or a part of the credit prematurely due and payable, subject to giving four weeks' prior written notice to the borrower or, if the borrower has already been notified of the payment default or another breach of contract, with a two-week prior notice. If the consumer pays the unpaid amount or rectifies the other breach during the said notice period, the acceleration shall lapse.

A company (including a bank) that violates the provisions of the Finnish Consumer Protection Act may, if this is necessary for consumer protection, be prevented from continuing such measures or repeating these or comparable measures.

Compliance with the provisions is supervised by the Consumer Ombudsman, the Consumer Agency and, as the district authorities subordinate to it, the State Provincial Offices as well as by the FIN-FSA when the granting of credit falls within the activity supervised by the FIN-FSA. A company must present for inspection by the supervisory authorities the documents concerning consumer credits that are necessary for the supervision of such credits.

Further, the Finnish Act on Credit Institutions contains provisions on the contractual terms that a credit institution such as the Issuer may use. According to the Finnish Act on Credit Institutions, a credit institution may not use contractual provisions that are unreasonable toward the borrower. Credit institutions are required to submit their standard terms and conditions to the FIN-FSA.

Tax Framework

The Finnish Income Tax Act (*Tuloverolaki* 1535/1992), as amended, provides certain tax reliefs to borrowers in respect of loans used to finance the purchase of a residence. In respect of such a loan, 100 per cent. of the interest payable has previously been deductible from a borrower's capital income. According to the new amended rules in force as of 2012, this deduction right has been cut to 75 per cent. of the amount of interests paid. The deductible part of the interests is, however, 85 per cent. in 2012 and 80 per cent. in 2013. If the borrower has no such capital income or the interest (and other deductible expenses) exceeds the income, the Finnish Income Tax Act provides that the loss may be deductible from the income tax payable on earned income (i.e., salary), depending on certain criteria such as, *inter alia*, on the number of children in the household and whether the residence is the first residence owned by the borrower.

Pursuant to the Act on Transfer Tax (*Varainsiirtoverolaki* 931/1996), as amended, the transfer of property or housing company shares is exempt from transfer tax if the residence is the first residence owned by the buyer and is otherwise generally levied at 4 per cent. for direct transfers of real estate and 1.6 per cent. for transfers of shares. As of the date of this Base Prospectus, the Finnish government plans to increase the transfer tax rate applicable to transfers of housing company shares to 2.0 per cent., possibly as of 2013. Furthermore, the transfer tax base is intended to be broadened by including debts of housing companies into the transfer tax base (in addition to the sales price). Subject to certain conditions, capital gains from the sale of the borrower's residence are not subject to capital gains tax, which is otherwise levied at a rate of 30 per cent. For income exceeding EUR 50,000, the tax rate is 32 per cent.

SELECTED FINANCIAL INFORMATION

The tables below show certain selected summarised financial information which, without material changes, is derived from the Nordea Finland Group's audited consolidated financial statements for the year ending 31 December 2011, which are set out in Annex 1 to this Base Prospectus.

The Nordea Finland Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards ("**IFRS**") and interpretations of such standards by the international Financial Reporting Interpretations committee (IFRIC), as endorsed by the EU Commission. In addition, certain complementary rules in the Finnish Accounting Act (*Kirjanpitolaki* 1336/1997), as amended, the Finnish Act on Credit Institutions Act (*Laki luottolaitostoiminnasta* 121/2007), as amended, the Financial Supervisory Authority's Regulations and Guidelines and the decision of the Ministry of Finance on the Financial statements and consolidated statements of credit institutions, have also been applied.

Income statement

	Group	
	2011	**2010**
	EURm	
Operating income		
Interest income	2,647	1,958
Interest expense	-1,292	-776
Net interest income	**1,355**	**1,182**
Fee and commission income	703	649
Fee and commission expense	-394	-360
Net fee and commission income	**309**	**289**
Net result on items at fair value	937	979
Profit from companies accounted for under the equity method	9	6
Other operating income	34	43
Total operating income	**2,644**	**2,499**
Operating expenses		
General administrative expenses:		
Staff costs	-592	-553
Other expenses	-457	-479
Depreciation, amortisation and impairment charges of tangible and intangible assets	-43	-41
Total operating expenses	**-1,092**	**-1,073**
Profit before loan losses	**1,552**	**1,426**
Net loan losses	-70	-272
Impairment of securities held as financial non-current assets	-	2
Operating profit	**1,482**	**1,156**
Income tax expense	-381	-302
Net profit for the year	**1,101**	**854**
Attributable to:		
Shareholders of Nordea Bank Finland Plc	1,099	852
Non-controlling interests	2	2
Total	**1,101**	**854**

Balance sheet

	Group	
	31 December 2011	31 December 2010
	EURm	
Assets		
Cash and balances with central banks	286	7,485
Treasury bills	4,981	2,359
Loans to credit institutions	79,350	67,751
Loans to the public	99,331	73,607
Interest-bearing securities	25,885	21,578
Financial instruments pledged as collateral	8,346	5,304
Shares	1,312	1,079
Derivatives	170,228	97,251
Fair value changes of the hedged items in portfolio hedge of interest rate risk	138	96
Investments in associated undertakings	79	61
Intangible assets	106	85
Property and equipment	124	124
Investment property	71	32
Deferred tax assets	16	17
Current tax assets	132	84
Retirement benefit assets	120	104
Other assets	8,078	8,562
Prepaid expenses and accrued income	704	507
Total assets	**399,287**	**286,086**
Liabilities		
Deposits by credit institutions	76,007	60,549
Deposits and borrowings from the public	68,260	55,459
Debt securities in issue	49,153	39,846
Derivatives	168,436	95,676
Fair value changes of the hedged items in portfolio hedge of interest rate risk	195	-58
Current tax liabilities	0	1
Other liabilities	24,128	22,105
Accrued expenses and prepaid income	810	652
Deferred tax liabilities	53	47
Provisions	97	80
Retirement benefit obligations	25	28
Subordinated liabilities	503	477
Total liabilities	**387,667**	**274,862**
Equity		
Non-controlling interests	5	6
Share capital	2,319	2,319
Share premium reserve	599	599
Other reserves	2,844	2,849
Retained earnings	5,853	5,451
Total equity	**11,620**	**11,224**
Total liabilities and equity	**399,287**	**286,086**
Assets pledged as security for own liabilities	35,016	30,957
Other assets pledges	-	-
Contingent liabilities	19,041	18,111
Commitments	18,725	19,250

Cash flow statement

	Group	
	2011	2010
	EURm	
Operating activities		
Operating profit	1,482	1,156
Adjustments for items not included in cash flow	-386	-967
Income taxes paid	-422	-510
Cash flow from operating activities before changes in operating assets and liabilities	**674**	**-321**
Changes in operating assets		
Change in treasury bills	-1,904	-2,250
Change in loans to credit institutions	-1,402	-17,703
Change in loans to the public	-25,736	-8,099
Change in interest-bearing securities	-7,435	-13,187
Change in financial assets pledged as collateral	-3,042	-5,303
Change in shares	-237	81
Change in derivatives, net	-240	603
Change in investment properties	-40	-25
Change in other assets	483	-5,533
Changes in operating liabilities		
Change in deposits by credit institutions	15,397	16,044
Change in deposits and borrowings from the public	12,625	11,179
Change in debt securities in issue	9,307	570
Change in other liabilities	2,019	14,292
Cash flow from operating activities	**469**	**-9,652**
Investing activities		
Acquisition of group undertakings	0	0
Sale of group undertakings	-	-
Dividends from associated companies	2	2
Acquisition of investments in associated companies	-10	-5
Sale of investments in associated companies	0	6
Acquisition of property and equipment	-45	-62
Sale of property and equipment	21	24
Acquisition of intangible assets	-33	-28
Sale of intangible assets	0	0
Investments in debt securities, held to maturity	3,226	679
Purchase/sale of other financial fixed assets	19	0
Cash flow from investing activities	**3,180**	**616**
Financing activities		
Issued subordinated liabilities	19	28
Amortised subordinated liabilities	0	-
Dividend paid	-700	-600
Other changes	-11	-3
Cash flow from financing activities	**-692**	**-575**
Cash flow for the year	**2,957**	**-9,611**
Cash and cash equivalents at the beginning of year	14,947	24,558
Exchange rate difference	-77	0
Cash and cash equivalents at the end of year	17,981	14,947
Change	**2,957**	**-9,611**

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Finnish Taxation

Taxation of the Finnish residents

Under the present Finnish domestic tax law, Holders of Notes and Coupons, who are resident in Finland for tax purposes, will be subject to Finnish tax on interest payments (including deemed interest for tax purposes through a discounted issue price) under the Notes and the Coupons and on gains realised on the sale or redemption of the Notes and the Coupons.

Taxation of Non-Finnish residents

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

Transfer Tax

Transfers of the Notes and the Coupons are not subject to Finnish transfer tax.

Reporting Requirements

Under Finnish law, the Issuer is obliged to report any interest payments under the Notes and the Coupons to the Finnish tax authorities.

European Union Directive on the Taxation of Savings Income

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

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Goldman Sachs International, HSBC Bank plc, Landesbank Baden-Württemberg, Merrill Lynch International, Natixis, Norddeutsche Landesbank Girozentrale, Nordea Bank Denmark A/S, The Royal Bank of Scotland plc, Société Générale, UBS Limited and UniCredit Bank AG (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealership agreement dated 27 June 2012 (as amended and/or restated from time to time the "**Dealership Agreement**") and made between the Issuer and the Dealers. Any such agreement will *inter alia* make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or renewal of existing Dealers and the appointment of additional or other Dealers.

The United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meaning given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed or will agree and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealership Agreement, it has not offered and sold, and will not offer or sell, Notes of any Tranche (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the date of issue of the relevant Tranche of Notes and the completion of the distribution of such Tranche as certified to the Fiscal Agent or the Issuer by the relevant Dealer(s) within the United States or to, or for the account or of benefit of, U.S. persons, and that it will have sent to each Dealer to which it sells Notes of such Tranche during the distribution compliance period (other than in respect of the Notes, pursuant to Rule 144A or any other available exemption from registration under the Securities Act) a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account of benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any Tranche of Notes an offer or sale of Notes of such Tranche within the United States by a Dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or any other available exemption from registration under the Securities Act.

Notwithstanding the foregoing, Dealers nominated by the Issuer may arrange for the offer and sale of Registered Notes in the United States pursuant to Rule 144A under the Securities Act. Each purchaser of such Notes is hereby notified that the offer and sale of such Notes may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. See "*Notice to Purchasers and Holders of Restricted Notes and Transfer Restrictions*".

In addition, certain Series of Notes in respect of which any payment is determined by reference to an index or formula, or to changes in prices of securities or commodities, or certain other Notes will be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealers may agree, as indicated in the relevant Final Terms. Each Dealer has agreed that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Relevant Member State, each Dealer has represented and agreed, and each further

Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) ***Approved prospectus***: if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) ***Qualified investors***: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) ***Fewer than 100 offerees***: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) ***Other exempt offers***: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

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

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

Each Dealer has confirmed, and each further Dealer appointed under the Programme will be required to confirm, its understanding that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended and, accordingly, each Dealer has undertaken, and each further Dealer appointed under the Programme will be required to undertake, that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any

Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Sweden

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

(a) Notes will only be offered to the public in Sweden if (A) the procedure and provisions under the section "*Public Offer Selling Restriction Under the Prospectus Directive*" above are complied with, **provided that** a "**qualified investor**" as defined in the Prospectus Directive in relation to Sweden shall include any legal entity which during each of the two previous financial years has two or more of (1) an average of at least 250 employees; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its annual accounts; or (B) the minimum denomination of each Note is €50,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency); or (C) the Notes have a maturity of less than one year; and

(b) no Notes will be admitted to trading on a regulated market in Sweden unless and until (A) a prospectus in relation to those Notes has been approved by the competent authority in Sweden or, where appropriate, approved in another Relevant Member State and such competent authority has notified the competent authority in Sweden, all in accordance with the Prospectus Directive and the Swedish Financial Instruments Trading Act; or (B) the Notes have a maturity of less than one year.

Denmark

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Securities Trading Act (Consolidated Act No. 883 of 9 August 2011, as amended) (in Danish: *Værdipapirhandelsloven*) and Executive Orders issued thereunder.

Finland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not publicly offer the Notes or bring the Notes into general circulation in Finland other than in compliance with all applicable provisions of the laws of Finland and especially in compliance with the Finnish Securities Market Act (*Arvopaperimarkkinalaki* 495/1989), as amended and any regulation or rule made thereunder, as supplemented and amended from time to time.

Norway

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it will comply with all laws, regulations and guidelines applicable to the offering of Notes in Norway.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, will not offer, sell or deliver, has not distributed and will not distribute and has not made and will not make available in Italy any Notes, the Base Prospectus nor any other offering material relating to the Notes other than:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Articles 100 of Legislative Decree no. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and article 34-*ter*, first paragraph, letter b) of Consob Regulation no. 11971 of 14 May 1999, as amended from time to time ("**Regulation no. 11971**"); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation no. 11971.

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

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulations No. 16190 of 29 October 2007 and No. 11971 of 14 May 1999 and Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**") (in each case as amended from time to time);

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

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

General

Each Dealer has acknowledged that:

(a) with the exception of the approval by the Central Bank of this Base Prospectus as a base prospectus issued in compliance with the Prospectus Directive, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense;

(b) the Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above; and

(c) selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such additional selling restrictions in respect of a jurisdiction not set out herein will be set out in the relevant Final Terms (in the case of an additional selling restriction in respect of a jurisdiction not set out herein relevant only to a particular Tranche of Notes) or (in case of a supplement, modification or in any other case) in a supplement to this document.

GENERAL INFORMATION

1. The establishment of the Programme was authorised by a duly convened meeting of the Board of Directors of the Issuer held on 22 June 2010 and the increase of the programme amount to €20,000,000,000 was authorised by a duly convened meeting of the Board of Directors of the Issuer held on 5 September 2011.

2. Neither the Issuer nor any of its subsidiaries is, or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in such period, significant effects on the financial position or profitability of the Issuer or the Nordea Finland group.

3. Since 31 December 2011, the date to which the latest audited financial statements of the Issuer were prepared, there has been no material adverse change in the prospects of the Issuer or the Nordea Finland Group, nor has there has been any significant change in the financial or trading position of the Issuer or the Nordea Finland Group.

4. The consolidated financial statements of the Issuer have been audited without qualification for years ended 31 December 2011 and 2010 by the public accountants KPMG Oy Ab, a member of the Finnish Institute of Authorised Public Accountants. The auditors of the Issuer have no material interest in the Issuer.

5. For the twelve months following the date of this Base Prospectus, physical copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Fiscal Agent in London and the registered office of the Issuer:

   (a) the certificate of Registration and Articles of Association of the Issuer;

   (b) the Fiscal Agency Agreement (as amended from time to time) (which contains the forms of the Notes);

   (c) the Deed of Covenant (as supplemented from time to time);

   (d) the Dealership Agreement (as amended from time to time);

   (e) the audited consolidated financial statements of the Issuer for the years ended 31 December 2011 and 31 December 2010, including the audit reports relating thereto;

   (f) this Base Prospectus, together with any supplements thereto; and

   (g) the Final Terms for issues listed on any stock exchange and issued pursuant to this Base Prospectus; and

   (h) the Issuer-ICSDs Agreement.

   Translations into English of any document listed above which is not in the English language are accurate and direct translations of the relevant document. In the event of any discrepancy between the English language version and the original language version of any such document, the original language version shall prevail.

6. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg, or, in the case of Finnish Notes, Euroclear Finland. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information. In addition, Notes purchased pursuant to Rule 144A will be accepted for trading in book-entry form by DTC. The relevant CUSIP numbers applicable to a Series of Notes purchased pursuant to Rule 144A will be contained in the Final Terms relating thereto.

7. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

8. The address of DTC is 55 Water St., 22nd Floor, New York, New York 10041-0099.

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

10. It is expected that each Series of Notes which is to be admitted to listing on the Official List of the Irish Stock Exchange and to trading on the Main Securities Market will be admitted separately as and when issued, subject only to the issue of a Temporary Global Note initially representing the Notes of such Series or, as the case may be, the relevant Registered Notes and the approval of the Programme in respect of such Note(s) will be granted on or about 27 June 2012.

11. Settlement arrangements will be agreed between the Issuer, the relevant Dealer and the Fiscal Agent or, as the case may be, the Registrar in relation to each Series.

12. For so long as any of the Notes offered hereby remain outstanding and are "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer has agreed, during any period in which it is neither subject to Section 13 or 15(d) under the Securities Exchange Act, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder to furnish to any Holder of, or beneficial owner of an interest in, Notes or to a prospective purchaser designed by any such Holder or owner the information specified in, and meeting the requirements of, Rule 144A(d)(4), upon written request of any such Holder or owner.

13. There are no material contracts having been entered into outside the ordinary course of the Issuer's business and which could result in any Nordea Finland group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders in respect of the Notes being issued.

14. The Issuer does not intend to provide post-issuance information under paragraph 7.5 of Annex XII of Regulation (EC) No 809/2004.

15. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

16. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

    In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers of their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

17. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to listing on the Official List of the Irish Stock Exchange and to trading on the Main Securities Market for the purposes of the Prospectus Directive.

GLOSSARY OF CERTAIN DEFINED TERMS

bankruptcy liquidity loan	A loan made by the bankruptcy administrator of the issuer to secure liquidity or take out liquidity credit in accordance with Section 26 of the CBA recorded in the register.
CBA	The Finnish Covered Bond Act (*Laki kiinnitysluottopankkitoiminnasta* 688/2010), as amended.
commercial property loan	Loans secured by (i) mortgageable property for commercial or office purposes referred to in Chapter 16, Section 1 or Chapter or Chapter 19, Section 1 of the Finnish Land Code (*Maakaari* 540/1995), as amended; or (ii) shares of a housing company or a real estate company entitling the holder to occupancy of the commercial or office premises; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the EEA.
cover pool	The mortgage loans, public-sector loans and supplementary collateral entered into the register as statutory security for covered bonds under the CBA.
covered bond	A bond collateralised by a mortgage loan or a public-sector loan entered in the register in accordance with the CBA.
derivative transactions	Derivatives transactions entered into by the issuer to hedge against the risks relating to covered bonds or their underlying collateral and recorded in the register.
eligible assets	Mortgage loans, public-sector loans or supplementary collateral.
FIN-FSA	The Finnish Financial Supervisory Authority (*Finanssivalvonta*).
housing company shares	Shares in a housing company which is a company incorporated in Finland and referred to in Chapter 1, Section 2 of the Finnish Act on Housing Companies (*Asunto-osakeyhtiölaki* 1599/2009), as amended.
housing loan	Loans secured by (i) mortgageable property for primarily residential purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Finnish Land Code (*Maakaari* 540/1995), as amended; or (ii) shares in a housing company referred to in Chapter 1, Section 2 of the Act on Housing Companies (*Asunto-osakeyhtiölaki* 1599/2009), as amended or shares comparable thereto, participations and rights of occupancy; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the EEA.
mortgage loans	Housing loans and commercial property loans.
public-sector loan	Loans which have been granted to the Republic of Finland, a Finnish municipality or other public-sector entity which may, when applying the procedure set out in Section 58 of the Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta* 121/2007), as amended, be considered equivalent to the Finnish State or Finnish municipality or a credit which is fully collateralised by a guarantee granted by a public-sector entity or a claim on such entity.
register	The register of covered bonds which the issuer is required to maintain pursuant to Chapter 5 of the CBA.
supplementary collateral	(a) Bonds and other debt obligations issued by a central government, a municipality or another public-sector entity

or a credit institution (other than one belonging to the same consolidated group as the issuer);

(b) guarantees granted by a public-sector entity or a credit institution referred to in paragraph (a);

(c) credit insurance given by an insurance company other than one belonging to the same group, as defined in the Finnish Act on Supervision of Finance and Insurance Groups (*Laki rahoitus- ja vakuutusryhmittymien valvonnasta* 699/2004), as amended, as the issuer; and

(d) assets of the issuer deposited in the Bank of Finland or a deposit bank; if the issuer is a deposit bank the deposit may not be in a deposit bank belonging to the same consolidated group as the issuer.

ANNEX 1 - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER FOR THE YEAR ENDED 31 DECEMBER 2011, INCLUDING THE AUDITOR'S REPORT AND NOTES RELATING THERETO

Nordea Bank Finland Group and Nordea Bank Finland Plc

Income statement

EURm	Note	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Operating income					
Interest income	3	2,647	1,958	2,427	1,736
Interest expense	3	-1,292	-776	-1,289	-775
Net interest income	3	**1,355**	**1,182**	**1,138**	**961**
Fee and commission income	4	703	649	662	606
Fee and commission expense	4	-394	-360	-387	-336
Net fee and commission income	**4**	**309**	**289**	**275**	**270**
Net result from items at fair value	5	937	979	939	979
Profit from companies accounted for under the equity method	21	9	6	-	-
Dividends	6	-	-	62	42
Other operating income	7	34	43	38	49
Total operating income		**2,644**	**2,499**	**2,452**	**2,301**
Operating expenses					
General administrative expenses:					
Staff costs	8	-592	-553	-546	-508
Other expenses	9	-457	-479	-458	-478
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 22, 23	-43	-41	-25	-24
Total operating expenses		**-1,092**	**-1,073**	**1,029**	**-1,010**
Profit before loan losses		**1,552**	**1,426**	**1,423**	**1,291**
Net loan losses	11	-70	-272	-46	-227
Impairment of securities held as financial non-current assets		-	2	4	2
Operating profit		**1,482**	**1,156**	**1,381**	**1,066**
Income tax expense	12	-381	-302	-341	-268
Net profit for the year		**1,101**	**854**	**1,040**	**798**
Attributable to:					
Shareholders of Nordea Bank Finland Plc		1,099	852	1,040	798
Non-controlling interests		2	2	-	-
Total		**1,101**	**854**	**1,040**	**798**

Statement of comprehensive income

EURm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Net profit for the year	**1,101**	**854**	**1,040**	**798**
Currency translation differences during the year	6	2	-	-
Available-for-sale investments:				
- Valuation gains/losses during the year	-7	1	-7	1
- Tax on valuation gains/losses during the year	2	0	2	0
Other comprehensive income, net of tax	**1**	**3**	**-5**	**1**
Total comprehensive income	**1,102**	**857**	**1,035**	**799**
Attributable to:				
Shareholders of Nordea Bank Finland Plc	1,100	855	1,035	799
Non-controlling interests	2	2	-	-
Total	**1,102**	**857**	**1,035**	**799**

Balance sheet

EURm	Note	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Assets					
Cash and balances with central banks		286	7,485	286	7,485
Treasury bills	13	4,981	2,359	4,981	2,359
Loans to credit institutions	14	79,350	67,751	84,697	72,772
Loans to the public	14	99,331	73,607	93,097	67,886
Interest-bearing securities	15	25,885	21,578	25,885	21,578
Financial instruments pledged as collateral	16	8,346	5,304	8,346	5,304
Shares	17	1,312	1,079	1,309	1,080
Derivatives	18	170,228	97,251	170,228	97,247
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	138	96	138	96
Investments in group undertakings	20	-	-	370	353
Investments in associated undertakings	21	79	61	34	19
Intangible assets	22	106	85	103	82
Property and equipment	23, 24	124	124	69	55
Investment property	25	71	32	10	4
Deferred tax assets	12	16	17	12	12
Current tax assets	12	132	84	131	83
Retirement benefit assets	34	120	104	113	98
Other assets	26	8,078	8,562	8,056	8,540
Prepaid expenses and accrued income	27	704	507	524	356
Total assets		**399,287**	**286,086**	**398,389**	**285,409**
Liabilities					
Deposits by credit institutions	28	76,007	60,549	75,919	60,493
Deposits and borrowings from the public	29	68,260	55,459	68,265	55,552
Debt securities in issue	30	49,153	39,846	49,153	39,846
Derivatives	18	168,436	95,676	168,436	95,676
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	195	-58	195	-58
Current tax liabilities	12	0	1	0	0
Other liabilities	31	24,128	22,105	23,990	21,975
Accrued expenses and prepaid income	32	810	652	615	486
Deferred tax liabilities	12	53	47	-	-
Provisions	33	97	80	94	76
Retirement benefit obligations	34	25	28	25	28
Subordinated liabilities	35	503	477	503	477
Total liabilities		**387,667**	**274,862**	**387,195**	**274,551**
Equity					
Non-controlling interests		5	6	-	-
Share capital		2,319	2,319	2,319	2,319
Share premium reserve		599	599	599	599
Other reserves		2,844	2,849	2,844	2,849
Retained earnings		5,853	5,451	5,432	5,091
Total equity		**11,620**	**11,224**	**11,194**	**10,858**
Total liabilities and equity		**399,287**	**286,086**	**398,389**	**285,409**
Assets pledged as security for own liabilities	36	35,016	30,957	35,016	30,957
Other assets pledged	37	-	-	-	-
Contingent liabilities	38	19,041	18,111	19,348	18,392
Commitments	39	18,725	19,250	15,498	16,140

Other notes

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Statement of changes in equity

Group

EURm	Share capital[1]	Share premium reserve	Available-for-sale investments	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of Nordea Bank Finland Plc		Other reserves					
Balance at 1 Jan 2011	**2,319**	**599**	**1**	**2,848**	**5,451**	**11,218**	**6**	**11,224**
Net profit for the year	-	-	-	-	1,099	**1,099**	2	**1,101**
Currency translation differences during the year	-	-	-	0	6	**6**	-	**6**
Available-for-sale investments:								
- Valuation gains/losses during the year	-	-	-7	-	-	**-7**	-	**-7**
- Tax on valuation gains/losses during the year	-	-	2	-	-	**2**	-	**2**
Other comprehensive income, net of tax	-	-	-5	-	6	**1**	-	**1**
Total comprehensive income	-	-	-5	-	1,105	**1,100**	2	**1,102**
Share-based payments[2]	-	-	-	-	2	**2**	-	**2**
Dividend for 2010	-	-	-	-	-700	**-700**	-	**-700**
Other changes	-	-	-	0	-5	**-5**	-3	**-8**
Balance at 31 Dec 2011	**2,319**	**599**	**-4**	**2,848**	**5,853**	**11,615**	**5**	**11,620**

EURm	Share capital[1]	Share premium reserve	Available-for-sale investments	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2010	**2,319**	**599**	**0**	**2,848**	**5,200**	**10,966**	**6**	**10,972**
Net profit for the year	-	-	-	-	852	**852**	2	**854**
Currency translation differences during the year	-	-	-	0	2	**2**	-	**2**
Available-for-sale investments:								
- Valuation gains/losses during the year	-	-	1	-	0	**1**	-	**1**
- Tax on valuation gains/losses during the year	-	-	0	-	0	**0**	-	**0**
Other comprehensive income, net of tax	-	-	1	0	2	**3**	-	**3**
Total comprehensive income	-	-	1	0	854	**855**	2	**857**
Share-based payments[2]	-	-	-	-	3	**3**	-	**3**
Dividend for 2009	-	-	-	-	-600	**-600**	-	**-600**
Other changes	-	-	-	0	-6	**-6**	-2	**-8**
Balance at 31 Dec 2010	**2,319**	**599**	**1**	**2,848**	**5,451**	**11,218**	**6**	**11,224**

Statement of changes in equity *cont.*

Parent company

EURm	Share capital[1]	Share premium reserve	Available-for-sale investments	Other reserves	Retained earnings	Total equity
	Attributable to the shareholders of Nordea Bank Finland Plc					
			Other reserves			
Balance at 1 Jan 2011	**2,319**	**599**	**1**	**2,848**	**5,091**	**10,858**
Net profit for the year	-	-	-	-	1,040	**1,040**
Available-for-sale investments:						
- Valuation gains/losses during the year	-	-	-7	-	-	**-7**
- Tax on valuation gains/losses during the year	-	-	2	-	-	**2**
Other comprehensive income, net of tax	-	-	-5	-	-	**-5**
Total comprehensive income	-	-	-5	-	1,040	**1,035**
Share-based payments[2]	-	-	-	-	1	**1**
Dividend for 2010	-	-	-	-	-700	**-700**
Balance at 31 Dec 2011	**2,319**	**599**	**-4**	**2,848**	**5,432**	**11,194**
Balance at 1 Jan 2010	**2,319**	**599**	**0**	**2,848**	**4,890**	**10,656**
Net profit for the year	-	-	-	-	798	**798**
Available-for-sale investments:						
- Valuation gains/losses during the year	-	-	1	-	-	**1**
- Tax on valuation gains/losses during the year	-	-	0	-	-	**0**
Other comprehensive income, net of tax	-	-	1	-	0	**1**
Total comprehensive income	-	-	1	-	798	**799**
Share-based payments[2]	-	-	-	-	3	**3**
Dividend for 2009	-	-	-	-	-600	**-600**
Balance at 31 Dec 2010	**2,319**	**599**	**1**	**2,848**	**5,091**	**10,858**

[1] Total shares registered were 1,030.8 million (31 Dec 2010: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.
[2] Refers to the Long-Term Incentive Programmes (LTIP 2007,LTIP 2008 , LTIP 2009, LTIP 2010 and LTIP 2011), see also note 8.
[3] Refers to the Long-Term Incentive Programmes (LTIP 2007,LTIP 2008 , LTIP 2009 and LTIP 2010), see also note 8.

Description of items in equity is included in Note 1 Accounting policies.

No decision was made during the financial year to issue equity warrants or convertible bonds entitling to subscription of shares in the NBF. At the end of 2011, the NBF held no authorisations given by the General Meeting for issuance or buybacks of shares, equity warrants or convertible bonds.

Cash flow statement

	Group		Parent company	
EURm	2011	2010	2011	2010
Operating activities				
Operating profit	1,482	1,156	1,381	1,066
Adjustments for items not included in cash flow	-386	-967	-424	-1,070
Income taxes paid	-422	-510	-387	-478
Cash flow from operating activities before changes in operating assets and liabilities	**674**	**-321**	**570**	**-482**
Changes in operating assets				
Change in treasury bills	-1,904	-2,250	-1,904	-2,250
Change in loans to credit institutions	-1,402	-17,703	-1,809	-17,805
Change in loans to the public	-25,736	-8,099	-25,271	-8,067
Change in interest-bearing securities	-7,435	-13,187	-7,435	-13,187
Change in financial assets pledged as collateral	-3,042	-5,303	-3,042	-5,304
Change in shares	-237	81	-233	78
Change in derivatives, net	-240	603	-243	606
Change in investment properties	-40	-25	-8	0
Change in other assets	483	-5,533	485	-5,528
Changes in operating liabilities				
Change in deposits by credit institutions	15,397	16,044	15,426	16,208
Change in deposits and borrowings from the public	12,625	11,179	12,713	11,199
Change in debt securities in issue	9,307	570	9,307	570
Change in other liabilities	2,019	14,292	2,014	14,310
Cash flow from operating activities	**469**	**-9,652**	**570**	**-9,652**
Investing activities				
Acquisition of group undertakings	0	0	-17	-15
Sale of group undertakings	-	-	0	-
Dividends from associated companies	2	2	0	-
Acquisition of investments in associated undertakings	-10	-5	-15	-5
Sale of investments in associated undertakings	0	6	0	4
Acquisition of property and equipment	-45	-62	-33	-22
Sale of property and equipment	21	24	0	1
Acquisition of intangible assets	-33	-28	-32	-28
Sale of intangible assets	0	0	0	-
Divestments/Investments in debt securities, held to maturity	3,226	679	3,227	679
Purchase/sale of other financial fixed assets	19	0	19	0
Cash flow from investing activities	**3,180**	**616**	**3,149**	**614**
Financing activities				
Issued subordinated liabilities	19	28	19	28
Amortised subordinated liabilities	0	-	0	-
Dividend paid	-700	-600	-700	-600
Other changes	-11	-3	-4	4
Cash flow from financing activities	**-692**	**-575**	**-685**	**-568**
Cash flow for the year	**2,957**	**-9,611**	**3,034**	**-9,606**
Cash and cash equivalents at the beginning of year	14,947	24,558	14,932	24,538
Translation difference	-77	0	0	-
Cash and cash equivalents at the end of year	17,981	14,947	17,966	14,932
Change	**2,957**	**-9,611**	**3,034**	**-9,606**

Comments on the cash flow statement

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

Operating activities

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

	Group		Parent company	
EURm	2011	2010	2011	2010
Depreciation	43	41	25	24
Impairment charges	0	-2	-4	-2
Loan losses	97	299	60	234
Unrealised gains/losses	-689	-1,276	-691	-1,276
Capital gains/losses (net)	-1	-2	2	-1
Change in accruals and provisions	-23	-27	-23	-32
Translation differences	5	1	6	1
Other	182	-1	201	-18
Total	**-386**	**-967**	**-424**	**-1,070**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

	Group		Parent company	
EURm	2011	2010	2011	2010
Interest payments received	2,483	1,828	2,262	1,607
Interest expenses paid	-1,137	-745	-1,134	-743

Cash and cash equivalents

The following items are included in Cash and cash equivalents assets:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Cash and balances with central banks	286	7,485	286	7,485
Loans to credit institutions, payable on demand	17,695	7,462	17,680	7,447
	17,981	**14,947**	**17,966**	**14,932**

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

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

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

Notes to the financial statements

Note 1 Accounting policies

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1. Basis for presentation

NBF’s financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission. In addition, certain complementary rules in the Finnish Accounting Act, the Finnish Credit Institutions Act, the Financial Supervision Authority’s Regulations and Guidelines and the Decision of the Ministry of Finance on the financial statements and consolidated statements of credit institutions have also been applied.

The disclosures, required in the standards and legislation above, have been included in the notes, the Risk, Liquidity and Capital management section or in other parts of the “Financial statements”.

On 29 February 2012 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 7 March 2011.

2. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2010 Annual Report, except for the recognition of repurchase and reverse repurchase agreements. These changes are further described below. Below follows also a section covering other changes in IFRSs implemented in 2011, which have not had any significant impact on Nordea.

Recognition of repurchase agreements and reverse repurchase agreements

Repurchase agreements and reverse repurchase agreements have previously been recognised on the balance sheet on trade date, but are as from 2011 recognised on settlement date. This has not had any impact on the income statement. The comparative figures have not been restated as the impact is insignificant. The impact on the balance sheet as per 31 December 2011 and the impact, that has not been restated for, as per 31 December 2010 are disclosed in the below table.

Group

	2011		2010	
EURm	New policy	Old policy	New policy	Old policy
Reverse repurchase agreements				
Loans to credit institutions	79,350	80,697	63,819	67,751
Loans to the public	99,331	108,401	73,026	73,607
Other liabilities	24,128	34,545	17,592	22,105
Repurchase agreements				
Deposits by credit institutions	76,007	79,836	57,474	60,549
Deposits and borrowing from the public	68,260	72,584	54,314	55,459
Other assets	8,078	16,231	4,342	8,562

Parent company

EURm	2011 New policy	2011 Old policy	2010 New policy	2010 Old policy
Reverse repurchase agreements				
Loans to credit institutions	84,697	86,044	68,840	72,772
Loans to the public	93,097	102,167	67,305	67,886
Other liabilities	23,990	34,407	17,462	21,975
Repurchase agreements				
Deposits by credit institutions	75,919	79,748	57,418	60,493
Deposits and borrowing from the public	68,265	72,589	54,407	55,552
Other assets	8,056	16,209	4,320	8,540

Changes in IFRSs implemented 2011

The IASB has amended IAS 24 “Related Party Disclosures” (Relationships with the state), IAS 32 “Financial Instruments: Presentation” (Rights issues) and IFRIC 14 “IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” as well as published “Improvements to IFRSs 2010” and IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”. These amended and published standards and improvements are effective for Nordea as from 1 January 2011, but have not had any significant impact on 2011. The amendment of IAS 32 may affect possible future rights issues involving different currencies, whilst the amendments to IAS 24 and IFRIC 14 as well as the published “Improvements to IFRSs 2010” and IFRIC 19 are not expected to have a significant impact on subsequent periods.

3. Changes in IFRS not yet effective for Nordea

IFRS 9 “Financial instruments” (Phase 1)

In 2009 IASB published a new standard on financial instruments. The standard is the first step in the replacement of IAS 39 “Financial instruments: Recognition and Measurement” and this first phase covers the classification and measurement of financial assets and liabilities. The effective date for Nordea is as from 1 January 2015, but earlier application is permitted. The EU commission has not endorsed this standard for implementation in 2011.

The tentative assessment is that there will be an impact on the financial statements as the new standard will decrease the number of measurements categories and therefore have an impact on the presentation and disclosures covering financial instruments. The new standard is, on the other hand, not expected to have a significant impact on Nordea’s income statement and balance sheet as the mixed measurement model will be maintained. No significant reclassifications between fair value and amortised cost or impact on the capital adequacy are expected, but this is naturally dependent on the financial instruments in Nordea’s balance sheet at transition.

Nordea has, due to the fact that the standard is not yet endorsed by the EU commission, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosures of Interests in Other entities”, IAS 27 “Separate Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”

IASB has published three new standards relating to consolidation, IFRS 10, IFRS 11 and IFRS 12, as well as amended IAS 27 and IAS 28. The effective date for these standards and amendments for Nordea is as from 1 January 2013, but earlier application is permitted. The EU commission has not endorsed these standards and amendments for implementation in 2011.

The tentative assessment is that the new standards and amendments are not expected to have any significant impact on Nordea’s income statement. The main potential impact is that the new definition of control can potentially lead to consolidation of funds, for instance mutual funds. A potential consolidation of mutual funds would increase assets and liabilities in the balance sheet, and reduce equity to the extent the consolidated fund holds shares in Nordea (Treasury shares). The new standards furthermore include more extensive disclosure requirements which will have an impact on Nordea’s disclosures covering consolidated and unconsolidated entities. It is not expected that the new standards and amendments will have a significant impact on the capital adequacy.

Nordea has, due to the fact that the standards and amendments are not yet endorsed by the EU commission, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IFRS 13 "Fair Value Measurement"
IASB has published IFRS 13. The effective date for Nordea is as from 1 January 2013, but earlier application is permitted. The EU commission has not endorsed this standard for implementation in 2011.

The tentative assessment is that the new standard will not have a significant impact on Nordea's financial statements nor on its capital adequacy.

Nordea has, due to the fact that the standard is not yet endorsed by the EU commission, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IAS 19 "Employee Benefits"
IASB has amended IAS 19. The effective date for Nordea is as from 1 January 2013, but earlier application is permitted. The EU commission has not endorsed this amendment for implementation in 2011.

The tentative assessment is that the amended standard will have an impact on the financial statements in the period of initial application, as well as in subsequent periods. This is mainly related to defined benefit plans. The amended IAS 19 states that actuarial gains/losses shall be recognised immediately in equity through other comprehensive income, which will lead to higher volatility in equity compared to the current corridor approach.

The amended IAS 19 furthermore states that the expected return on plan assets shall be recognised using the same interest rate as the discount rate used when measuring the pension obligation. This will lead to higher pension expenses in the income statement as Nordea currently expects a higher return than the discount rate. Any difference between the actual return and the expected return will be a part of the actuarial gains/losses recognised immediately in equity through other comprehensive income.

The unrecognised actuarial losses as per 31 December 2011 amounted in NBF to EUR 25m. If Nordea has unrecognised actuarial losses at transition there will be a negative impact on equity. See note 34 "Retirement benefit obligations" for more information.

As the amended IAS 19 has an impact on equity it is expected that there will be an impact also on the capital adequacy.

Other forthcoming changes in IFRSs
IAS 1 "Presentation of Financial Statements" has been amended. The amended standard changes the presentation of other comprehensive income. The effective date for Nordea is as from 1 January 2013, but earlier application is permitted. The EU commission has not endorsed this standard for implementation in 2011.

IFRS 7 "Financial instruments: Disclosures" has been amended and will lead to additional disclosures around transferred assets. The effective date for Nordea is as from 1 January 2012, but earlier application is permitted. The EU commission has endorsed this standard for implementation in 2011.

IAS 32 "Financial Instruments: Presentation" has been amended. The change relates to offsetting of financial assets and financial liabilities. The amendment is not intended to change the criteria for offsetting, but to give additional guidance on how to apply the existing criteria. IFRS 7 "Financial instruments: Disclosures" has furthermore been amended and will lead to additional disclosures around offsetting of financial assets and financial liabilities. The effective date for Nordea is as from 1 January 2014 for amendments to IAS 32 and from 1 January 2013 for amendments to IFRS 7, but earlier application is permitted. The EU commission has not endorsed these amendments for implementation in 2011.

The IASB has furthermore amended IFRS 1 "First-time Adoption of International Financial Reporting Standards" (Hyperinflation/Fixed dates) and IAS 12 "Income taxes" (Recovery of underlying asset) and published IFRIC 20 "Stripping costs". The effective date for Nordea is as from 1 January 2012, but earlier application is permitted. The EU commission has not endorsed the amended standards and published interpretation for implementation in 2011.

The abovementioned amended standards and interpretation not yet adopted, within the section "Other forthcoming changes in IFRSs", are not, in the period of initial application or in subsequent periods, expected to have any significant impact on the financial statements, apart from on disclosures, nor on the capital adequacy.

4. Critical judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and off-balance sheet items, as well as income and expenses in the financial statements presented. Actual outcome can later, to some extent, differ from the estimates and the assumptions made.

Certain accounting policies are considered to be particularly important to the financial position of Nordea, since they require management to make difficult, complex or subjective judgements and estimates, the majority of which relate to matters that are inherently uncertain. These critical judgements and estimates are in particular associated with:

- the fair value measurement of certain financial instruments
- the impairment testing of:
  – goodwill and
  – loans to the public/credit institutions
- the actuarial calculations of pension liabilities and plan assets related to employees
- the valuation of deferred tax assets
- the valuation of investment properties
- claims in civil lawsuits.

Fair value measurement of certain financial instruments

Critical judgement is exercised when determining fair value of OTC derivatives and other financial instruments that lack quoted prices or recently observed market prices in the following areas:

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

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

See also the separate section 10 "Determination of fair value of financial instruments" and Note 42 "Assets and liabilities at fair value".

Impairment testing

Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. This consists of an analysis to assess whether the carrying amount of goodwill is fully recoverable. The determination of the recoverable amount involves establishing the value in use, measured as the present value of the cash flows expected from the cash-generating unit, to which the goodwill has been allocated.

The forecasts of future cash flows are based on Nordea's best estimates of future revenues and expenses for the cash-generating units to which goodwill has been allocated. A number of assumptions and estimates have significant impact on these calculations and include parameters like macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these parameters, following changes in market conditions, competition, strategy or other, affects the forecasted cash flows. Under current market conditions such changes are not expected to lead to any significant impairment charges of goodwill, but may do so in subsequent periods.

See also the separate section 15 "Intangible assets" and Note 22 "Intangible assets".

Loans to the public/credit institutions

When testing individual loans for impairment, the most critical judgement, containing the highest uncertainty, relates to the estimation of the most probable future cash flows generated from the customer.

When testing a group of loans collectively for impairment, the key aspect is to identify the events and/or the observable data that indicate that losses have been incurred in the group of loans. Assessing the net present value of the cash flows generated by the customers in the group contains a high degree of uncertainty when using historical data and the acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

See also the separate section 13 "Loans to the public/credit institutions" and Note 14 "Loans and impairment".

Actuarial calculations of pension liabilities and plan assets related to employees
The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial parameter is the discount rate. Other parameters like assumptions about salary increases and inflation are based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in Note 34 "Retirement benefit obligations".

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at quoted prices at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations on the return on the different asset classes. The expected return is also disclosed in Note 34 "Retirement benefit obligations".

See also the separate section 19 "Employee benefits" and Note 34 "Retirement benefit obligations".

Valuation of deferred tax assets
The valuation of deferred tax assets is influenced by management's assessment of Nordea's future profitability. This assessment is updated and reviewed at each balance sheet date, and is, if necessary, revised to reflect the current situation.

See also the separate section 18 "Taxes" and Note 12 "Taxes".

Valuation of investment properties
Investment properties are measured at fair value as described in section 17 "Investment property". As there normally are no active markets for investment properties, the fair values are estimated based on discounted cash flow models. These models are based on assumptions on future rents, vacancy levels, operating and maintenance costs, yield requirements and interest rates.

See also the separate section 17 "Investment property" and Note 25 "Investment property".

Claims in civil lawsuits
Within the framework of the normal business operations, Nordea faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently none of these disputes are considered likely to have any significant adverse effect on Nordea or its financial position. See also Note 33 "Provisions" and Note 38 "Contingent liabilities".

5. Principles of consolidation

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

All Group undertakings are consolidated using the purchase method. Under the purchase method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group's acquisition cost is established in a purchase price allocation analysis. In such analysis, the cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for the identifiable net assets acquired. Costs directly attributable to the business combination are expensed. When the cost of the business combination exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is recognised immediately in the income statement.

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

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

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

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

Investments in associated undertakings
The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where NBF has significant influence. Investments within Nordea's investment activities, which are classified as a venture capital organisation within Nordea, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39. Further information on the equity method is disclosed in section 6 "Recognition of operating income and impairment".

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

Internal transactions, in the income statement, between Nordea and its associated companies are not eliminated. Nordea does not have any transactions including sales of assets with associated companies.

Special Purpose Entities (SPE)
In accordance with IFRS Nordea does not consolidate SPEs' assets and liabilities beyond its control. In order to determine whether Nordea controls a SPE or not, Nordea has to make judgements about risks and rewards and assess the ability to make operational decisions for the SPE in question.

When assessing whether NBF shall consolidate a SPE, a range of factors are evaluated. These factors include whether the activities of the SPE are being in substance conducted on NBF's behalf or if NBF has in substance the decision making powers, the rights to obtain the majority of the benefits or the majority of the residual- or ownership risks. NBF consolidates all SPEs, where NBF has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that NBF does not have any significant risks or rewards on these assets and liabilities.

Nordea has created a number of SPEs to allow clients to invest in assets invested in by the SPEs. Some SPEs invest in tradable financial instruments, such as shares and bonds (mutual funds). Other SPEs invest in structured credit products or acquire assets from customers of Nordea. Nordea is generally the investment manager and has sole discretion about investments and other administrative decisions. Typically, Nordea will receive service and commission fees in connection to the creation of the SPEs, or because it acts as investment manager, custodian or in some other function. This in itself does not constitute a beneficial interest triggering consolidation. In some SPEs Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these SPEs Nordea has a beneficial interest and retains the majority of the risks and rewards, which is why these SPEs are consolidated. Note 20 "Investments in group undertakings" lists the major subsidiaries in the NBF Group, including consolidated SPEs.

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

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

6. Recognition of operating income and impairment

Net interest income
Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Interest income and interest expense related to all balance sheet items in Markets are recognised in the income statement on the line "Net result from items at fair value". Interest income and expense connected to internal placements by and internal funding of Markets are replaced with the related Group external interest income and interest expense and recognised on the line "Net result from items at fair value".

Interest on derivatives used for hedging is also recognised in "Net interest income", as well as fees that are considered to be an integral part of the effective interest rate of a financial instrument.

Net fee and commission income
Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan, as well as other fees received as payments for certain acts, are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

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

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

Net result from items at fair value

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

Realised and unrealised gains and losses derive from:

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

Interest income and interest expense related to all balance sheet items in Markets including the funding of these operations, are recognised in “Net result from items at fair value”.

“Net result from items at fair value” includes also losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale. Impairment losses from instruments within other categories are recognised in the items ”Net loan losses” or “Impairment of securities held as financial non-current assets” (see also the sub-sections ”Net loan losses” and “Impairment of securities held as financial non-current assets” below).

Dividends received are recognised in the income statement as “Net result from items at fair value” and classified as “Shares/participations and other share-related instruments” in the note. Income is recognised in the period in which the right to receive payment is established.

Profit from companies accounted for under the equity method

The profit from companies accounted for under the equity method is defined as the post-acquisition change in NBF’s share of net assets in the associated companies. NBF’s share of items accounted for in other comprehensive income in the associated companies is accounted for in other comprehensive income in NBF. Profits from companies accounted for under the equity method are, as stated in section 5 “Principles of consolidation”, reported in the income statement post-taxes. Consequently the tax expense related to these profits is excluded from the income tax expense for NBF.

Fair values are, at acquisition, allocated to the associated company’s identifiable assets, liabilities and contingent liabilities. Any difference between NBF’s share of the fair values of the acquired identifiable net assets and the purchase price is goodwill or negative goodwill. Goodwill is included in the carrying amount of the associated company. Subsequently the investment in the associated company increases/decreases with NBF’s share of the post-acquisition change in net assets in the associated company and decreases through received dividends and impairment. An impairment charge can be reversed in a subsequent period.

The change in Nordea’s share of the net assets is generally based on monthly reporting from the associated companies. For some associated companies not individually significant the change in Nordea’s share of the net assets is based on the external reporting of the associated companies and affects the financial statements of Nordea in the period in which the information is available. The reporting from the associated companies is, if applicable, adjusted to comply with Nordea’s accounting policies.

Other operating income

Net gains from divestments of shares in subsidiaries and associated companies and net gains on sale of tangible assets as well as other operating income, not related to any other income line, are generally recognised when it is probable that the benefits associated with the transaction will flow to Nordea and if the significant risks and rewards have been transferred to the buyer (generally when the transactions are finalised).

Net loan losses

Impairment losses from financial assets classified into the category Loans and receivables (see section 12 “Financial instruments”), in the items “Loans to credit institutions” and “Loans to the public” in the balance sheet, are reported as ”Net loan losses” together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. Nordea’s accounting policies for the calculation of impairment losses on loans can be found in section 13 “Loans to the public/credit institutions”.

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

Impairment of securities held as financial non-current assets

Impairment on investments in interest-bearings securities, classified into the categories Loans and receivables or Held to maturity, and on investments in associated companies are classified as "Impairment of securities held as financial non-current assets" in the income statement. The policies covering impairment of financial assets classified into the categories Loans and receivables and Held to maturity are disclosed in section 12 "Financial instruments" and section 13 "Loans to the public/credit institutions".

Investments in associated companies are assessed for impairment annually. If observable indicators (loss events) indicate that an associated company is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associate is compared with the recoverable amount (higher of value in use and fair value less cost to sell) and the carrying amount is written down to the recoverable amount if required. No such impairment has been incurred during 2011.

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

7. Recognition and derecognition of financial instruments in the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised (reclassified to the items "Other assets" or "Other liabilities" in the balance sheet between trade date and settlement date) from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards from the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the balance sheet. If Nordea's counterpart can sell or repledge the transferred assets, the assets are reclassified to the item "Financial instruments pledged as collateral" in the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when Nordea performs, for example when Nordea repays a deposit to the counterpart, i.e. on settlement date. Financial liabilities under trade date accounting are generally reclassified to "Other liabilities" in the balance sheet on trade date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within 12 "Financial instruments", as well as Note 43 "Obtained collaterals which are permitted to be sold or repledged".

8. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates. Foreign currency is defined as any currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

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

9. Hedge accounting

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

The hedge accounting policy within Nordea has been developed to fulfil the requirements set out in IAS 39. Nordea uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments as well as to hedge the exposure to variability in future cash flows and the exposure to net investments in foreign operations. The overall purpose is to have a true and fair presentation of Nordea's economical hedges in the financial statements. The overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

There are three forms of hedge accounting:

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

NBF currently applies only fair value hedge accounting.

Fair value hedge accounting
Fair value hedge accounting is used when derivatives are hedging changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged will be recognised separately in the income statement in the item "Net result from items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in the item "Fair value changes of the hedged items in portfolio hedge of interest rate risk" in the balance sheet.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. Any ineffectiveness is recognised in the income statement under the item "Net result from items at fair value".

Hedged items
A hedged item in a fair value hedge can be a recognised single asset or liability, an unrecognised firm commitment, or a portion thereof. The hedged item can also be a group of assets, liabilities or firm commitments with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets and/or liabilities.

Hedging instruments
The hedging instruments used in Nordea are predominantly interest rate swaps and cross currency interest rate swaps, which are always held at fair value. Cash instruments are only used in a few transactions as hedging instruments when hedging currency risk.

Hedge effectiveness
The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life it can be expected that changes in fair value of the hedged item as regards the hedged risk can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent. When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will, prospectively from the last time it was last proven effective, be accounted for in the income statement. For fair value hedges, the change in the fair value on the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

10. Determination of fair value of financial instruments

Financial assets and liabilities classified into the categories Financial assets/liabilities at fair value through profit or loss (including derivative instruments) are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement in the item "Net result from items at fair value".

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items

- Treasury bills
- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:

- Treasury bills (when quoted prices in an active market are not available)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC derivatives)

Fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counterparty credit risk and liquidity risk. An important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

The portfolio adjustment for uncertainties associated with model assumptions comprises two components (The calculation principles are defined as part of the internal approval process for valuation models):

- Benchmarking of the model output (market values) against market information or against results from alternative models, where available
- Sensitivity calculations where unobservable parameters are varied to take other reasonable values

The portfolio adjustment for counterparty risk in OTC-derivatives is based on the current exposure towards each counterpart, the estimated potential future exposure as well as an estimate of the cost of hedging the counterparty risk. This cost of hedging is either based directly on market prices (where available) or on a theoretical calculation based on the internal credit rating of the counterpart.

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. By data from observable markets, Nordea considers data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the instrument. The deferred upfront gains are subsequently released to income if the non-observable data becomes observable.

Note 42 “Assets and liabilities at fair value” provides a breakdown of fair values of financial instruments measured on the basis of:

- quoted prices in active markets for the same instrument (level 1),
- valuation techniques using observable data (level 2), and
- valuation techniques using non-observable data (level 3).

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

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

For further information, see Note 42 “Assets and liabilities at fair value”.

11. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:

- The central bank is domiciled in a country where Nordea is operating under a banking licence.
- The balance is readily available at any time.

Cash and cash equivalents are financial instruments classified into the category “Loans and receivables”, see section 12 “Financial instruments”.

Loans to credit institutions payable on demand are also recognised as “Cash and cash equivalents” in the cash flow statement.

12. Financial instruments

Classification of financial instruments

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

Financial assets:

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

Financial liabilities:

- Financial liabilities at fair value through profit or loss:
  – Held for trading
  – Designated at fair value through profit or loss (Fair Value Option)
- Other financial liabilities.

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured in the balance sheet and how changes in its value are recognised. In Note 41 “Classification of financial instruments” the classification of the financial instruments in Nordea’s balance sheet into different categories is presented.

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

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

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

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

The major parts of the financial assets/liabilities classified into the category Designated at fair value through profit or loss are certain other assets/liabilities, interest bearing securities and shares.

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

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 13 “Loans to the public/credit institutions”.

Held to maturity

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

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

Nordea assesses at each reporting date whether there is any objective evidence that the asset is impaired. If there is such evidence, an impairment loss is recorded. The loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows and is recognised as “Impairment of securities held as financial non-current assets” in the income statement. See section 13 “Loans to the public/credit institutions” for more information on the identification and measurement of objective evidence of impairment, which is applicable also for interest-bearings securities classified into the category Held to maturity.

Available for sale

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

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

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

Other financial liabilities
Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interest from Other financial liabilities is recognised in the item “Interest expense” in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Markets as part of the trading portfolio are classified into the category Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item “Net result from items at fair value”.

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not recognised on or derecognised from the balance sheet. In the cases where the counterpart is entitled to resell or repledge the securities, the securities are reclassified to the balance sheet item “Financial instruments pledged as collateral”.

Securities in securities lending transactions are also disclosed in the item “Assets pledged as security for own liabilities”.

Cash collateral advanced (securities borrowing) to the counterparts is recognised on the balance sheet as “Loans to credit institutions” or as “Loans to the public”. Cash collateral received (securities lending) from the counterparts is recognised on the balance sheet as “Deposits by credit institutions” or as “Deposits and borrowings from the public”.

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are reclassified to the balance sheet line “Financial instruments pledged as collateral”.

Securities delivered under repurchase agreements are also disclosed in the item “Assets pledged as security for own liabilities”.

Cash received under repurchase agreements is recognised on the balance sheet as “Deposits by credit institutions” or as “Deposits and borrowings from the public”. Cash delivered under reverse repurchase agreements is recognised on the balance sheet as “Loans to credit institutions” or as “Loans to the public”.

Additionally, the sale of securities received in reverse repurchase agreements trigger the recognition of a trading liability (short sale).

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item “Derivatives” on the asset side. Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item “Derivatives” on the liability side.

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item “Net result from items at fair value”

13. Loans to the public/credit institutions

Financial instruments classified as “Loans to the public/credit institutions” in the balance sheet and into the category Loans and receivables are measured at amortised cost (see also the separate section 7 “Recognition and derecognition of financial instruments in the balance sheet” as well as Note 41 “Classification of financial instruments”).

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

Also interest-bearings securities classified into the categories Loans and receivables and Held to maturity are held at amortised cost and the description below is valid also for the identification and measurement of impairment on these assets. Possible impairment losses on interest-bearing securities classified into the categories Loans and receivables and Held to maturity are recognised as “Impairment of securities held as non-current financial assets” in the income statement.

Impairment test of individually assessed loans
Nordea tests significant loans for impairment on an individual basis. The purpose of the impairment tests is to find out if the loans have become impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators for impairment (loss event) and whether these loss events represent objective evidence of impairment. More information on the identification of loss events can be found in the Risk, Liquidity and Capital Management section.

In the process to conclude whether there is objective evidence of impairment, an assessment is performed to estimate the most probable future cash flows generated by the customer. These cash flows are then discounted by the effective interest rate giving the net present value. Collaterals received to mitigate the credit risk will be assessed at fair value. If the carrying amount of the loan is higher than the net present value of the estimated future cash flows, including the fair value of the collaterals, the loan is impaired.

Loans that are not individually impaired will be transferred to a group of loans with similar risk characteristics for a collective impairment test.

Impairment test of collectively assessed loans
All loans not impaired on an individual basis are collectively assessed for impairment, including individually insignificant loans. This means that significant loans not impaired on an individual level and insignificant loans that have not been tested on an individual level are collectively tested for impairment. The loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors´ ability to pay all amounts due according to the contractual terms. Nordea monitors its portfolio through rating migrations, the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes Nordea identifies loss events indicating incurred losses in a group. A loss event is an event resulting in a deterioration of the expected future cash flows. Only loss events incurred up to the reporting date are included when performing the assessment of the group.

The objective for the group assessment process is to evaluate if there is a need to make a provision due to the fact that a loss event has occurred, which has not yet been identified on an individual basis. This period between the date when the loss event occurred and the date when it is identified on an individual basis is called “Emergence period”. The impairment remains related to the group of loans until the losses have been identified on an individual basis. The identification of the loss is made through a default of the engagement or by other indicators.

For corporate customers and bank counterparts, Nordea uses the existing rating system as a basis when assessing the credit risk. Nordea uses historical data on probability of default to estimate the risk for a default in a rating class. These loans are rated and grouped mostly based on type of industry and/or sensitivity to certain macro parameters, e.g. dependency to oil prices etc.

Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on Risk, Liquidity and Capital management.

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

Impairment loss
If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows, including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses are accounted for as changes in the allowance account and as ”Net loan losses” in the income statement (see also section 6 “Recognition of operating income and impairment”).

If the impairment loss is regarded as final, it is reported as a realised loss. A realised loss is recognised and the value of the loan and the related allowance for impairment loss are derecognised with a corresponding gain or loss recognised in the line item ”Net loan losses” in the income statement. An impairment loss is regarded as final when the obligor is filed for bankruptcy and the administrator has declared the economic outcome of the bankruptcy procedure, or when Nordea forgives its claims either through a legal based or voluntary reconstruction or when Nordea, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate
The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans. If considered appropriate, the discount rate can be based on a method that results in an impairment that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Restructured loans
In this context a restructured loan is defined as a loan where Nordea has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for Nordea. After a reconstruction the loan is normally regarded as not impaired if it performs according to the new conditions. Concessions made in reconstructions are regarded as final losses unless Nordea retains the possibility to regain the realised loan losses incurred. In the event of a recovery the payment is reported as a recovery of realised loan losses.

Assets taken over for protection of claims
In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea's own use, is reported together with other investment properties.

At initial recognition, all assets taken over for protection of claims are recognised at fair value and the possible difference between the carrying amount of the loan and the fair value of the assets taken over is recognised as “Net loan losses”. The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified into the categories Available for sale or Designated at fair value through profit or loss (Fair Value Option) (see section 12 “Financial instruments”) and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line “Net result from items at fair value”.

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

14. Leasing

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

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

NBF as lessee
Finance leases
No leases in NBF have been classified as finance leases.

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

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

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

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

15. Intangible assets

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

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is not recognised as a separate asset, but included in "Investments in associated undertakings". Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill cannot be reversed in subsequent periods. Goodwill related to associated companies is not tested for impairment separately, but included in the total carrying amount of the associated company. The policies covering impairment testing of associated companies is disclosed in section 6 "Recognition of operating income and impairment".

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

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

Customer related intangible assets
In business combinations a portion of the purchase price is normally allocated to a customer related intangible asset, if the asset is identifiable and under Nordea's control. An intangible asset is identifiable if it arises from contractual or legal rights, or is separable. The asset is amortised over its useful life.

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

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

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash generating units are defined as the operating segments. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a rate based on the long-term risk free interest rate plus a risk premium (post tax). If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See note 22 "Intangible assets" for more information on the impairment testing.

16. Property and equipment

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

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

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

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

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

17. Investment property

Investment properties are primarily properties held to earn rent and/or capital appreciation. Nordea applies the fair value model for subsequent measurement of investment properties. The best evidence of a fair value is normally given by quoted prices in an active market for similar property in the same location and condition. As these prices are rarely available discounted cash flow projection models based on reliable estimates of future cash flows are also used.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as “Net result from items at fair value”.

18. Taxes

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

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, nor for differences relating to investments in subsidiaries and associated companies to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

19. Employee benefits

All forms of consideration given by Nordea to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed. Post-employment benefits are benefits payable after the termination of the employment. Post-employment benefits in Nordea consist only of pensions. Termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy.

Short-term benefits
Short term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees have performed services to Nordea. Nordea has also issued share-based payment programmes, which are further described in section 22 "Share-based payments".

More information can be found in Note 8 "Staff costs".

Post-employment benefits
Pension plans
The companies within Nordea have various pension plans, consisting of both defined benefit plans and defined contribution plans, reflecting national practices and conditions in the countries where Nordea operates. Defined benefit plans are predominantly sponsored in Sweden, Norway and Finland. The major defined benefit plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation, the net amount is, after adjusting for unrecognised actuarial gains/losses, recognised as a liability (defined benefit obligation). If not, the net amount is recognised as an asset (defined benefit asset). Non-funded pension plans are recognised as defined benefit obligations.

Certain Finnish plans are based on defined contribution arrangements that hold no pension liability for NBF. Nordea also contributes to public pension systems.

Pension costs
The pension calculations are carried out by country and by pension plan in accordance with IAS 19.

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. Nordea's net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised prior service cost and the fair value of any plan assets are deducted. Actuarial calculations, performed annually, are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note 34 "Retirement benefit obligations").

When establishing the present value of the obligation and the fair value of any plan assets, actuarial gains and losses may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The actuarial gains and losses are not recognised immediately in the income statement. Rather, only when the net cumulative unrecognised actuarial gain or loss exceeds a "corridor" equal to 10 percent of the greater of either the present value of the defined benefit obligation or the fair value of the plan assets, the excess is recognised in the income statement over the expected average remaining service period of the employees participating in the plan. Otherwise, actuarial gains and losses are not recognised.

When the calculation results in a benefit to the Nordea entity, the recognised asset is limited to the net total of any unrecognised actuarial losses, unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan.

Discount rate in Defined Benefit Plans
The discount rate is determined by reference to high quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In countries where no such market exists the discount rate is determined by reference to government bond yields. In Finland the discount rate is determined with reference to corporate bonds.

Termination benefits
As mentioned above termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy.

Termination benefits do not arise if the employees have to continue performing services and the termination benefits can be considered to be normal compensation for those services.

Termination benefits are expensed when Nordea has an obligation to make the payment. An obligation arises when there is a formal plan committed to on the appropriate organisational level and when Nordea is without realistic possibility of withdrawal, which normally occurs when the plan has been communicated to the group affected or to their representatives.

Termination benefits can include both short-term benefits, for instance a number of months' salary, and post-employment benefits, normally in the form of early retirement. Short-term benefits are classified as "Salaries and remuneration" and post-employment benefits as "Pension costs" in Note 8 "Staff costs".

20. Equity

Non-controlling interests
Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Finland Plc.

Share premium reserve
The share premium reserve consists of the difference between the subscription price and the quota value of the shares in NBF's rights issue. Transaction costs in connection to the rights issue have been deducted.

Other reserves
Other reserves comprise income and expenses, net after tax effects, which are reported in equity in accordance with IFRS. These reserves include fair value reserves for financial assets classified into the category Available for sale as well as a reserve for translation differences.

Retained earnings
Apart from undistributed profits from previous years, retained earnings include the equity portion of untaxed reserves. Untaxed reserves according to national rules are recorded as equity net of deferred tax at prevailing tax rates in the respective country.

In addition, NBF's share of the earnings in associated companies, after the acquisition date, that have not been distributed is included in retained earnings.

Treasury shares
NBF does not hold Treasury shares.

21. Financial guarantee contracts and credit commitments

Upon initial recognition, premiums received in issued financial guarantee contracts and credit commitments are recognised as prepaid income on the balance sheet. The guarantees and irrevocable credit commitments are subsequently measured, and recognised on the balance sheet, at the higher of either the received fee less amortisation, or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Changes in provisions are recognised in the income statement in the item "Net loan losses".

Premiums received for financial guarantees are, as stated in section 6 "Recognition of operating income and impairment", amortised over the guarantee period and recognised as "Fee and commission income" in the income statement. Premiums received on credit commitments are generally amortised over the loan commitment period. The contractual amounts are recognised off-balance sheet, financial guarantees in the item "Contingent liabilities" and irrevocable credit commitments in the item "Commitments".

22. Share-based payments

Equity-settled programmes
Nordea has annually issued Long Term Incentive Programmes from 2007 through 2011. Employees participating in these programmes are granted share-based and equity-settled rights, i.e. rights to receive shares for free or to acquire shares in Nordea at a significant discount compared to the share price at grant date. The value of such rights shall be expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date, and is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights /Performance Share II are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

For more information see Note 8 "Staff costs".

Cash-settled programmes

Nordea has to defer payment of variable salaries under Nordic FSA's regulations and general guidelines. The deferred amounts are to some extent indexed using Nordea's TSR (Total Shareholders' Return) and these "programmes" are cash-settled share-based programmes under IFRS. These programmes are fully vested when the variable salaries are initially deferred and the fair value of the obligation is remeasured on a continuous basis. The remeasurements are, together with the related social charges, recognised in the income statement in the item "Net result from items at fair value".

23. Related party transactions

NBF defines related parties as:

- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Key management personnel
- Other related parties

All transactions with related parties are made on an arm's length basis.

Shareholders with significant influence

Shareholders with significant influence are shareholders that, by any means, have a significant influence over NBF. Nordea and its group companies are considered as having such significant influence.

Group undertakings

For the definition of Group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the NBF Group is found in Note 20 "Investments in group undertakings".

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

Associated undertakings

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

Further information on the associated undertakings included in the NBF Group is found in Note 21 "Investments in associated undertakings".

Key management personnel

Key management personnel include the following positions:

- The Board of Directors of NBF and Nordea Bank AB (publ)
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM).

For information about compensation, pensions and other transactions with key management personnel, see Note 8 "Staff costs".

Other related parties

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

Information concerning transactions between NBF and other related parties is found in Note 45 "Related-party transactions".

Note 2 Segment reporting

Operating segments

Group

Measurement of Operating segments' performance
The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision Maker (CODM), as required by IFRS 8. In NBF the CODM has been defined as Group Executive Management. The main differences compared to the business area reporting are that the information to CODM is prepared using plan rates.

Changes in basis of segmentation
A new organisation has been established, developed around the two main business areas Retail Banking and Wholesale Banking. In addition a business unit called Group Operations has been established. Group Corporate Centre and the separate divisions within the two main business areas and within the business unit Group Operations have, based on the new organisation, been identified as operating segments. The changes compared to the previous segment reporting is mainly that Nordic Banking has been renamed to Retail Banking Nordic and that the service units and support functions within the main business areas Retail Banking and Wholesale Banking are now disclosed separately as operating segments named as Retail Banking Other and Wholesale Banking Other. A new operating segment named Corporate & institutional Banking has been established, including the former division Corporate Merchant Banking, previously included in Nordic Banking, and the former operating segment Financial Institutions. Capital Markets unallocated and Group Corporate Centre are furthermore disclosed separately as operating segments. Comparative information has been restated accordingly.

Reportable Operating segments
Retail Banking conducts a full service banking operation and offers a wide range of products. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic markets (Retail Banking Nordic) as well as in Poland and the Baltic countries (Retail Banking Poland & Baltic countries). Wholesale Banking provides banking and other financial solutions to large Nordic and international corporate, institutional and public companies. The division Corporate & Institutional Banking is a customer oriented organisation serving the largest globally operating corporates. This division is also responsible for Nordea's customers within the financial sector, and offers single products such as funds, equity products etcetera as well as consulting services within asset allocation and fund sales. The division Shipping, Oil Services & International is responsible for Nordea's customers within the shipping, offshore and oil services industries and provides tailormade solutions and sydicated loan transactions. Capital Markets unallocated includes the result in Capital Markets which is not allocated to the main business areas. Group Corporate Centre's main objective is to manage the Group's funding and to support the management and control of the NBF Group. The main income in Group Corporate Centre originates from Group Treasury.

	Retail Banking		Wholesale Banking		Group Corporate Centre	
Income statement, EURm	2011	2010	2011	2010	2011	2010
Net interest income	849	725	323	283	167	187
Net fee and commission income	513	497	-68	176	-4	-4
Net result from items at fair value	99	96	864	861	3	-28
Profit from companies accounted for under the equity method	8	1	-	-	-	-
Other income	10	6	2	13	2	0
Total operating income	**1,479**	**1,325**	**1,121**	**1,333**	**168**	**155**
Staff costs	-332	-334	-134	-127	-27	-10
Other expenses	-535	-540	-61	-283	4	-18
Depreciation, amortisation and impairment charges of tangible and intangible assets	-6	-5	-1	-1	0	0
Total operating expenses	**-873**	**-879**	**-196**	**-411**	**-23**	**-28**
Net loan losses	-111	-204	-10	-91	44	-
Operating profit	**495**	**242**	**915**	**831**	**189**	**127**
Income tax expense	-	-	-	-	-	-
Net profit for the year	**495**	**242**	**915**	**831**	**189**	**127**
Balance sheet, EURm						
Loans to the public	50,679	48,098	42,456	19,838	-72	-
Deposits and borrowings from the public	37,408	36,304	29,315	18,631	1,139	-

Note 2 *Segment reporting, cont.*

Operating segments

Group

Income statement, EURm	Total operating segments 2011	2010	Reconciliation 2011	2010	**Total Group 2011**	**2010**
Net interest income	1,339	1,195	16	-14	**1,355**	**1,182**
Net fee and commission income	441	669	-132	-379	**309**	**289**
Net result from items at fair value	966	929	-29	50	**937**	**979**
Profit from companies accounted for under the equity method	8	1	1	5	**9**	**6**
Other income	14	19	20	24	**34**	**43**
Total operating income	**2,768**	**2,813**	**-124**	**-314**	**2,644**	**2,499**
Staff costs	-493	-471	-99	-82	**-592**	**-553**
Other expenses	-592	-841	135	362	**-457**	**-479**
Depreciation of tangible and intangible assets	-7	-6	-36	-33	**-43**	**-39**
Total operating expenses	**-1,092**	**-1,318**	**0**	**247**	**-1,092**	**-1,071**
Net loan losses	-77	-295	7	21	**-70**	**-272**
Operating profit	**1,599**	**1,200**	**-117**	**-46**	**1,482**	**1,156**
Income tax expense	-	-	-381	-302	**-381**	**-302**
Net profit for the year	**1,599**	**1,200**	**-498**	**-348**	**1,101**	**854**
Balance sheet, EURm						
Loans to the public	93,063	67,936	6,267	5,670	**99,331**	**73,607**
Deposits and borrowings from the public	67,862	54,935	398	524	**68,260**	**55,459**

Break-down of Retail Banking

Income statement, EURm	Retail Banking Nordic[1] 2011	2010	Retail Banking Poland & Baltic countries[1] 2011	2010	Retail Banking Other[2] 2011	2010	**Retail Banking 2011**	**2010**
Net interest income	700	588	149	139	0	-2	**849**	**725**
Net fee and commission income	468	447	43	48	2	2	**513**	**497**
Net result from items at fair value	97	94	4	2	-2	0	**99**	**96**
Profit from companies accounted for under the equity method	-	-3	-	-	8	4	**8**	**1**
Other income	3	3	5	2	2	1	**10**	**6**
Total operating income	**1,268**	**1,129**	**201**	**191**	**10**	**5**	**1,479**	**1,325**
Staff costs	-261	-265	-31	-29	-40	-40	**-332**	**-334**
Other expenses	-504	-492	-48	-47	17	-1	**-535**	**-540**
Depreciation of tangible and intangible assets	-3	-2	-2	-3	-1	0	**-6**	**-5**
Total operating expenses	**-768**	**-759**	**-81**	**-79**	**-24**	**-41**	**-873**	**-879**
Net loan losses	-57	-111	-54	-93	0	-	**-111**	**-204**
Operating profit	**443**	**259**	**66**	**19**	**-14**	**-36**	**495**	**242**
Income tax expense	-	-	-	-	-	-	**-**	**-**
Net profit for the year	**443**	**259**	**66**	**19**	**-14**	**-36**	**495**	**242**
Balance sheet, EURm								
Loans to the public	43,335	41,154	7,344	6,944	-	0	**50,679**	**48,098**
Deposits and borrowings from the public	34,935	34,326	2,445	1,942	28	36	**37,408**	**36,304**

[1] Retail Banking Nordic includes banking operations in Finland while Retail Banking Poland & Baltic countries includes banking operations in Estonia, Latvia, Lithuania and Poland.
[2] Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT within the main business area Retail Banking

Note 2 *Segment reporting, cont.*

Break-down of Wholesale Banking

Income statement, EURm	Corporate Merchant Banking 2011	Corporate Merchant Banking 2010	Shipping, Offshore & Oil Services 2011	Shipping, Offshore & Oil Services 2010
Net interest income	197	208	111	80
Net fee and commission income	147	125	32	17
Net result from items at fair value	70	66	10	5
Profit from companies accounted for under the equity method	-	-	-	-
Other income	0	0	-	-
Total operating income	**414**	**399**	**153**	**102**
Staff costs	-5	-5	-7	-5
Other expenses	-93	-91	-13	-10
Depreciation of tangible and intangible assets	-	-	0	-
Total operating expenses	**-98**	**-96**	**-20**	**-15**
Net loan losses	4	-	-21	-
Operating profit	**320**	**303**	**112**	**87**
Income tax expense	-	-	-	-
Net profit for the year	**320**	**303**	**112**	**87**
Balance sheet, EURm				
Loans to the public	8,980	7,867	686	313
Deposits and borrowings from the public	5,947	5,442	153	98

Income statement, EURm	Capital Markets unalloctaed 2011	Capital Markets unalloctaed 2010	Wholesale Banking Other[3] 2011	Wholesale Banking Other[3] 2010	**Wholesale Banking 2011**	**Wholesale Banking 2010**
Net interest income	3	3	12	-8	**323**	**283**
Net fee and commission income	-327	-58	80	92	**-68**	**176**
Net result from items at fair value	749	767	35	23	**864**	**861**
Profit from companies accounted for under the equity method	-	-	-	-	**-**	**-**
Other income	0	1	2	12	**2**	**13**
Total operating income	**425**	**713**	**129**	**119**	**1,121**	**1,333**
Staff costs	-69	-66	-53	-51	**-134**	**-127**
Other expenses	29	-205	16	23	**-61**	**-283**
Depreciation of tangible and intangible assets	0	0	-1	-1	**-1**	**-1**
Total operating expenses	**-40**	**-271**	**-38**	**-29**	**-196**	**-411**
Net loan losses	-	-	7	-91	**-10**	**-91**
Operating profit	**385**	**442**	**98**	**-1**	**915**	**831**
Income tax expense	-	-	-	-	**-**	**-**
Net profit for the year	**385**	**442**	**98**	**-1**	**915**	**831**
Balance sheet, EURm						
Loans to the public	25,440	4,390	7,351	7,268	**42,456**	**19,838**
Deposits and borrowings from the public	14,582	6,501	8,633	6,589	**29,315**	**18,631**

[3] Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT within the main business area Wholesale Banking.

Reconciliation between total operating segments and financial statements

	Total operating income		Operating profit		Loans to the public		Deposits and borrowings from the public	
EURm	2011	2010	2011	2010	2011	2010	2011	2010
Total Operating segments	2,768	2,813	1,599	1,200	93,063	67,936	67,862	54,935
Group functions[1]	-111	-301	-117	-44	6,420	5,823	500	626
Eliminations	-13	-13	-	-	-152	-152	-102	-102
Total	**2,644**	**2,499**	**1,482**	**1,156**	**99,331**	**73,607**	**68,260**	**55,459**

[1] Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources, Board of Directors and Executive Management.

Group

Total operating income split on product groups

EURm	2011	2010
Banking products	1,733	1,831
Capital Markets products	886	675
Savings Products & Asset Management	20	24
Life & Pensions	5	14
Other	-	-45
Total	**2,644**	**2,499**

Banking products consists of three product responsible divisions. Account products is responsible for developing and delivering account based products such as lending, deposits and cards and Netbank services. Transaction products provides and develops cash management, trade and project finance services. Nordea Finance is responsible for asset based financing through leasing, hire purchase and factoring as well as offering sales to finance partners such as dealers, vendors and retailers. Capital Markets products includes financial instruments, or arrangement for a financial instrument, that are available in the financial marketplace, including currencies, commodities, stocks and bonds. Asset Management includes Investment funds, Discretionary Management, Portfolio Advice and Pension Accounts. Investment Funds is a bundled product where the fund company invest in stocks, bonds, derivatives or other standardised products on behalf of the fund's shareholders. Discretionary Management is a service providing the management of an investment portfolio on behalf of the customer and Portfolio Advise is a service provided to support the customers investment decision. Nordea Life & Pensions provides life insurance and pension products and services.

Group

Geographical information

	Total operating income		Assets	
EURm	2011	2010	2011	2010
Sweden	142	82	12,237	11,851
Finland	1,442	1,489	129,640	99,737
Norway	405	103	9,919	7,205
Denmark	326	395	178,776	107,654
Baltic countries	27	193	1,005	8,861
Poland	2	1	90	57
Other	300	236	67,620	50,721
Total	**2,644**	**2,499**	**399,287**	**286,086**

Nordea Bank Finland's main geographical market comprises the Nordic countries, the Baltic countries and Poland. Revenues and assets are distributed to geographical areas based on the location of the operations. Goodwill is allocated to different countries based on the location of the business activities of the acquired entities.

Note 3 Net interest income

	Group		Parent company	
EURm	2011	2010	2011	2010
Interest income				
Loans to credit institutions	390	377	474	450
Loans to the public	2,011	1,445	1,695	1,150
Interest-bearing securities	181	131	181	131
Other interest income	65	5	77	5
Interest income	**2,647**	**1,958**	**2,427**	**1,736**
Interest expense				
Deposits by credit institutions	-434	-293	-432	-292
Deposits and borrowings from the public	-440	-299	-439	-299
Debt securities in issue	-330	-157	-330	-157
Subordinated liabilities	-25	-26	-25	-26
Other interest expense[1]	-63	-1	-63	-1
Interest expense	**-1,292**	**-776**	**-1,289**	**-775**
Net interest income	**1,355**	**1,182**	**1,138**	**961**

[1] The net interest income from derivatives, measured at fair value and related to Nordea's funding can have both a positive and negative impact on other interest expense, for further information see Note 1.

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 2,518m (1,920) for the Group and EUR 2,297m (1,698) for the parent company. Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR -1,229m (-777) for the Group and EUR -1,226m (-775) for the parent company.

Net interest income

	Group		Parent company	
EURm	2011	2010	2011	2010
Interest income	2,546	1,863	2,427	1,736
Leasing income, net	101	95	-	-
Interest expenses	-1,292	-776	-1,289	-775
Total	**1,355**	**1,182**	**1,138**	**961**

Note 4 Net fee and commission income

	Group		Parent company	
EURm	2011	2010	2011	2010
Asset Management commissions	52	50	52	50
Life insurance	5	7	5	7
Brokerage	25	27	25	27
Custody	21	20	21	20
Deposits	6	5	6	5
Total savings related commissions	109	109	109	109
Payments	187	175	188	176
Cards	87	78	57	50
Total payment commissions	274	253	245	226
Lending	90	72	79	56
Guarantees and documentary payments	146	143	147	144
Total lending related to commissions	236	215	226	200
Other commission income	84	72	82	71
Fee and commission income	**703**	**649**	**662**	**606**
Payment expenses	-57	-74	-52	-52
Other commission expenses	-337	-286	-335	-284
Fee and commission expenses	**-394**	**-360**	**-387**	**-336**
Net fee and commission income	**309**	**289**	**275**	**270**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounted to EUR 96m (77) for the Group and EUR 85m (61) for the parent company.

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amounted to EUR 82m (84) for the Group and EUR 82m (84) for the parent company.

Note 5 Net result from items at fair value

	Group		Parent company	
EURm	2011	2010	2011	2010
Shares/participations and other share-related instruments	78	35	74	35
Interest-bearing securities and other interest-related instruments	726	644	726	644
Other financial instruments	42	109	42	109
Foreign exchange gains/losses	93	193	98	193
Investment properties	-2	-2	-1	-2
Total	**937**	**979**	**939**	**979**

Net result from categories of financial instruments

	Group		Parent company	
EURm	2011	2010	2011	2010
Available for sale assets, realised	-	1	-	1
Financial instruments designated at fair value through profit or loss	87	223	88	223
Financial instruments held for trading[1]	855	757	855	757
Financial instruments under hedge accounting	-3	-1	-3	-1
- of which net gains/losses on hedging instruments	196	-9	197	-9
- of which net gains/losses on hedged items	-199	8	-199	8
Other	-2	-1	-1	-1
Total	**937**	**979**	**939**	**979**

[1] Of which amortised deferred day one profits amounted to EUR -5m for 2011 (2) both for the Group and the parent company.

Note 6 Dividends

	Group		Parent company	
EURm	2011	2010	2011	2010
Investments in group undertakings	-	-	60	40
Investments in associated undertakings	-	-	2	2
Total	**-**	**-**	**62**	**42**

Note 7 Other operating income

	Group		Parent company	
EURm	2011	2010	2011	2010
Divestment of shares	-	-	-	-
Income from real estate	-1	3	3	7
Disposals of tangible and intangible assets	2	1	0	1
Other	33	39	35	41
Total	**34**	**43**	**38**	**49**

Note 8 Staff costs

	Group		Parent company	
EURm	2011	2010	2011	2010
Salaries and remuneration	-463	-433	-428	-399
Pension costs (specification below)	-61	-58	-55	-53
Social insurance contributions	-36	-29	-33	-27
Allocation to profit-sharing foundation[1]	-5	-6	-5	-6
Other staff costs	-27	-27	-25	-23
Total	**-592**	**-553**	**-546**	**-508**

[1] Allocation to profit-sharing foundation 2011 EUR 5m consists of a new allocation of EUR 8m and a release related to prior years of EUR 3m.

	Group		Parent company	
	2011	2010	2011	2010
Pension costs:				
Defined benefit plans (Note 34)	7	4	7	4
Defined contribution plans	-68	-62	-62	-57
Total	**-61**	**-58**	**-55**	**-53**

Additional disclosures on remuneration under the FIN-FSA release 62/501/2010
The remuneration principles in Nordea for 2011are published in the Board of Directors´ report of Nordea Bank AB (publ). The figures for Nordea Bank Finland Plc will be published separately on nordea.com in due time before the Annual General Meeting of Nordea Bank AB (publ).

Compensation etc. to the Board of Directors, President and his deputy
The members of the Board of Directors of Nordea Bank Finland Plc and the President, are all members of the Nordea Bank AB (publ) Group Executive Management. In 2011 Nordea Bank AB (publ) has paid all salaries, fees, pension- and other staff-related expenses to the above mentioned members of the administrative and controlling boards. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation -expenses.

Information on salaries, loans and pension liabilities of the above mentioned persons is presented in the Annual Report of Nordea Bank AB (publ).

Salaries paid to the deputy of the President of Nordea Bank Finland Plc amounted to EUR 0m in 2011. Pension obligation for the deputy of the President amounted to EUR 1m and pension cost to defined benefit plans to EUR 0m.

EURm	2011	2010
Loans granted by Nordea Bank Finland Plc		
To members and deputy members of the Board of Directors	0	-
To the President and his deputy	0	0

Terms and conditions regarding loans to members of the Board of Directors, to President and his deputy are decided in accordance with instructions issued by the Board of Directors.

Guarantees and other off-balance-sheet commitments
No guarantees or other off-balance-sheet commitments have been granted to members of administrative or controlling boards or to auditors.

The members of the administrative and controlling boards have no holdings of shares, equity warrants or convertible bonds issued by Nordea Bank Finland Plc.

Loans to key management personnel
Loans to key management personnel amounts to EUR 1m (2) in the Group and EUR 1m (2) in the parent company. Interest income on these loans amounts to EUR 0m (0) in the Group and EUR 0m (0) in the parent company.

Terms and conditions regarding loans for key management personnel employed by Nordea are decided in accordance with instructions issued by the Board of Directors. Loans to family members of key management personnel are granted on normal market terms, as well as loans to key management personnel who are not employees of Nordea. In Finland the employee interest rate for loans corresponds to Nordea's funding cost with a margin of 10 basis points up to EUR 400,000, and 30 basis points for loans over EUR 400,000.

The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any key management personnel.

Share-based payment

Group	2011		
Conditional Rights LTIP 2011	Matching Share	Performance Share I	Performance Share II
Granted	154,236	308,472	154,236
Forfeited	-	-	-
Outstanding at end of year	**154,236**	**308,472**	**154,236**
- of which currently exercisable	-	-	-

Parent company	2011		
Conditional Rights LTIP 2011	Matching Share	Performance Share I	Performance Share II
Granted	154,236	308,472	154,236
Forfeited	-	-	-
Outstanding at end of year	**154,236**	**308,472**	**154,236**
- of which currently exercisable			

Group	2011			2010		
Conditional Rights LTIP 2010	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	173,195	346,390	173,195	-	-	-
Granted	-	-	-	176,233	352,466	176,233
Transfers during the year	-7,220	-14,440	-7,220	-	-	-
Forfeited	-3,001	-6,002	-3,001	-3,038	-6,076	-3,038
Outstanding at end of year	**162,974**	**325,948**	**162,974**	**173,195**	**346,390**	**173,195**
- of which currently exercisable	-	-	-	-	-	-

Parent company	2011			2010		
Conditional Rights LTIP 2010	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	170,775	341,550	170,775	-	-	-
Transfers during the year	-7,220	-14,440	-7,220	-	-	-
Granted	-3,001	-6,002	-3,001	173,813	347,626	173,813
Forfeited	-	-	-	-3,038	-6,076	-3,038
Outstanding at end of year	**160,554**	**321,108**	**160,554**	**170,775**	**341,550**	**170,775**
- of which currently exercisable	-	-	-	-	-	-

Group	2011			2010		
Conditional Rights LTIP 2009	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	266,195	266,195	106,478	275,121	556,970	275,121
Granted	-	-	-	-	-	-
Forfeited	-	-	-	-8,926	-290,775	-168,643
Exercised[1]	-191,252	-194,763	-82,118	-	-	-
Outstanding at end of year	**74,943**	**71,432**	**24,360**	**266,195**	**266,195**	**106,478**
- of which currently exercisable	74,943	71,432	24,360	-	-	-

Parent company	2011			2010		
Conditional Rights LTIP 2009	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	261,866	261,866	104,746	270,792	548,312	270,792
Granted	-	-	-	-	-	-
Forfeited	-	-	-	-8,926	-286,446	-166,046
Exercised[1]	-191,252	-194,763	-82,118	-	-	-
Outstanding at end of year	**70,614**	**67,103**	**22,628**	**261,866**	**261,866**	**104,746**
- of which currently exercisable	70,614	67,103	22,628	-	-	-

Note 8 *Staff costs, cont.*

Group

Conditional Rights LTIP 2008	2011 A Rights	B-C Rights	D Rights	2010 A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	12,765	13,496	8,834	87,691	87,691	70,153
Forfeited	-	-	-	-2,897	-2,897	-2,318
Exercised[1]	-10,045	-10,185	-6,381	-72,029	-71,298	-59,001
Outstanding at end of year	**2,720**	**3,311**	**2,453**	**12,765**	**13,496**	**8,834**
- of which currently exercisable	2,720	3,311	2,453	12,765	13,496	8,834

Parent company

Conditional Rights LTIP 2008	2011 A Rights	B-C Rights	D Rights	2010 A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	11,389	12,120	8,834	86,315	86,315	69,052
Forfeited	-	-	-	-2,897	-2,897	-2,318
Exercised[1]	-8,669	-8,809	-6,380	-72,029	-71,298	-57,900
Outstanding at end of year	**2,720**	**3,311**	**2,454**	**11,389**	**12,120**	**8,834**
- of which currently exercisable	2,720	3,311	2,454	11,389	12,120	8,834

Group

Conditional Rights LTIP 2007	2011 A Rights	B-C Rights	D Rights	2010 A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	9,151	4,499	10,577	14,619	13,013	24,172
Forfeited	-5,182	-690	-4,347	-	-	-
Exercised[1]	-3,969	-3,809	-6,230	-5,468	-8,514	-13,595
Outstanding at end of year	**-**	**-**	**-**	**9,151**	**4,499**	**10,577**
- of which currently exercisable	-	-	-	9,151	4,499	10,577

Parent company

Conditional Rights LTIP 2007	2011 A Rights	B-C Rights	D Rights	2010 A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	9,151	4,499	10,577	14,619	13,013	24,172
Forfeited	-5,182	-690	-4,347	-	-	-
Exercised[1]	-3,969	-3,809	-6,230	-5,468	-8,514	-13,595
Outstanding at end of year	**-**	**-**	**-**	**9,151**	**4,499**	**10,577**
- of which currently exercisable	-	-	-	9,151	4,499	10,577

[1] Weighted average share price during the period amounted to EUR 7.45 in 2011 and to EUR 7.34 in 2010.

Long-Term Incentive Programmes

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

	LTIP 2011		
	Matching Share	Performance Share I	Performance Share II
Ordinary share per right	1.00	1.00	1.00
Exercise price, EUR	-	-	-
Grant date	13 May 2011	13 May 2011	13 May 2011
Vesting period, months	36	36	36
Contractual life, months	36	36	36
First day of exercise	April/May 2014	April/May 2014	April/'May 2014
Fair value at grant date, EUR	8.21	8.21	2.97

	LTIP 2010			LTIP 2009		
	Matching Share	Performance Share I	Performance Share II	A Rights	B-C Rights	D Rights
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price, EUR	-	-	-	0.77	0.38	0.38
Grant date	13 May 2010	13 May 2010	13 May 2010	14 May 2009	14 May 2009	14 May 2009
Vesting period, months	36	36	36	24	24	24
Contractual life, months	36	36	36	48	48	48
First day of exercise	April/May 2013	April/May 2013	April/May 2013	29 April 2011	29 April 2011	29 April 2011
Fair value at grant date, EUR	6.75	6.75	2.45	4.66	5.01	1.75

	LTIP 2008[1]			LTIP 2007[1]		
	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Ordinary share per right	1.30	1.30	1.30	1.30	1.30	1.30
Exercise price, EUR	2.30	1.53	1.53	2.53	1.00	1.00
Grant date	13 May 2008	13 May 2008	13 May 2008	17 May 2007	17 May 2007	17 May 2007
Vesting period, months	24	24	24	24	24	24
Contractual life, months	48	48	48	48	48	48
First day of exercise	29 April 2010	29 April 2010	29 April 2010	30 April 2009	30 April 2009	30 April 2009
Fair value at grant date, EUR	7.53	8.45	4.14	8.76	10.49	7.76

[1] The new rights issue, which was resolved on an extra ordinary general meeting on 12 March 2009, triggered recalculations of some of the parameters in LTIP 2007 and LTIP 2008, in accordance with the agreements of the programmes. The recalculations were performed with the purpose of putting the participants in an equivalent financial position as the one being at hand immediately prior to the new rights issue.

Conditions and requirements

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

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

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

	LTIP 2011	LTIP 2010
Service Matching Share/Performance Share I and II	Employed within the Nordea Group during the three year vesting period.	Employed within the Nordea Group during the three year vesting period.
Performance condition Performance Share I	Compound Annual Growth Rate in RAPPS from year 2010 (base year) to and including year 2013. Full right to exercise will be obtained if the Compound Annual Growth Rate amount to or exceed 10%.	Compound Annual Growth Rate in RAPPS from year 2009 (base year) to and including year 2012. Full right to exercise will be obtained if the Compound Annual Growth Rate amount to or exceed 9%.
EPS knock out Performance Share I	Average reported EPS for 2011-2013 lower than EUR 0.26.	Average reported EPS for 2010-2012 lower than EUR 0.26.
Performance conditions Performance Share II	TSR during 2011-2013 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.	TSR during 2010-2012 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.
Cap	The market value of the allotted shares is capped to the participant's annual salary for year-end 2010.	The market value of the allotted shares is capped to the participant's annual salary for year-end 2009.
Exercise price adjustments	-	-

	LTIP 2009[1]	LTIP 2008[1]	LTIP 2007[1]
Service condition, A-D-rights	Employed within the Nordea Group during the two year vesting period.	Employed within the Nordea Group during the two year vesting period.	Employed within the Nordea Group during the two year vesting period.
Performance condition, B-rights	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2007 compared to 2006. Full right to exercise was obtained if RAPPS increased by 15% or more.
EPS knock out, B-rights	Reported EPS for 2009 lower than EUR 0.26	Reported EPS for 2008 lower than EUR 0.80.	Reported EPS for 2007 lower than EUR 0.80.
Performance condition, C-rights	Increase in RAPPS 2010 compared to 2009. Full right to exercise will be obtained if RAPPS increases by 8% or more.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.
EPS knock out, C-rights	Reported EPS for 2010 lower than EUR 0.26	Reported EPS for 2009 lower than EUR 0.52.	Reported EPS for 2008 lower than EUR 0.80.
Performance conditions, D-rights	TSR during 2009-2010 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1.	TSR during 2008-2009 in comparison to a peer group. Full right to exercise was obtained if Nordea was ranked number 1.	TSR during 2007-2008 in comparison to a peer group. Full right to exercise was obtained if Nordea's TSR exceeded peer group index with 10% or more.
Cap	The profit per A-D-rights is capped to EUR 9.59 per right.	The profit per A-D-rights is capped to EUR 21.87 per right.	The profit per A-D-rights is capped to EUR 19.18 per right.
Exercise price adjustments	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the vesting period and the exercise period, however never adjusted below EUR 0.10.

[1] RAPPS for the financial year 2008 used for LTIP 2008 (C-rights) and LTIP 2009 (B-rights), RAPPS for the financial year 2009 used for LTIP 2009 (C-rights), EPS knock out in LTIP 2008 (C-rights) and LTIP 2009 (B- and C-rights) and the cap in LTIP 2009, LTIP 2008 and LTIP 2007 has been adjusted due to the financial effects of the new rights issue in 2009.

Note 8 *Staff costs, cont.*

Fair value calculations

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

	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Weighted average share price, EUR	8.39	6.93	5.79	11.08	12.33
Right life, years	3.0	3.0	2.5	2.5	3.0
Deduction of expected dividends	No	No	Yes	Yes	Yes
Risk free rate, %	1.48	1.99	1.84	3.83	4.20
Expected volatility, %	36	40	29	21	20

Expected volatility is based on historical values. As the exercise price (zero for LTIP 2010) is significantly below the share price at grant date, the value has a limited sensitivity to expected volatility and risk-free interest. The fair value calculations are also based on estimated early exercise behaviour during the programme's exercise windows, however not applicable for LTIP 2010 and LTIP 2011.

The value of the D-rights/Performance Share II are based on market related conditions and fulfilment of the TSR targets has been taken into consideration when calculating the right's fair value at grant. When calculating the impact from the TSR target it has been assumed that all possible outcomes have equal possibilities.

Expenses[1]

Group

EURm	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Expected expense	2.6	1.9	2.6	0.5	2.2
Maximum expense	4.3	3.7	2.6	0.5	2.2
Total expense 2011	0.6	0.8	0.5	-	-
Total expense 2010	-	0.6	1.7	0.9	-

Parent company

EURm	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Expected expense	2.5	1.8	2.4	0.5	2.2
Maximum expense	4.2	3.6	2.4	0.5	2.2
Total expense 2011	0.5	0.7	0.5	-	-
Total expense 2010	-	0.6	1.7	0.8	-

[1] All amounts excluding social charges

When calculating the expected expense an expected annual employee turnover of 5% has been used in LTIP 2010 and LTIP 2011. The expected expense is recognised over the vesting period of 36 months (LTIP 2010 and LTIP 2011) and 24 months (LTIP 2009, 2008 and 2007).

Cash-settled share-based payment transaction

Since 2009 Nordea operates share-linked deferrals on parts of variable compensation for certain employee categories, indexed with Nordea Total Shareholder Returns (TSR) and either vesting after three years or vesting in equal instalments over a three-year period. Since 2011 Nordea also operates TSR-linked retention on part of variable compensation for certain employee categories.

	Group		Parent company	
EURm	2011	2010	2011	2010
Deferred TSR-linked compensation at beginning of the year	1,083	-	1,083	-
Accrued deferred/retained TSR-linked compensation during the year[1]	1,098	961	1,098	961
TSR indexation during the year	-444	122	-444	122
Payments during the year[2]	-361	-	-361	-
Translation differences	4	-	4	-
Deferred TSR-linked compensation at end of year	**1,380**	**1,083**	**1,380**	**1,083**

[1] Of which EUR 273m is available for disposal by the employees in 2012.
[2] There have been no adjustments due to forfeitures in 2011.

Average number of employees

	Group		Parent company	
	2011	2010	2011	2010
Full-time employees	9,366	9,426	8,610	8,664
Part-time employees	648	612	588	569
Total	**10,014**	**10,038**	**9,198**	**9,233**
Total number of employees (FTEs), end of period	8,828	9,097	8,093	8,357

Note 9 Other expenses

	Group		Parent company	
EURm	2011	2010	2011	2010
Information technology[1]	-160	-168	-182	-188
Marketing and entertainment	-36	-40	-32	-37
Postage, transportation, telephone and office expenses	-50	-48	-43	-41
Rents, premises and real estate	-91	-86	-90	-85
Other[2]	-120	-137	-111	-127
Total	**-457**	**-479**	**-458**	**-478**

[1] Refers to IT operations, service expenses and consultant fees for the Group. Total IT-related costs including staff etc., were EUR -256m (-217) in the Group and EUR -244m (-205) in the parent company.
[2] Including fees and remuneration to auditors distributed as follows

Auditors' fees

	Group		Parent company	
EURm	2011	2010	2011	2010
KPMG				
Auditing assignments	-1	-1	-1	-1
Audit-related services	0	0	0	-
Tax advisory services	0	0	0	0
Other assignments	0	0	0	0
Ernst & Young				
Auditing assignments	-	-	-	-
Audit-related services	-	0	-	0
Tax advisory services	0	0	0	0
Other assignments	0	-	0	-
Deloitte				
Auditing assignments	-	-	-	-
Audit-related services	-	-	-	-
Tax advisory services	0	0	0	0
Other assignments	-1	-	-1	-
PriceWaterhouseCoopers				
Auditing assignments	-	0	-	-
Audit-related services	-	-	-	-
Tax advisory services	0	0	0	0
Other assignments	0	0	0	0
Other				
Auditing assignments	0	0	0	0
Audit-related services	0	-	0	-
Tax advisory services	0	0	0	0
Other assignments	-	0	-	0
Total	**-3**	**-2**	**-3**	**-2**

Note 10 Depreciation, amortisation and impairment charges of tangible and intangible assets

	Group		Parent company	
EURm	2011	2010	2011	2010
Depreciation/amortisation				
Property and equipment (Note 23)				
Equipment	-30	-30	-14	-14
Buildings	0	0	0	0
Intangible assets (Note 22)				
Goodwill	-	0	-	-
Computer software	-9	-8	-9	-8
Other intangible assets	-4	-3	-2	-2
Total	**-43**	**-41**	**-25**	**-24**
Impairment charges / Reversed impairment charges				
Property and equipment (Note 23)				
Equipment	-	0	-	0
Total	**-**	**0**	**-**	**0**
Total	**-43**	**-41**	**-25**	**-24**

Note 11 Net loan losses

EURm	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Divided by class				
Loans to credit institutions	**0**	**0**	**0**	**0**
- of which provisions	0	0	0	0
- of which reversals	0	0	0	0
Loans to the public	**-69**	**-247**	**-45**	**-202**
- of which provisions	-211	-342	-190	-302
- of which write-offs	-166	-153	-126	-106
- of which allowances used for covering write-offs	109	96	96	86
- of which reversals	172	130	161	113
- of which recoveries	27	22	14	7
Off-balance sheet items[1]	**-1**	**-25**	**-1**	**-25**
- of which provisions	-6	-30	-6	-30
- of which reversals	5	5	5	5
Total	**-70**	**-272**	**-46**	**-227**

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Specification				
Changes of allowance accounts in the balance sheet	**-40**	**-237**	**-30**	**-214**
- of which Loans, individually assessed[2]	-120	-212	-106	-192
- of which Loans, collectively assessed[2]	81	0	77	3
- of which Off-balance sheet items, individually assessed[1]	-6	-26	-6	-26
- of which Off-balance sheet items, collectively assessed[1]	5	1	5	1
Changes directly recognised in the income statement	**-30**	**-35**	**-16**	**-13**
- of which realised loan losses, individually assessed	-57	-57	-30	-19
- of which realised recoveries, individually assessed	27	22	14	6
Total	**-70**	**-272**	**-46**	**-227**

[1] Included in Note 33 Provisions as "Transfer risk, off-balance" and "Individually assessed, off-balance sheet".
[2] Included in Note 14 Loans and impairment

Key ratios

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Loan loss ratio, basis points[3]	9	41	7	38
- of which individual	21	42	19	39
- of which collective	-12	0	-12	-1

[3] Net loan losses (annualised) divided by opening balance of loans to the public (lending).

Note 12 Taxes

Income tax expense

	Group		Parent company	
EURm	2011	2010	2011	2010
Current tax	-373	-298	-339	-267
Deferred tax	-8	-4	-2	-1
Total	**-381**	**-302**	**-341**	**-268**

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate of Finland as follows:

	Group		Parent company	
EURm	2011	2010	2011	2010
Profit before tax	1,482	1,156	1,381	1,066
Tax calculated at a tax rate of 26%	-385	-301	-359	-277
Tax not related to profit	-	0	-	-
Income from associated undertakings	0	3	-	-
Other direct taxes	0	0	0	0
Tax-exempt income	4	2	17	11
Non-deductible expenses	-5	-6	-1	-2
Adjustments relating to prior years	3	0	3	0
Income tax due to tax assets previously not recognised	-	0	-	-
Change of tax rate	2	-	-1	-
Not creditable foreign taxes	-	-	-	-
Tax charge	**-381**	**-302**	**-341**	**-268**
Average effective tax rate	26%	26%	25%	25%

Group

	Deferred tax assets		Deferred tax liabilities	
EURm	2011	2010	2011	2010
Deferred tax related to:				
Tax losses carry-forward	0	0	-	-
Untaxed reserves	-	-	42	37
Loans to the public	19	18	11	10
Financial instruments	1	0	-	-
Intangible assets	0	0	0	-
Property and equipment	4	6	-	0
Investment property	-	-	-	-
Retirement benefit assets/obligations	-32	-12	0	0
Hedge of net investments in foreign operations	-	-	-	-
Liabilities/provisions	24	5	-	0
Total	**16**	**17**	**53**	**47**
- of which expected to be settled after more than 1 year	16	17	53	47

Note 12 *Taxes, cont.*

Parent company	Deferred tax assets		Deferred tax liabilities	
EURm	2011	2010	2011	2010
Deferred tax related to:				
Tax losses carry-forward	-	-	-	-
Loans to the public	17	16	-	-
Financial instruments	1	0	-	-
Intangible assets	-	.-	-	-
Property and equipment	3	4	-	-
Investment property	-	-	-	-
Retirement benefit assets/obligations	-32	-12	-	-
Liabilities/provisions	23	4	-	-
Total	**12**	**12**	**-**	**-**
- of which expected to be settled after more than 1 year	12	12	-	-

Movements in deferred tax assets/liabilities, net:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Amount at beginning of year (net)	-31	-26	12	13
Acquisitions and others	2	0	2	0
Deferred tax in the income statement	-8	-4	-2	-1
Amount at the end of the year (net)	**-37**	**-30**	**12**	**12**
Current tax assets	**132**	**84**	**131**	**83**
- of which expected to be settled after more than 1 year	-	-	-	-
Current tax liabilities	**0**	**1**	**0**	**0**
- of which expected to be settled after more than 1 year	-	-	-	-

There were no unrecognised deferred tax assets in the Group nor in the parent company in 2011 or 2010.

There was no deferred tax relating to temporary differences associated with investments in group undertakings, associated undertakings and joint ventures.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred tax income relates to the same fiscal authority.

Note 13 Treasury bills

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
State and sovereigns	5,165	2,359	5,165	2,359
Municipalities and other public bodies	949	1,533	949	1,533
Total	**6,114**	**3,892**	**6,114**	**3,892**
- of which Financial instruments pledged as collateral (Note 16)	1,133	1,533	1,133	1,533
Total	**4,981**	**2,359**	**4,981**	**2,359**

Note 14 Loans and impairment

	Total			
	Group		Parent company	
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Loans, not impaired	177,571	140,368	176,758	139,754
Impaired loans	1,922	1,871	1,751	1,684
- of which performing	1,075	1,038	1,018	969
- of which non-performing	847	833	733	715
Loans before allowances	**179,493**	**142,239**	**178,509**	**141,438**
Allowances for individually assessed impaired loans	-576	-565	-495	-484
- of which performing	-351	-359	-294	-293
- of which non-performing	-225	-206	-201	-191
Allowances for collectively assessed impaired loans	-236	-316	-220	-296
Allowances	**-812**	**-881**	**-715**	**-780**
Loans, carrying amount	**178,681**	**141,358**	**177,794**	**140,658**

	Credit institutions			
	Group		Parent company	
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Loans, not impaired	79,351	67,752	84,698	72,773
Impaired loans	24	24	24	24
- of which performing	-	-	-	-
- of which non-performing	24	24	24	24
Loans before allowances	**79,375**	**67,776**	**84,722**	**72,797**
Allowances for individually assessed impaired loans	-25	-25	-25	-25
- of which performing	-	-	-	-
- of which non-performing	-25	-25	-25	-25
Allowances for collectively assessed impaired loans	0	0	0	0
Allowances	**-25**	**-25**	**-25**	**-25**
Loans, carrying amount	**79,350**	**67,751**	**84,697**	**72,772**

	The public[1]			
	Group		Parent company	
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Loans, not impaired	98,220	72,616	92,060	66,981
Impaired loans	1,898	1,847	1,727	1,660
- Performing	1,075	1,038	1,018	969
- Non-performing	823	809	709	691
Loans before allowances	**100,118**	**74,463**	**93,787**	**68,641**
Allowances for individually assessed impaired loans	-551	-540	-470	-459
- Performing	-351	-359	-294	-293
- Non-performing	-200	-181	-176	-166
Allowances for collectively assessed impaired loans	-236	-316	-220	-296
Allowances	**-787**	**-856**	**-690**	**-755**
Loans, carrying amount	**99,331**	**73,607**	**93,097**	**67,886**

[1] Finance leases, where the Nordea Group is a lessor, are included in Loans to the public, see Note 24 Leasing.

Note 14 *Loans and impairment, cont.*

Reconciliation of allowance accounts for impaired loans[2]

Total

EURm	Group Individually assessed	Group Collectively assessed	Group Total	Parent company Individually assessed	Parent company Collectively assessed	Parent company Total
Opening balance at 1 Jan 2011	**-565**	**-316**	**-881**	**-484**	**-296**	**-780**
Provisions	-177	-34	-211	-155	-35	-190
Reversals	57	115	172	49	112	161
Changes through the income statement	**-120**	**81**	**-39**	**-106**	**77**	**-29**
Allowances used to cover write-offs	109	-	109	96	-	96
Translation differences	0	-1	-1	-1	-1	-2
Closing balance at 31 Dec 2011	**-576**	**-236**	**-812**	**-495**	**-220**	**-715**
Opening balance at 1 Jan 2010	**-447**	**-316**	**-763**	**-375**	**-300**	**-675**
Provisions	-273	-69	-342	-239	-63	-302
Reversals	61	69	130	47	66	113
Changes through the income statement	**-212**	**0**	**-212**	**-192**	**3**	**-189**
Allowances used to cover write-offs	96	-	96	86	-	86
Translation differences	-2	0	-2	-3	1	-2
Closing balance at 31 Dec 2010	**-565**	**-316**	**-881**	**-484**	**-296**	**-780**

Credit institutions

EURm	Group Individually assessed	Group Collectively assessed	Group Total	Parent company Individually assessed	Parent company Collectively assessed	Parent company Total
Opening balance at 1 Jan 2011	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Provisions	-	0	0	-	0	0
Reversals	-	0	0	-	0	0
Changes through the income statement	**-**	**0**	**0**	**-**	**0**	**0**
Allowances used to cover write-offs	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2011	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Opening balance at 1 Jan 2010	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Provisions	-	0	0	-	0	0
Reversals	-	0	0	-	0	0
Changes through the income statement	**-**	**0**	**0**	**-**	**0**	**0**
Allowances used to cover write-offs	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2010	**-25**	**0**	**-25**	**-25**	**0**	**-25**

The public

EURm	Group Individually assessed	Group Collectively assessed	Group Total	Parent company Individually assessed	Parent company Collectively assessed	Parent company Total
Opening balance at 1 Jan 2011	**-540**	**-316**	**-856**	**-459**	**-296**	**-755**
Provisions	-177	-34	-211	-155	-35	-190
Reversals	57	115	172	49	112	161
Changes through the income statement	**-120**	**81**	**-39**	**-106**	**77**	**-29**
Allowances used to cover write-offs	109	-	109	96	-	96
Translation differences	0	-1	-1	-1	-1	-2
Closing balance at 31 Dec 2011	**-551**	**-236**	**-787**	**-470**	**-220**	**-690**
Opening balance at 1 Jan 2010	**-422**	**-316**	**-738**	**-350**	**-300**	**-650**
Provisions	-273	-69	-342	-239	-63	-302
Reversals	61	69	130	47	66	113
Changes through the income statement	**-212**	**0**	**-212**	**-192**	**3**	**-189**
Allowances used to cover write-offs	96	-	96	86	-	86
Translation differences	-2	0	-2	-3	1	-2
Closing balance at 31 Dec 2010	**-540**	**-316**	**-856**	**-459**	**-296**	**-755**

[2] See Note 11 Net loan losses

Allowances and provisions

	Total			
	Group		Parent company	
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Allowances for items in the balance sheet	-812	-881	-715	-780
Provisions for off balance sheet items	-47	-47	-47	-47
Total allowances and provisions	**-859**	**-928**	**-762**	**-827**

	Credit institutions			
	Group		Parent company	
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Allowances for items in the balance sheet	-25	-25	-25	-25
Provisions for off balance sheet items	-9	-13	-9	-13
Total allowances and provisions	**-34**	**-38**	**-34**	**-38**

	The public			
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Allowances for items in the balance sheet	-787	-856	-690	-755
Provisions for off balance sheet items	-38	-34	-38	-34
Total allowances and provisions	**-825**	**-890**	**-728**	**-789**

Key ratios

	Group		Parent company	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Impairment rate, gross[3], basis points	107	132	98	119
Impairment rate, net[4], basis points	75	92	70	85
Total allowance rate[5], basis points	45	62	40	55
Allowances in relation to impaired loans[6], %	30	30	28	29
Total allowances in relation to impaired loans[7], %	42	47	41	46
Non-performing loans, not impaired[8], EURm	53	57	52	51

[3] Individually assessed impaired loans before allowances divided by total loans before allowances.
[4] Individually assessed impaired loans after allowances divided by total loans before allowances.
[5] Total allowances divided by total loans before allowances.
[6] Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.
[7] Total allowances divided by total impaired loans before allowances.
[8] Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 15 Interest-bearing securities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Issued by public bodies	1,163	774	1,163	774
Issued by other borrowers	31,935	24,575	31,935	24,575
Total	**33,098**	**25,349**	**33,098**	**25,349**
- of which Financial instruments pledged as collateral (Note 16)	7,213	3,771	7,213	3,771
Total	**25,885**	**21,578**	**25,885**	**21,578**
Listed and unlisted securities incl Financial instruments pledged as collateral				
Listed securities	26,410	11,913	26,410	11,913
Unlisted securities	6,688	13,436	6,688	13,436
Total	**33,098**	**25,349**	**33,098**	**25,349**

Note 16 Financial instruments pledged as collateral

Financial instruments pledged as collateral

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Treasury bills	1,133	1,533	1,133	1,533
Interest-bearing securities	7,213	3,771	7,213	3,771
Total	**8,346**	**5,304**	**8,346**	**5,304**

Transferred assets that are still recognised in the balance sheet and associated liabilities

All assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since NBF is still exposed to changes in the fair value of the assets. Therefore, these assets and its associated liabilities are included in the tables below.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Repurchase agreements	**8,346**	**5,304**	**8,346**	**5,304**
Treasury bills	1,133	1,533	1,133	1,533
Interest- bearing securities	7,213	3,771	7,213	3,771
Securities lending agreements	-	-	-	-
Securitisations	-	-	-	-
Total	**8,346**	**5,304**	**8,346**	**5,304**

Note 16 *Financial instruments pledged as collateral, cont.*

Liabilities associated with the assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Repurchase agreements	**8,346**	**5,304**	**8,346**	**5,304**
Deposits by credit institutions	5,064	4,412	5,064	4,412
Deposits and borrowings from the public	3,282	892	3,282	892
Securities lending agreements	-	-	-	-
Securitisations	-	-	-	-
Total	**8,346**	**5,304**	**8,346**	**5,304**

For information on reverse repos, see Note 43.

Note 17 Shares

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Shares	77	78	75	79
Shares taken over for protection of claims	-	-	-	-
Fund units, equity related	1,219	997	1,219	997
Fund units, interest related	16	4	15	4
Total	**1,312**	**1,079**	**1,309**	**1,080**
- of which Financial instruments pledged as collateral (Note 16)	-	-	-	-
Total	**1,312**	**1,079**	**1,309**	**1,080**
Of which expected to be settled after more than 1 year	20	24	20	21
Listed and unlisted shares incl Financial instruments pledged as collateral				
Listed shares	61	90	59	91
Unlisted shares	1,251	989	1,250	989
Total	**1,312**	**1,079**	**1,309**	**1,080**

Note 18 Derivatives and hedge accounting

31 Dec 2011, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom. amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom. amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	137,368	134,905	3,784,476	137,368	134,905	3,784,476
FRAs	-	0	-	-	0	-
Futures and forwards	776	743	1,548,734	776	743	1,548,734
Options	11,317	11,928	532,630	11,317	11,928	532,630
Total	**149,461**	**147,576**	**5,865,840**	**149,461**	**147,576**	**5,865,840**
Equity derivatives						
Equity swaps	126	158	3,672	126	158	3,672
Futures and forwards	16	13	755	16	13	755
Options	431	648	12,068	431	648	12,068
Total	**573**	**819**	**16,495**	**573**	**819**	**16,495**
Foreign exchange derivatives						
Currency and interest rate swaps	15,645	15,975	915,011	15,645	15,975	915,011
Currency forwards	812	675	45,553	812	675	45,553
Options	299	254	33,275	299	254	33,275
Total	**16,756**	**16,904**	**993,839**	**16,756**	**16,904**	**993,839**
Credit derivatives						
Credit default swaps	1,587	1,492	62,299	1,587	1,492	62,299
Total rate of return swaps	99	22	450	99	22	450
Total	**1,686**	**1,514**	**62,749**	**1,686**	**1,514**	**62,749**
Commodity derivatives						
Swaps	1,227	1,152	13,183	1,227	1,152	13,183
Futures and forwards	79	76	1,137	79	76	1,137
Other	69	68	2,227	69	68	2,227
Total	**1,375**	**1,296**	**16,547**	**1,375**	**1,296**	**16,547**
Other derivatives						
Options	1	3	85	1	3	85
Other	1	-	6	1	-	6
Total	**2**	**3**	**91**	**2**	**3**	**91**
Total derivatives held for trading	**169,853**	**168,112**	**6,955,561**	**169,853**	**168,112**	**6,955,561**

31 Dec 2011, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom. amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom. amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	301	179	28,011	301	179	28,011
Total	**301**	**179**	**28,011**	**301**	**179**	**28,011**
Foreign exchange derivatives						
Currency and interest rate swaps	74	145	2,185	74	145	2,185
Currency forwards	-	-	5,908	-	-	5,908
Total	**74**	**145**	**8,093**	**74**	**145**	**8,093**
Total derivatives used for hedge accounting	**375**	**324**	**36,104**	**375**	**324**	**36,104**
- of which fair value hedges	375	324	36,104	375	324	36,104
Total derivatives	**170,228**	**168,436**	**6,991,665**	**170,228**	**168,436**	**6,991,665**

	Group			Parent company		
	Fair value		Total nom.	Fair value		Total nom.
31 Dec 2010, EURm	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	71,191	69,799	2,975,152	71,187	69,799	2,975,152
FRAs	532	560	1,201,184	532	560	1,201,184
Futures and forwards	6	7	47,672	6	7	47,672
Options	8,302	8,036	663,688	8,302	8,036	663,688
Total	**80,031**	**78,402**	**4,887,696**	**80,027**	**78,402**	**4,887,696**
Equity derivatives						
Equity swaps	43	59	695	43	59	695
Futures and forwards	17	17	472	17	17	472
Options	659	728	17,767	659	728	17,767
Total	**719**	**804**	**18,934**	**719**	**804**	**18,934**
Foreign exchange derivatives						
Currency and interest rate swaps	5,905	5,852	328,516	5,905	5,852	328,516
Currency forwards	7,251	7,175	524,219	7,251	7,175	524,219
Options	627	648	41,502	627	648	41,502
Total	**13,783**	**13,675**	**894,237**	**13,783**	**13,675**	**894,237**
Credit derivatives						
Credit default swaps	1,013	940	52,267	1,013	940	52,267
Total rate of return swaps	102	21	450	102	21	450
Total	**1,115**	**961**	**52,717**	**1,115**	**961**	**52,717**
Commodity derivatives						
Swaps	1,385	1,395	13,725	1,385	1,395	13,725
Futures and forwards	82	67	706	82	67	706
Options	67	63	1,392	67	63	1,392
Total	**1,534**	**1,525**	**15,823**	**1,534**	**1,525**	**15,823**
Other derivatives						
Options	2	2	87	2	2	87
Total	**2**	**2**	**87**	**2**	**2**	**87**
Total derivatives held for trading	**97,184**	**95,369**	**5,869,494**	**97,180**	**95,369**	**5,869,494**

	Group			Parent company		
	Fair value		Total nom.	Fair value		Total nom.
31 Dec 2010, EURm	Positive	Negative	amount	Positive	Negative	amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	60	183	15,569	60	183	15,569
Total	**60**	**183**	**15,569**	**60**	**183**	**15,569**
Foreign exchange derivatives						
Currency and interest rate swaps	7	124	633	7	124	633
Total	**7**	**124**	**633**	**7**	**124**	**633**
Total derivatives used for hedge accounting	**67**	**307**	**16,202**	**67**	**307**	**16,202**
- of which fair value hedges	67	307	16,202	67	307	16,202
Total derivatives	**97,251**	**95,676**	**5,885,696**	**97,247**	**95,676**	**5,885,696**

Note 19 Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Carrying amount at beginning of year	96	141	96	141
Changes during the year				
- Revaluation of hedged items	42	-45	42	-45
Carrying amount at end of year	**138**	**96**	**138**	**96**

Liabilities	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Carrying amount at beginning of year	-58	7	-58	7
Changes during the year				
- Revaluation of hedged items	253	-65	253	-65
Carrying amount at end of year	**195**	**-58**	**195**	**-58**

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

Note 20 Investments in group undertakings

Parent company

	31 Dec	31 Dec
EURm	2011	2010
Acquisition value at beginning of year	353	338
Acquisitions / capital contributions during the year	17	15
Sales during the year	-	-
Translation differences	0	0
Acquisition value at end of year	**370**	**353**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Translation differences	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**370**	**353**
- of which listed shares	-	-

The total amount is expected to be settled after more than 1 year

Note 20 *Investments in group undertakings, cont.*

Specification

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

Group

31 Dec 2011	Number of shares	Carrying amount 2011 EURm	Carrying amount 2010 EURm	Voting power of holding, %	Domicile	Business ID
Domestic						
Credit institutions						
Nordea Finance Finland Ltd	1,000,000	306	306	100.0	Espoo	0112305-3
Financial institutions						
Tukirahoitus Oy[1]	672	7	7	100.0	Espoo	0677131-6
Real estate companies						
Kiinteistö Oy Tampereen Kirkkokatu 7[1]	280	50	50	100.0	Tampere	0819781-3
Kiinteistö Oy Levytie 6[1]	147	19	19	100.0	Helsinki	0818921-5
Kiinteistö Oy Lahden Aleksanterinkatu 19-21[1]	340,090	10	10	100.0	Lahti	0150108-5
Other companies						
Fidenta Oy	2,000	0	0	60.0	Espoo	0988412-1
International						
Financial institutions						
Nordea Finance Polska S.A[1]	19,690,000	0	0	100.0	Warsaw	PL5861944082
Nordea Finance Estonia Ltd[1]	60,000	6	6	100.0	Tallinn	EE100212426
Nordea Finance Latvia Ltd[1]	1,100	4	4	100.0	Riga	LV40003348054
Nordea Finance Lithuania Ltd[1]	6,540	4	4	100.0	Vilnius	LT116672716
Nordea Securities Holding (U.K.) Ltd	49,010,000	2	2	100.0	London	01803666
Real estate companies						
Promano Est OÜ	1	10	10	100.0	Tallinn	11681888
Promano Lit UAB	34,528	10	10	100.0	Vilnius	302423219
SIA Promano Lat	21,084	30	20	100.0	Riga	40103235197
SIA Realm	7,030	10	5	100.0	Riga	50103278681

Other subsidiaries included in the consolidated financial statements; total assets of less than EUR 10m	Number of companies	Carrying amount of shares EURm	Total assets EURm
Real estate companies	8	13	18
Other companies	6	0	84

[1] Indirect holding through Nordea Finance Finland Ltd, a subsidiary of Nordea Bank Finland Plc.

The parent company of Nordea Bank Finland Plc is Nordea Bank AB (publ) domiciled in Stockholm, registration number 516406-0120. The Annual Report 2011 of Nordea Bank AB (publ) may be down-loaded on the Internet at www.nordea.com and is available from Nordea Group Investor Relations, SE 105 71 Stockholm, Sweden. The Annual Report 2011 of the Nordea Group is also available at branches of Nordea Bank Finland Plc.

Group

Special Purpose Entities (SPEs) – Consolidated

SPEs that have been set up for enabling investments in structured credit products and for acquiring assets from customers.

EURm	Purpose	Duration	NBF's investment[1]	Total assets
Kirkas Northern Lights Limited [2]	Collateralised Mortgage Obligation	>5 years	0	0
Total			**0**	**0**

[1] Includes all assets towards the SPEs (bonds and subordinated loans). Additionally 8 SPEs have been setup in the Baltics to acquire assets from commercial customers. The total consolidated value of these assets is EUR 13m.

[2] Kirkas Northern Lights Ltd (Kirkas) has been established during 2008. Assets have been sold from NBF's ordinary lending portfolio to Kirkas. Kirkas has used the assets as collateral for bonds issued. Nordea Bank Finland repurchased the whole lending portfolio from Kirkas Northern Lights Limited on 15th of December 2011. The notes have been cancelled.

Note 21 Investments in associated undertakings

EURm	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Acquisition value at beginning of year	62	57	28	25
Acquisitions during the year[1]	15	5	15	5
Sales during the year	0	-6	0	-4
Share in earnings	9	6	-	-
Dividend received	-2	-2	-	-
Reclassifications	-3	2	0	2
Translation differences	-	-	-	-
Acquisition value at end of year	**81**	**62**	**43**	**28**
Accumulated impairment charges at beginning of year	-1	-1	-9	-9
Reversed impairment charges during the year	-	2	4	2
Impairment charges during the year	-	0	-	-
Impairment charges reclassifications during the year	-1	-2	-4	-2
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-2**	**-1**	**-9**	**-9**
Total	**79**	**61**	**34**	**19**

[1]Of which acquisitions through business combinations EUR 15m (0)

- of which listed shares	-	-	-	-

The total amount is expected to be settled after more than 1 year.

Nordea Bank Finland Plc's and Nordea Bank Finland Group's associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2011	31 Dec 2010
Total assets	321	509
Total liabilities	247	301
Operating income	64	94
Operating profit	6	8

Nordea Bank Finland Plc's and Nordea Bank Finland Group' s share of contingent liabilities in favour of associated undertakings of Nordea Bank Finland Group amounts to EUR 128m (281) and on behalf of associated undertakings EUR 0m (20).

Group

31 Dec 2011	Business ID	Domicile	Carrying amount 2011, EURm	Carrying amount 2010, EURm	Voting power of holding %
Credit institutions					
Luottokunta	0201646-0	Helsinki	49	42	27.1
Total			**49**	**42**	
Other					
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	8	8	33.3
Fenestra Oy[1]	0177676-7	Vantaa	0	0	9.9
NF Fleet Oy	2006935-5	Espoo	1	1	20.0
UAB ALD Automotive, Lithuania	300156575	Vilna	1	0	25.0
ALD Automotive Eesti AS, Estonia	11094435	Tallin	0	0	25.0
ALD Automotive SIA, Latvia	50003825931	Riga	0	0	25.0
Oy Realinvest Ab	0680035-9	Helsinki	0	5	49.3
Realia Holding Oy	2106796-8	Helsinki	20	5	25.0
Securus Oy	0742429-5	Helsinki	0	0	35.2
Total			**30**	**19**	
Total			**79**	**61**	

[1] Nordea Bank Finland Plc holds currently convertible bonds which, if converted, would give Nordea Bank Finland significant influence over the entity.

Note 21 *Investments in associated undertakings, cont.*

Parent company

31 Dec 2011	Business ID	Domicile	Carrying amount 2011, EURm	Carrying amount 2010, EURm	Voting power of holding %
Credit institutions					
Luottokunta	0201646-0	Helsinki	9	9	27.1
Total			**9**	**9**	
Other					
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	5	5	33.3
Fenestra Oy[1]	0177676-7	Vantaa	0	0	9.9
Realia Holding Oy	2106796-8	Helsinki	20	5	25.0
Oy Realinvest Ab	0680035-9	Helsinki	0	0	49.3
Securus Oy	0742429-5	Helsinki	0	0	35.2
Total			**25**	**10**	
Total			**34**	**19**	

[1] Nordea Bank Finland Plc holds currently convertible bonds which, if converted, would give Nordea Bank Finland significant influence over the entity.

Note 22 Intangible assets

	Group		Parent Company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Goodwill allocated to cash generating units[1]				
Other goodwill	-	-	-	-
Goodwill, total	-	-	-	-
Computer software	96	72	100	77
Other intangible assets	10	13	3	5
Total	**106**	**85**	**103**	**82**

[1] Excluding goodwill in associated undertakings.

	Group		Parent Company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Goodwill				
Acquisition value at beginning of year	0	0	-	-
Acquisitions during the year	-	-	-	-
Reclassifications	-	-	-	-
Acquisition value at end of year	**0**	**0**	**-**	**-**
Accumulated amortisation at beginning of year	0	-	-	-
Amortisation according to plan for the year	0	0	-	-
Accumulated amortisation at end of year	**0**	**0**	**-**	**-**
Total	**-**	**-**	**-**	**-**

Note 22 *Intangible assets, cont.*

	Group		Parent company	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Computer software				
Acquisition value at beginning of year	97	75	104	81
Acquisitions during the year	33	23	31	24
Sales/disposals during the year	-	-1	-	-1
Reclassifications	0	0	1	0
Translation differences	0	0	-	-
Acquisition value at end of year	**130**	**97**	**136**	**104**
Accumulated amortisation at beginning of year	-25	-18	-27	-19
Amortisation according to plan for the year	-9	-8	-9	-8
Accumulated amortisation on sales/disposals during the year	-	1	-	-
Reclassifications	0	0	0	0
Translation differences	-	-	-	-
Accumulated amortisation at end of year	**-34**	**-25**	**-36**	**-27**
Total	**96**	**72**	**100**	**77**

	Group		Parent Company	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Other intangible assets				
Acquisition value at beginning of year	20	16	11	7
Acquisitions during the year	0	4	0	4
Sales/disposals during the year	0	0	-	-
Reclassifications	-	-	-	-
Translation differences	0	-	-	-
Acquisition value at end of year	**20**	**20**	**11**	**11**
Accumulated amortisation at beginning of year	-7	-4	-6	-5
Amortisation according to plan for the year	-4	-3	-2	-2
Accumulated amortisation on sales/disposals during the year	1	0	0	-
Reclassifications	-	0	0	1
Translation differences	0	0	-	-
Accumulated amortisation at end of year	**-10**	**-7**	**-8**	**-6**
Accumulated impairment charges at beginning of year	0	-	-	-
Impairment charges during the year	0	-	-	-
Accumulated impairment charges at end of year	**0**	**-**	**-**	**-**
Total	**10**	**13**	**3**	**5**

The total amount is expected to be settled after more than 1 year.

Note 23 Property and equipment

EURm	Group 31 Dec 2011	Group 31 Dec 2010	Parent company 31 Dec 2011	Parent company 31 Dec 2010
Property and equipment	124	124	69	55
- of which buildings for own use	2	3	2	2
Total	**124**	**124**	**69**	**55**

Equipment				
Acquisition value at beginning of year	255	239	151	141
Acquisitions during the year	54	62	34	22
Sales/disposals during the year	-40	-34	-3	0
Reclassifications	-7	-12	-5	-12
Translation differences	1	0	-	0
Acquisition value at end of year	**263**	**255**	**177**	**151**
Accumulated depreciation at beginning of year	-134	-121	-98	-89
Accumulated depreciation on sales/disposals during the year	19	11	-	-
Reclassifications	9	6	8	5
Depreciation according to plan for the year	-30	-30	-14	-14
Translation differences	-6	0	-6	0
Accumulated depreciation at end of year	**-142**	**-134**	**-110**	**-98**
Accumulated impairment charges at beginning of year	-	0	-	-
Impairment charges during the year	-	0	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**121**	**121**	**67**	**53**

Land and buildings				
Acquisition value at beginning of year	4	27	4	3
Acquisitions during the year	-	-	-	-
Sales/disposals during the year	-	0	-	0
Reclassifications	1	-23	0	1
Acquisition value at end of year	**5**	**4**	**4**	**4**
Accumulated depreciation at beginning of year	-1	-2	-2	-1
Accumulated depreciation on sales/disposals during the year	-	-	-	-
Reclassifications	-1	1	-	-1
Depreciation according to plan for the year	0	0	0	0
Accumulated depreciation at end of year	**-2**	**-1**	**-2**	**-2**
Total	**3**	**3**	**2**	**2**

The total amount is expected to be settled after more than 1 year.

Note 24 Leasing

NBF as a lessor

Finance leases
Nordea Bank Finland Group owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans to the public" (see Note 14) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments:

	Group	
EURm	31 Dec 2011	31 Dec 2010
Gross investments	2,295	2,041
Less unearned finance income	-156	-123
Net investments in finance leases	**2,139**	**1,918**
Less unguaranteed residual values accruing to the benefit of the lessor	-29	-60
Present value of future minimum lease payments receivable	**2,110**	**1,858**
Accumulated allowance for uncollectible minimum lease payments receivable	7	8

As of 31 December 2011 the gross investment and the net investment by remaining maturity was distributed as follows:

	Group			
EURm	31 Dec 2011 Gross investment	31 Dec 2011 Net investment	31 Dec 2010 Gross investment	31 Dec 2010 Net investment
2012	795	726	674	618
2013	571	529	504	471
2014	405	381	480	461
2015	311	298	195	186
2016	144	140	107	103
Later years	69	65	81	79
Total	**2,295**	**2,139**	**2,041**	**1,918**

Operating leases
Assets subject to operating leases mainly comprise vehicles and other equipment. In the balance sheet they are reported as tangible assets.

	Group	
Carrying amount of leased assets, EURm	31 Dec 2011	31 Dec 2010
Acquisition value	68	93
Accumulated depreciations	-27	-31
Carrying amount at end of year	**41**	**62**
- of which repossessed leased property, carrying amount	0	0

	Group	
Carrying amount distributed on groups of assets, EURm	31 Dec 2011	31 Dec 2010
Equipment	41	62
Carrying amount at end of year	**41**	**62**

Depreciation for 2011 amounted to EUR 13m (15).

Under non-cancellable operating leases, the future minimum lease payments receivables are distributed as follows:

	Group	
	31 Dec	31 Dec
EURm	2011	2010
2012	8	7
2013	3	1
2014	1	0
2015	0	0
2016	0	-
Later years	-	-
Total	**12**	**8**

NBF as a lessee

Finance leases

Nordea Bank Finland Group has only to a minor extent entered into finance lease agreements. The carrying amount of assets subject to finance leases amounts to EUR 0m (EUR 0m).

Operating leases

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
Leasing expenses during the year, EURm	2011	2010	2011	2010
Leasing expenses during the year	-66	-69	-70	-70
- of which minimum lease payments	-65	-69	-69	-70
- of which contingent rents	0	0	-	-
Leasing income during the year regarding sublease payments	-	-	-	-

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

	Group	Parent company
EURm	31 Dec 2011	31 Dec 2011
2012	50	50
2013	33	33
2014	26	26
2015	19	20
2016	15	16
Later years	115	115
Total	**258**	**260**

Note 25 Investment property

Group

Movement in the balance sheet

EURm	31 Dec 2011	31 Dec 2010
Carrying amount at beginning of year	32	7
Acquisitions during the year	41	26
Sales/disposals during the year	-3	-1
Net gains or losses from fair value adjustments	1	0
Carrying amount at end of year	**71**	**32**

The total amount is expected to be settled after more than 1 year

Amounts recognised in the income statement[1]

EURm	2011	2010
Rental income	0	0
Direct operating expenses that generate rental income	-1	-1
Direct operating expenses that did not generate rental income	-	0
Total	**-1**	**-1**

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

Market value	71	32

Parent company

Movement in the balance sheet

EURm	31 Dec 2011	31 Dec 2010
Carrying amount at beginning of year	4	4
Acquisitions during the year	8	1
Sales/disposals during the year	-2	-1
Carrying amount at end of year	**10**	**4**

The total amount is expected to be settled after more than 1 year.

Amounts recognised in the income statement[1]

EURm	2011	2010
Rental income	0	0
Direct operating expenses that generated rental income	-1	0
Direct operating expenses that did not generate rental income	-	0
Total	**-1**	**0**

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

Market value	10	4

Note 26 Other assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Claims on securities settlement proceeds	1,069	4,958	1,069	4,957
Cash/ margin receivables	6,655	3,129	6,655	3,129
Other	354	475	332	454
Total	**8,078**	**8,562**	**8,056**	**8,540**
- of which expected to be settled after more than 1 year	0	65	-	-

Note 27 Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Accrued interest income	455	312	458	314
Other accrued income	232	183	56	36
Prepaid expenses	17	12	10	6
Total	**704**	**507**	**524**	**356**
- of which expected to be settled after more than 1 year	82	65	-	-

Note 28 Deposits by credit institutions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Central banks	7,721	965	7,721	965
Other banks	55,094	46,337	55,006	46,281
Other credit institutions	13,192	13,247	13,192	13,247
Total	**76,007**	**60,549**	**75,919**	**60,493**

Note 29 Deposits and borrowings from the public

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Deposits from the public	53,636	48,917	53,650	49,012
Borrowings from the public	14,624	6,542	14,615	6,540
Total	**68,260**	**55,459**	**68,265**	**55,552**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits.

Note 30 Debt securities in issue

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Certificates of deposit	35,557	31,757	35,557	31,757
Bond loans[1]	13,596	8,089	13,596	8,089
Total	**49,153**	**39,846**	**49,153**	**39,846**

[1] Of which Finnish covered bonds EUR 7,250m (1,987).

Note 31 Other liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Liabilities on securities settlement proceeds	1,428	9,195	1,428	9,195
Sold, not held, securities	10,732	8,406	10,732	8,406
Accounts payable	47	39	10	5
Cash/margin payables	4,374	2,895	4,374	2,895
Other	7,547	1,570	7,446	1,474
Total	**24,128**	**22,105**	**23,990**	**21,975**
- of which expected to be settled after more than 1 year	0	24	-	-

Note 32 Accrued expenses and prepaid income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Accrued interest	356	201	356	201
Other accrued expenses	392	411	201	248
Prepaid income	62	40	58	37
Total	**810**	**652**	**615**	**486**
- of which expected to be settled after more than 1 year	83	55	-	-

Note 33 Provisions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Reserve for restructuring costs	33	5	33	5
Transfer risks, off-balance	9	15	9	14
Individually assessed, guarantees and other commitments	38	32	38	32
Tax	1	0	-	-
Other	16	28	14	25
Total	**97**	**80**	**94**	**76**

Group

	Transfer risks	Off-balance sheet	Restructuring	Tax	Other	Total
At the beginning of year	15	32	5	0	28	80
New provisions made	-	6	29	1	1	37
Provisions utilised	-	-	-1	-	-13	-14
Reversals	-6	-	-	-	-	-6
Reclassifications	-	-	-	-	0	0
Translation differences	-	-	-	-	0	0
At the end of year	**9**	**38**	**33**	**1**	**16**	**97**
- of which expected to be settled within 1 year	-	-	9	1	0	10

Provision for restructuring costs amounts to EUR 33m and relates mainly to group initiatives including a provision of EUR 27m for New Normal (of which EUR 9m expected to be settled during 2012).

Provision for Transfer risk is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 14. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed, guarantees and other commitments amounted to EUR 38m.

Other provision refers to the following provisions: Rental liabilities EUR 3m (of which EUR 0m expected to be settled during 2012), provision for environmental and property-related obligations of EUR 3m (not expected to be settled during 2012) and other provisions amounting to EUR 11m (not expected to be settled during 2012).

Parent company

	Transfer risks	Off-balance sheet	Restructuring	Other	Total
At beginning of year	14	32	5	25	76
New provisions made	-	6	29	1	36
Provisions utilised	-	-	-1	-12	-13
Reversals	-5	-	-	-	-5
Reclassifications	-	-	-	0	0
Translation differences	-	-	-	-	-
At the end of year	**9**	**38**	**33**	**14**	**94**
- of which expected to be settled within 1 year	-	-	9	1	10

Provision for restructuring costs amounts to EUR 33m and relates mainly to group initiatives including a provision of EUR 27m for New Normal (of which EUR 9m expected to be settled during 2012).

Provision for Transfer risk is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 14. Provision for transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed, guarantees and other commitments amounted to EUR 38m.

Other provision refers to the following provisions: Rental liabilities EUR 3m (of which EUR 0m expected to be settled during 2012), provision for environmental and property-related obligations of EUR 3m (not expected to be settled during 2012) and other provisions amounting to EUR 8m (not expected to be settled during 2012).

Note 34 Retirement benefit obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Defined benefit plans, net	-94	-77	-88	-70
Total	**-94**	**-77**	**-88**	**-70**

NBF has various pension plans, which are classified both as defined benefit plans as well as defined contribution plans. The defined benefit plans in Finland are closed to new employees and instead, pensions for new employees are based on defined contribution arrangements. The plans for the foreign branches are also mainly defined contribution plans. The existing defined benefit plans in London and New York are closed to new employees. Defined contribution plans are not reflected on the balance sheet.

IAS 19 secures that the market-based value of pension obligations net of plan assets backing these obligations will be reflected on the Group's balance sheet. The major plans are funded schemes covered by assets in pension funds/foundations. Some other pension plans are recognised directly on the balance sheet as a liability.

Funded schemes [1]	Group	Parent company
2011		
Members	18,779	18,162
Average member age	64	64
2010		
Members	19,035	18,394
Average member age	61	61

[1] Numbers are combined for the Finnish pension fund and pension foundation, Life Assurance Finland Ltd and London plans.

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions fixed for each of the Group's pension plans.

Assumptions	Finland
2011	
Discount rate	4.5%
Salary increase	3.5%
Inflation	2.0%
Expected return on assets before taxes	5.5%
2010	
Discount rate	4.5%
Salary increase	3.5%
Inflation	2.0%
Expected return on assets before taxes	5.5%

The expected return on assets is based on long-term expectations for return on the different asset classes. On bonds, this is linked to the discount rate while equities and real estate have an added risk premium.

The discount rate has the most significant impact on the obligation and pension cost. If the discount rate is reduced the pension obligation will increase and vice versa. A one percentage point increase in the discount rate would lead to a decrease in pension obligation of 12% and in service cost of 29%. A one percentage point decrease in the discount rate would lead to an increase in pension obligation of 14% and in service cost of 3%.

Asset composition

The combined return on assets in 2011 was 0% (8) mainly reflecting the general development in the market. At the end of the year, the equity exposure in pension funds/foundations represented 20% (24) of total assets.

Asset composition in funded schemes	2011	2010
Equity	20%	24%
Bonds	67%	70%
Real Estate	11%	6%
- of which Nordea real estate	3%	3%
Other plan assets	2%	0%

Note 34 *Retirement benefit obligations, cont.*

Amounts recognised in the balance sheet

	Group		Parent company	
EURm	2011	2010	2011	2010
PBO	754	764	738	746
Plan assets	823	854	807	834
Total surplus/deficit (-)	**69**	**90**	**69**	**88**
- of which unrecognised actuarial gains/losses(-)	-25	13	-19	18
Of which recognised in the balance sheet	**94**	**77**	**88**	**70**
- of which retirement benefit assets	120	104	113	98
- of which retirement benefit obligations	25	28	25	28
- of which related to unfunded plans (PBO)	16	16	16	16

Overview of surplus or deficit in the plans

	Total	Total	Total	Total	Total
EURm	2011	2010	2009	2008	2007
PBO	754	764	774	774	759
Plan Assets	823	854	816	775	857
Surplus/deficit(-)	**69**	**90**	**42**	**1**	**98**

Changes in the PBO

	Group		Parent company	
EURm	2011	2010	2011	2010
PBO at 1 Jan	764	774	746	757
Service cost	3	3	3	1
Interest cost	34	34	33	33
Pensions paid	-40	-39	-39	-39
Curtailments and settlements	0	0	0	0
Past service cost	0	1	0	1
Actuarial gains(-)/losses	-8	-8	-6	-6
Effect of exchange rate changes	1	-1	1	-1
PBO at 31 Dec	**754**	**764**	**738**	**746**

Changes in the fair value of plan assets

	Group		Parent company	
EURm	2011	2010	2011	2010
Assets at 1 Jan	854	816	834	798
Expected return on assets	44	42	43	41
Pensions paid	-40	-39	-39	-39
Contributions	10	8	10	8
Actuarial gains/losses(-)	-47	25	-43	25
Effect of exchange rate changes	2	2	2	1
Plan assets at 31 Dec	**823**	**854**	**807**	**834**
Actual return on plan assets	**-2**	**68**	**0**	**66**

Overview of actuarial gains/losses

	Total	Total	Total	Total	Total
EURm	2011	2010	2009	2008	2007
Effects of changes in actuarial assumptions	9	0	-1	-41	87
Experience adjustments	-48	33	33	-92	8
- of which on plan assets	-47	25	25	-102	-12
- of which on plan liabilities	-1	8	8	10	20
Actuarial gains/losses	**-39**	**33**	**32**	**-133**	**95**

Note 34 *Retirement benefit obligations, cont.*

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year 2011 is EUR 7m positive (4m positive). In the parent company's income statement the respective cost was EUR 7m positive (4m positive) in 2011.

Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 8.)

	Group		Parent company	
Recognised net defined benefit cost, EURm	2011	2010	2011	2010
Service cost	3	2	3	2
Interest cost	33	34	32	33
Expected return on assets	-44	-42	-43	-41
Curtailments and settlements	0	0	0	0
Recognised past service cost	0	1	0	1
Recognised actuarial gains(-) / losses	1	1	1	1
Pension cost on defined benefit plans	**-7**	**-4**	**-7**	**-4**

The pension cost is in line with what was expected at the start of the year. The net pension cost on defined benefit plans is expected to be 8m positive both in the Group and in the parent company in 2012.

The Group and parent company expect to contribute EUR 10m to its defined benefit plans in 2012.

Key management personnel

The members of the Board of Directors of Nordea Bank Finland Plc and the Chief Executive Officer are all members of the Nordea Bank AB (publ) Group Executive Management. In 2011 Nordea Bank AB (publ) has paid all salaries, fees, pensions- and other staff-related expenses to the above mentioned members of the administrative and controlling boards. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation -expenses.

Information on salaries, loans and pension liabilities regarding the above mentioned persons is presented in the Annual Report of Nordea Bank AB (publ).

Pension obligation for the deputy of the President of Nordea Bank Finland Plc amounted to EUR 1m at end 2011.

Note 35 Subordinated liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Dated subordinated debenture loans	-	-	-	-
Undated subordinated debenture loans	503	477	503	477
Total	**503**	**477**	**503**	**477**

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

Group and parent company

On 31 December 2011 loans - with terms specified below - exceeded 10% of the total outstanding volume.

Issued by	Year of issue / maturity	Nominal value	Carrying amount EURm	Interest rate (coupon)
Nordea Bank Finland Plc[1]	2002/undated	MGBP 300	359	6.25%
Nordea Bank Finland Plc[2]	1999/undated	MJPY 10,000	100	3.06%

[1] Call date 18 July 2014
[2] Call date 26 February 2029

Note 36 Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Assets pledged for own liabilities				
Securities etc[1]	17,650	17,225	17,650	17,225
Loans to the public	11,919	13,380	11,919	13,380
Other pledged assets	5,447	352	5,447	352
Total	**35,016**	**30,957**	**35,016**	**30,957**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	-	13,410	-	13,410
Other liabilities	25,494	7,374	25,494	7,373
Total	**25,494**	**20,784**	**25,494**	**20,783**

[1] Relates only to securities recognised in the balance sheet. Securities borrowed or bought under repurchase agreements are not recognised in the balance sheet and thus not included in the amount. Such transactions are disclosed in Note 43 Obtained collaterals which are permitted to be sold or repledged.

Assets pledged for own liabilities contain securities pledged as security in repurchase agreement and in securities lending. The transactions are conducted under standard agreements employed by financial markets participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months. Loans to the public amounting to EUR 11,919m (9,636) have been registered as collateral for issued Finnish covered bonds amounting to EUR 7,250m (1,987). In the event of the company's insolvency, the holders of these bonds have priority to the assets registered as collateral. Collaterals are valuated up to the first 70% of the market value of the property. Nordea Bank has used Realia Oy, Newsec Oy, Huoneistokeskus Oy, Kiinteistömaailma Oy and Catella Oy to valuate commercial real estate collaterals.

Note 37 Other assets pledged

There are no collaterals pledged on behalf of other items other than the company's own liabilities.

Note 38 Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Guarantees				
Loan guarantees	3,225	3,571	3,226	3,573
Other guarantees	13,800	12,360	14,106	12,639
Documentary credits	1,996	2,159	1,996	2,159
Other contingent liabilities	20	21	20	21
Total	**19,041**	**18,111**	**19,348**	**18,392**

In the normal business of Nordea Bank Finland, the bank issues various forms of guarantees in favour of bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are considered as off-balance sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

Note 39 Commitments

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Future payment obligations	11	14	11	14
Credit commitments[1]	17,949	18,212	15,006	15,343
Other commitments	765	1,024	481	783
Total	**18,725**	**19,250**	**15,498**	**16,140**

[1] Including unutilised portion of approved overdraft facilities of EUR 9,197m (9,518) for the Group and EUR 9,198m (9,524) for the parent company.

Reverse repurchase agreements are recognised on and derecognised from the balance sheet on settlement date. Nordea has as per 31 December 2011 signed reverse repurchase agreements of EUR 10,417m that have not yet been settled and consequently are not recognised on the balance sheet. On settlement date these reverse repurchase agreements will, to the utmost extent, replace existing reverse repurchase agreements not yet derecognised as per 31 December 2011. The net impact on the balance sheet is minor. These instruments have not been disclosed as commitments.

Note 40 Capital adequacy

Capital base

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Original own funds				
Paid up capital	2,319	2,319	2,319	2,319
Share premium	599	599	599	599
Eligible capital	**2,918**	**2,918**	**2,918**	**2,918**
Reserves	7,601	7,448	7,240	7,142
Non-controlling interests	5	6	0	-
Income (positive/negative) from current year	1,099	852	1,040	798
Eligible reserves	**8,706**	**8,306**	**8,280**	**7,940**
Tier 1 capital (before hybrid capital and deductions)	**11,624**	**11,224**	**11,198**	**10,858**
Proposed/actual dividend	-1,000	-700	-1,000	-700
Deferred tax assets	-16	-17	-12	-12
Intangible assets	-106	-85	-103	-82
Deductions for investments in credit institutions	-27	-23	-4	-4
IRB provisions excess (+) / shortfall (-)[1]	-42	-50	-29	-37
Other items, net	-123	-107	-123	-107
Deductions from original own funds	**-1,314**	**-982**	**-1,271**	**-942**
Tier 1 capital (net after deduction)	**10,310**	**10,242**	**9,927**	**9,916**
Additional own funds				
Securities of indeterminate duration and other instruments	568	561	568	561
Subordinate loan capital	-	-	-	-
Other additional own funds	-4	-	-4	-
Tier 2 capital (before deductions)	**564**	**561**	**564**	**561**
Deductions for investments in credit institutions	-27	-23	-4	-4
IRB provisions excess (+) / shortfall (-)[1]	-42	-50	-29	-37
Deductions from additional own funds	**-69**	**-73**	**-33**	**-41**
Tier 2 capital (net after deductions)	**495**	**488**	**531**	**520**
Total own funds for solvency purposes	**10,805**	**10,730**	**10,458**	**10,436**

[1] The term provision is used in the CRD when defining the basis for shortfall/provision excess.In Nordea, the term allowances is used when referring to the same treatment.

Note 40 *Capital adequacy, cont.*

Capital requirements and RWA

Group

	31 Dec 2011		31 Dec 2010	
EURm	Capital requirement	RWA	Capital requirement	RWA
Credit risk	**5,367**	**67,088**	**5,238**	**65,470**
IRB	2,798	34,972	2,541	31,766
- of which corporate	1,838	22,972	1,718	21,477
- of which institutions	594	7,425	446	5,581
- of which retail	346	4,327	356	4,456
- of which real estate	210	2,620	179	2,237
- of which other	137	1,707	178	2,219
- of which other	20	248	20	253
Standardised	2,569	32,116	2,696	33,704
- of which sovereign	29	362	28	348
- of which retail	338	4,226	347	4,334
- of which residential real estate	67	840	46	581
- of which other	271	3,386	300	3,753
- of which other	2,202	27,527	2,322	29,022
Market risk[1]	**663**	**8,291**	**358**	**4,474**
- of which trading book, Internal Approach	460	5,749	119	1,482
- of which trading book, Standardised Approach	203	2,542	239	2,992
- of which banking book, Standardised Approach	-	-	-	-
Operational risk	**415**	**5,189**	**421**	**5,258**
Standardised	415	5,189	421	5,258
Sub total	**6,445**	**80,567**	**6,016**	**75,203**
Adjustment for transition rules				
Additional capital requirement according to transition rules	-	-	-	-
Total	**6,445**	**80,567**	**6,016**	**75,203**

[1] Note that the comparison figures are not restated with respect to CRD III.

Capital requirements and RWA

Parent company

	31 Dec 2011		31 Dec 2010	
EURm	Capital requirement	RWA	Capital requirement	RWA
Credit risk	**5,019**	**62,738**	**4,907**	**61,334**
IRB	2,676	33,452	2,429	30,359
- of which corporate	1,722	21,527	1,612	20,149
- of which institutions	593	7,418	445	5,566
- of which retail	346	4,327	356	4,456
- of which real estate	210	2,620	179	2,237
- of which other	137	1,707	178	2,219
- of which other	14	180	15	189
Standardised	2,343	29,286	2,478	30,975
- of which sovereign	29	362	28	348
- of which retail	169	2,113	168	2,105
- of which residential real estate	65	818	46	581
- of which other	104	1,294	122	1,524
- of which other	2,145	26,811	2,282	28,522
Market risk[1]	**663**	**8,291**	**358**	**4,474**
- of which trading book, Internal Approach	460	5,749	119	1,482
- of which trading book, Standardised Approach	203	2,542	239	2,992
- of which banking book, Standardised Approach	-	-	-	-
Operational risk	**376**	**4,694**	**397**	**4,964**
Standardised	376	4,694	397	4,964
Sub total	**6,058**	**75,723**	**5,662**	**70,772**
Adjustment for transition rules				
Additional capital requirement according to transition rules	-	-	-	-
Total	**6,058**	**75,723**	**5,662**	**70,772**

[1] Note that the comparison figures are not restated with respect to CRD III.

With the adoption of the CRD III amendment, new risk types under the internal approach have been introduced. For Nordea Bank Finland this includes additional capital charge for stressed VaR, incremental and comprehensive risk. In addition, under the Standardised Approach the risk weights for specific equity risk have increased. The total CRD III impact for Nordea Bank Finland is an increase of EUR 4,549m in market risk RWA.

More Capital Adequacy information for the Group can be found in the section Risk, Liquidity and Capital management in the Directors' Report.

Note 41 Classification of financial instruments

Group 31 Dec 2011, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	286	-	-	-	-	-	-	286
Treasury bills	-	-	4,375	-	-	606	-	4,981
Loans to credit institutions	72,699	-	6,651	-	-	-	-	79,350
Loans to the public	73,891	-	25,440	-	-	-	-	99,331
Interest-bearing securities	-	2,793	12,762	-	-	10,330	-	25,885
Financial instruments pledged as collateral	-	-	8,346	-	-	-	-	8,346
Shares	-	-	1,290	22	-	-	-	1,312
Derivatives	-	-	169,852	-	376	-	-	170,228
Fair value changes of the hedged items in portfolio hedge of interest rate risk	138	-	-	-	-	-	-	138
Investments in associated undertakings	-	-	-	-	-	-	79	79
Intangible assets	-	-	-	-	-	-	106	106
Property and equipment	-	-	-	-	-	-	124	124
Investment property	-	-	-	-	-	-	71	71
Deferred tax assets	-	-	-	-	-	-	16	16
Current tax assets	-	-	-	-	-	-	132	132
Retirement benefit assets	-	-	-	-	-	-	120	120
Other assets	1,408	-	-	6,656	-	-	14	8,078
Prepaid expenses and accrued income	462	-	-	10	-	-	232	704
Total	**148,884**	**2,793**	**228,716**	**6,688**	**376**	**10,936**	**894**	**399,287**

Group 31 Dec 2011, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	14,861	9,334	-	51,812	-	76,007
Deposits and borrowings from the public	14,584	-	-	53,676	-	68,260
Debt securities in issue	6,271	-	-	42,882	-	49,153
Derivatives	168,112	-	324	-	-	168,436
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	195	-	195
Current tax liabilities	-	-	-	-	0	0
Other liabilities	10,732	4,374	-	9,013	9	24,128
Accrued expenses and prepaid income	-	64	-	353	393	810
Deferred tax liabilities	-	-	-	-	53	53
Provisions	-	-	-	-	97	97
Retirement benefit obligations	-	-	-	-	25	25
Subordinated liabilities	-	-	-	503	-	503
Total	**214,560**	**13,772**	**324**	**158,434**	**577**	**387,667**

Group 31 Dec 2010, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	7,485	-	-	-	-	-	-	7,485
Treasury bills	-	-	2,359	-	-	-	-	2,359
Loans to credit institutions	50,252	-	17,499	-	-	-	-	67,751
Loans to the public	69,217	-	4,390	-	-	-	-	73,607
Interest-bearing securities	-	6,039	11,754	214	-	3,571	-	21,578
Financial instruments pledged as collateral	-	-	5,304	-	-	-	-	5,304
Shares	-	-	1,055	24	-	-	-	1,079
Derivatives	-	-	97,184	-	67	-	-	97,251
Fair value changes of the hedged items in portfolio hedge of interest rate risk	96	-	-	-	-	-	-	96
Investments in associated undertakings	-	-	-	-	-	-	61	61
Intangible assets	-	-	-	-	-	-	85	85
Property and equipment	-	-	-	-	-	-	124	124
Investment property	-	-	-	-	-	-	32	32
Deferred tax assets	-	-	-	-	-	-	17	17
Current tax assets	-	-	-	-	-	-	84	84
Retirement benefit assets	-	-	-	-	-	-	104	104
Other assets	5,419	-	-	3,129	-	-	14	8,562
Prepaid expenses and accrued income	317	-	-	7	-	-	183	507
Total	**132,786**	**6,039**	**139,545**	**3,374**	**67**	**3,571**	**704**	**286,086**

Group 31 Dec 2010, EURm	Financial liabilities at fair value through profit or loss Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	13,360	6,346	-	40,843	-	60,549
Deposits and borrowings from the public	6,503	-	-	48,956	-	55,459
Debt securities in issue	6,027	-	-	33,819	-	39,846
Derivatives	95,369	-	307	-	-	95,676
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-58	-	-58
Current tax liabilities	-	-	-	-	1	1
Other liabilities	8,406	2,895	-	10,795	9	22,105
Accrued expenses and prepaid income	-	59	-	182	411	652
Deferred tax liabilities	-	-	-	-	47	47
Provisions	-	-	-	-	80	80
Retirement benefit obligations	-	-	-	-	28	28
Subordinated liabilities	-	-	-	477	-	477
Total	**129,665**	**9,300**	**307**	**135,014**	**576**	**274,862**

Parent company			Financial assets at fair value through profit or loss					
31 Dec 2011, EURm	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	286	-	-	-	-	-	-	286
Treasury bills	-	-	4,375	-	-	606	-	4,981
Loans to credit institutions	78,046	-	6,651	-	-	-	-	84,697
Loans to the public	67,658	-	25,439	-	-	-	-	93,097
Interest-bearing securities	-	2,793	12,762	-	-	10,330	-	25,885
Financial instruments pledged as collateral	-	-	8,346	-	-	-	-	8,346
Shares	-	-	1,289	20	-	-	-	1,309
Derivatives	-	-	169,852	-	376	-	-	170,228
Fair value changes of the hedged items in portfolio hedge of interest rate risk	138	-	-	-	-	-	-	138
Investments in group undertakings	-	-	-	-	-	-	370	370
Investments in associated undertakings	-	-	-	-	-	-	34	34
Intangible assets	-	-	-	-	-	-	103	103
Property and equipment	-	-	-	-	-	-	69	69
Investment property	-	-	-	-	-	-	10	10
Deferred tax assets	-	-	-	-	-	-	12	12
Current tax assets	-	-	-	-	-	-	131	131
Retirement benefit assets	-	-	-	-	-	-	113	113
Other assets	1,388	-	-	6,656	-	-	12	8,056
Prepaid expenses and accrued income	458	-	-	10	-	-	56	524
Total	**147,974**	**2,793**	**228,714**	**6,686**	**376**	**10,936**	**910**	**398,389**

Parent company	Financial liabilities at fair value through profit or loss					
31 Dec 2011, EURm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	14,861	9,334	-	51,724	-	75,919
Deposits and borrowings from the public	14,584	-	-	53,681	-	68,265
Debt securities in issue	6,271	-	-	42,882	-	49,153
Derivatives	168,112	-	324	-	-	168,436
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	195	-	195
Current tax liabilities	-	-	-	-	0	0
Other liabilities	10,732	4,374	-	8,876	8	23,990
Accrued expenses and prepaid income	-	64	-	349	202	615
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	94	94
Retirement benefit obligations	-	-	-	-	25	25
Subordinated liabilities	-	-	-	503	-	503
Total	**214,560**	**13,772**	**324**	**158,210**	**329**	**387,195**

Parent company			Financial assets at fair value through profit or loss					
31 Dec 2010, EURm	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	7,485	-	-	-	-	-	-	7,485
Treasury bills	-	-	2,359	-	-	-	-	2,359
Loans to credit institutions	55,273	-	17,499	-	-	-	-	72,772
Loans to the public	63,496	-	4,390	-	-	-	-	67,886
Interest-bearing securities	-	6,039	11,754	214	-	3,571	-	21,578
Financial instruments pledged as collateral	-	-	5,304	-	-	-	-	5,304
Shares	-	-	1,059	21	-	-	-	1,080
Derivatives	-	-	97,180	-	67	-	-	97,247
Fair value changes of the hedged items in portfolio hedge of interest rate risk	96	-	-	-	-	-	-	96
Investments in group undertakings	-	-	-	-	-	-	353	353
Investments in associated undertakings	-	-	-	-	-	-	19	19
Intangible assets	-	-	-	-	-	-	82	82
Property and equipment	-	-	-	-	-	-	55	55
Investment property	-	-	-	-	-	-	4	4
Deferred tax assets	-	-	-	-	-	-	12	12
Current tax assets	-	-	-	-	-	-	83	83
Retirement benefit assets	-	-	-	-	-	-	98	98
Other assets	5,402	-	-	3,129	-	-	9	8,540
Prepaid expenses and accrued income	313	-	-	7	-	-	36	356
Total	**132,065**	**6,039**	**139,545**	**3,371**	**67**	**3,571**	**751**	**285,409**

Parent company	Financial liabilities at fair value through profit or loss					
31 Dec 2010, EURm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	13,360	6,346	-	40,787	-	60,493
Deposits and borrowings from the public	6,503	-	-	49,049	-	55,552
Debt securities in issue	6,027	-	-	33,819	-	39,846
Derivatives	95,369	-	307	-	-	95,676
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-58	-	-58
Current tax liabilities	-	-	-	-	0	0
Other liabilities	8,406	2,895	-	10,666	8	21,975
Accrued expenses and prepaid income	-	59	-	179	248	486
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	76	76
Retirement benefit obligations	-	-	-	-	28	28
Subordinated liabilities	-	-	-	477	0	477
Total	**129,665**	**9,300**	**307**	**134,919**	**360**	**274,551**

Note 41 *Classification of financial instruments, cont..*

Changes in fair values attributable to changes in credit risk

The financial liabilities designated at fair value through profit or loss are related to the funding of the Markets operation. The funding of Markets is generally of such a short term nature that the effect of changes in own credit risk is not significant.

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

	Group		Parent company	
31 Dec 2011, EURm	Carrying amount	Amount to be paid at maturity	Carrying amount	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	9,334	9,334	9,334	9,334

	Group		Parent company	
31 Dec 2010, EURm	Carrying amount	Amount to be paid at maturity	Carrying amount	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	6,346	6,346	6,346	6,346

Note 42 Assets and liabilities at fair value

Group	31 Dec 2011		31 Dec 2010	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	286	286	7,485	7,485
Treasury bills	4,981	4,981	2,359	2,359
Loans to credit institutions	79,350	79,344	67,751	67,780
Loans to the public	99,331	99,446	73,607	73,671
Interest-bearing securities	25,885	25,889	21,578	21,598
Financial instruments pledged as collateral	8,346	8,346	5,304	5,304
Shares	1,312	1,312	1,079	1,079
Derivatives	170,228	170,228	97,251	97,251
Fair value changes of the hedged items in portfolio hedge of interest rate risk	138	138	96	96
Investments in associated undertakings	79	79	61	61
Intangible assets	106	106	85	85
Property and equipment	124	124	124	124
Investment property	71	71	32	31
Deferred tax assets	16	16	17	17
Current tax assets	132	132	84	84
Retirement benefit assets	120	120	104	104
Other assets	8,078	8,079	8,562	8,562
Prepaid expenses and accrued income	704	704	507	507
Total assets	**399,287**	**399,401**	**286,086**	**286,198**
Liabilities				
Deposits by credit institutions	76,007	75,987	60,549	60,589
Deposits and borrowings from the public	68,260	68,191	55,459	55,477
Debt securities in issue	49,153	48,952	39,846	39,798
Derivatives	168,436	168,436	95,676	95,676
Fair value changes of the hedged items in portfolio hedge of interest rate risk	195	195	-58	-58
Current tax liabilities	-	-	1	1
Other liabilities	24,128	24,128	22,105	22,105
Accrued expenses and prepaid income	810	810	652	652
Deferred tax liabilities	53	53	47	47
Provisions	97	97	80	80
Retirement benefit obligation	25	25	28	28
Subordinated liabilities	503	503	477	477
Total liabilities	**387,667**	**387,377**	**274,862**	**274,872**

Note 42 *Assets and liabilities at fair value, cont.*

Parent company

	31 Dec 2011		31 Dec 2010	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	286	286	7,485	7,485
Treasury bills	4,981	4,981	2,359	2,359
Loans to credit institutions	84,697	84,691	72,772	72,812
Loans to the public	93,097	93,205	67,886	67,939
Interest-bearing securities	25,885	25,889	21,578	21,598
Financial instruments pledged as collateral	8,346	8,346	5,304	5,304
Shares	1,309	1,309	1,080	1,080
Derivatives	170,228	170,228	97,247	97,247
Fair value changes of the hedged items in portfolio hedge of interest rate risk	138	138	96	96
Investments in group undertakings	370	370	353	353
Investments in associated undertakings	34	34	19	19
Intangible assets	103	103	82	82
Property and equipment	69	69	55	55
Investment property	10	10	4	4
Deferred tax assets	12	12	12	12
Current tax assets	131	131	83	83
Retirement benefit assets	113	113	98	98
Other assets	8,056	8,056	8,540	8,540
Prepaid expenses and accrued income	524	524	356	356
Total assets	**398,389**	**398,495**	**285,409**	**285,522**
Liabilities				
Deposits by credit institutions	75,919	75,899	60,493	60,532
Deposits and borrowings from the public	68,265	68,197	55,552	55,571
Debt securities in issue	49,153	48,952	39,846	39,798
Derivatives	168,436	168,436	95,676	95,676
Fair value changes of the hedged items in portfolio hedge of interest rate risk	195	195	-58	-58
Current tax liabilities	-	-	0	0
Other liabilities	23,990	23,990	21,975	21,975
Accrued expenses and prepaid income	615	615	486	486
Provisions	94	94	76	76
Retirement benefit obligations	25	25	28	28
Subordinated liabilities	503	503	477	477
Total liabilities	**387,195**	**386,906**	**274,551**	**274,561**

Estimation of fair value for assets and liabilities

Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of loans, deposits and borrowings and issued securities.

The carrying amounts on loans, deposits and borrowings and issued securities are adjusted for the value of the fixed interest term, unless the interest rate is hedged, in order to estimate the fair values that are presented in the tables above. The value of the fixed interest term is a result of changes in the relevant market interest rates. The discount rates used are based on current market rates for each term. The fair value of the hedged interest rate risk is included in the balance sheet item "Fair value changes of the hedged items in portfolio hedge of interest rate risk".

Fair value is estimated to be equal to the carrying amount for short-term financial assets and financial liabilities. The carrying amount is a reasonable approximation of fair value due to limited credit risk and short time to maturity.

Fair value is set to carrying amount, in the tables above, for assets and liabilities for which no reliable fair value has been possible to estimate. This is valid for the line items investments in associated undertakings, investments in group undertakings, intangible assets, property and equipment and provisions.

Nordea holds very limited amounts of equity instruments measured at cost. Fair value is set to carrying amount for these instruments as the fair value cannot be measured reliably.

For further information about valuation of items normally measured at fair value, see Note 1.

Deferred Day 1 profit or loss

In accordance with the Group's accounting policy as described in Note 1, if there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any trade date profit is deferred. The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of changes in the balance of this difference (movement of deferred Day 1 profit or loss).

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Amount at beginning of year	-42	-44	-42	-44
Deferred profit/loss on new transactions	-20	-14	-20	-14
Recognised in the income statement during the year	15	16	15	16
Amount at end of year	**-47**	**-42**	**-47**	**-42**

Determination of fair value from quoted market prices or valuation techniques

Fair value measurements are categorised using a fair value hierarchy.

The financial instruments carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy that reflects the significance of inputs. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. To categorise the instruments into the three levels, the relevant pricing models for each product is considered in combination with used input market data, the significance of derived input data, the complexity of the model and the accessible pricing data to verify model input. Although the complexity of the model is considered, a high complexity does not by default require that products are categorised into level 3.

It is the use of model parameters and the extent of unobservability that defines the fair value hierarchy levels. For bonds the categorisation into the three levels are based on the internal pricing methodology. The bonds can either be directly quoted in active markets (level 1) or measured using a methodology giving a quote based on observable inputs (level 2). Level 3 bonds are characterised by illiquidity.

Valuations of Private Equity Funds (PEF) and unlisted equities will in nature be more uncertain than valuations of more actively traded equity instruments. Emphasis is put on using a consistent approach across all assets and over time. The methods are consistent with the guideline "International Private Equity and Venture Capital Valuation Guidelines" issued by EVCA (European Venture Capital Association). The EVCA guidelines are considered as best practice in the PEF industry. For US based funds, similar methods are applied.

Level 1 consist of financial assets and financial liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes listed derivatives, listed equities, government bonds in developed countries, and most liquid mortgage bonds and corporate bonds where direct tradeble price quotes exist.

Level 2 consists of financial assets and financial liabilities which do not have directly quoted market prices available from an active market. The fair values are estimated using a valuation technique or valuation model based on market prices or rates prevailing at the balance sheet date and any unobservable inputs are insignificant in the fair value. This is the case for the majority of NBF's OTC derivatives, securities purchased/sold under resale/repurchase agreements, securities borrowed/loaned and other instruments where an active markets supply the input to the valuation technique or model.

Level 3 consists of those types of financial instruments which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for investments in unlisted securities, private equity funds, hedge funds and both more complex or less active markets supplying input to the technique or model for OTC derivatives, certain complex or structured financial instruments such as CLNs and CDOs, and illiquid bonds.

The following table presents the valuation methods used to determine fair values of financial instruments carried at fair value.

Group

31 Dec 2011, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	6,651	-	6,651
Loans to the public	-	25,440	-	25,440
Debt securities[1]	20,288	7,577	208	28,073
Financial instruments pledged as collateral[2]	7,858	487	1	8,346
Shares	662	0	650	1,312
Derivatives	75	169,087	1,066	170,228
Other assets	-	6,656	-	6,656
Prepaid expenses and accrued income	-	10	-	10
Liabilities				
Deposits by credit institutions	-	24,195	-	24,195
Deposits and borrowings from the public	-	14,584	-	14,584
Debt securities in issue	-	6,271	-	6,271
Derivatives	64	167,103	1,269	168,436
Other liabilities	8,213	6,893	-	15,106
Accrued expenses and prepaid income	-	64	-	64

[1] Of which EUR 4 981m Treasury bills and EUR 23 092m Interest-bearing securities. (The portion held at fair value in Note 41.)
[2] Of which EUR 1 133m Treasury bills and EUR 7 213m Interest-bearing securities. (The portion held at fair value in Note 41.)

31 Dec 2010, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	17,499	-	17,499
Loans to the public	-	4,390	-	4,390
Debt securities[1]	8,725	9,173	-	17,898
Financial instruments pledged as collateral[2]	3,132	2,172	-	5,304
Shares	156	-	923	1,079
Derivatives	109	94,822	2,320	97,251
Other assets	-	3,129	-	3,129
Prepaid expenses and accrued income	-	7	-	7
Liabilities				
Deposits by credit institutions	-	19,706	-	19,706
Deposits and borrowings from the public	-	6,503	-	6,503
Debt securities in issue	-	6,027	-	6,027
Derivatives	47	93,320	2,309	95,676
Other liabilities	7,501	3,800	-	11,301
Accrued expenses and prepaid income	-	59	-	59

[1] Of which EUR 2 359m Treasury bills and EUR 15 539m Interest-bearing securities. (The portion held at fair value in Note 41.)
[2] Of which EUR 1 533m Treasury bills and EUR 3 771m Interest-bearing securities. (The portion held at fair value in Note 41.)

Parent company

31 Dec 2011, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	6,651	-	6,651
Loans to the public	-	25,439	-	25,439
Debt securities[1]	20,288	7,577	208	28,073
Financial instruments pledged as collateral[2]	7,858	487	1	8,346
Shares	659	-	650	1,309
Derivatives	75	169,087	1,066	170,228
Other assets	-	6,656	-	6,656
Prepaid expenses and accrued income	-	10	-	10
Liabilities				
Deposits by credit institutions	-	24,195	-	24,195
Deposits and borrowings from the public	-	14,584	-	14,584
Debt securities in issue	-	6,271	-	6,271
Derivatives	64	167,103	1,269	168,436
Other liabilities	8,213	6,893	-	15,106
Accrued expenses and prepaid income	-	64	-	64

[1] Of which EUR 4 981m Treasury bills and EUR 23 092m Interest-bearing securities. (The portion held at fair value in Note 41.)
[2] Of which EUR 1 133m Treasury bills and EUR 7 213m Interest-bearing securities. (The portion held at fair value in Note 41.)

31 Dec 2010, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	17,499	-	17,499
Loans to the public	-	4,390	-	4,390
Debt securities[1]	8,725	9,173	-	17,898
Financial instruments pledged as collateral[2]	3,132	2,172	-	5,304
Shares	157	-	923	1,080
Derivatives	105	94,822	2,320	97,247
Other assets	-	3,129	-	3,129
Prepaid expenses and accrued income	-	7	-	7
Liabilities				
Deposits by credit institutions	-	19,706	-	19,706
Deposits and borrowings from the public	-	6,503	-	6,503
Debt securities in issue	-	6,027	-	6,027
Derivatives	46	93,321	2,309	95,676
Other liabilities	7,501	3,800	-	11,301
Accrued expenses and prepaid income	-	59	-	59

[1] Of which EUR 2 359m Treasury bills and EUR 15 539m Interest-bearing securities. (The portion held at fair value in Note 41.)
[2] Of which EUR 1 533m Treasury bills and EUR 3 771m Interest-bearing securities. (The portion held at fair value in Note 41.)

Movements in level 3

The following table shows a reconciliation of the opening and closing carrying amount of level 3 financial assets and liabilities recognised at fair value.

Group

31 Dec 2011, EURm	1 Jan 2011	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Assets					
Debt securities	-	0	11	307	-110
Shares	923	16	-38	248	-301
Derivatives (net assets and liabilities)	15	494	-200	-	-4

31 Dec 2011, EURm	Settlements	Net transfers into/out of level 3	Translation differences	31 Dec 2011
Assets				
Debt securities	0	0	-	208
Shares	-	-	-198	650
Derivatives (net assets and liabilities)	-494	-15	1	-203

[1] Relates to those assets and liabilities held at the end of the reporting period.

31 Dec 2010, EURm	1 Jan 2010	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Assets					
Debt securities	-	-	-	-	-
Shares	842	-121	128	661	-586
Derivatives (net assets and liabilities)	115	15	-104	4	0

31 Dec 2010, EURm	Settlements	Transfers into/out of level 3	Translation differences	31 Dec 2010
Assets				
Debt securities	-	-	-	-
Shares	-	-	0	923
Derivatives (net assets and liabilities)	-15	-	-	15

[1] Relates to those assets and liabilities held at the end of the reporting period.

Fair value gains/losses recognised in the income statement during the year are included in "Net result from items at fair value" (see note 5).

Parent company

31 Dec 2011, EURm	1 Jan 2011	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Assets					
Debt securities	-	0	11	307	-110
Shares	923	16	-38	248	-301
Derivatives (net assets and liabilities)	11	494	-200	-	-

31 Dec 2011, EURm	Settlements	Net transfers into/out of level 3	Translation differences	31 Dec 2011
Assets				
Debt securities	0	0	-	208
Shares	-	-	-198	650
Derivatives (net assets and liabilities)	-494	-15	1	-203

[1] Relates to those assets and liabilities held at the end of the reporting period.

31 Dec 2010, EURm	1 Jan 2010	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Assets					
Debt securities	-	-	-	-	-
Shares	842	-121	128	661	-586
Derivatives (net assets and liabilities)	115	15	-104	-	-

31 Dec 2010, EURm	Settlements	Transfers into/out of level 3	Translation differences	31 Dec 2010
Assets				
Debt securities	-	-	-	-
Shares	-	-	0	923
Derivatives (net assets and liabilities)	-15	-	-	11

[1] Relates to those assets and liabilities held at the end of the reporting period.

Sensitivity of level 3 financial instruments measured at fair value to changes in key assumptions

Included in the fair value of financial instruments carried at fair value on the balance sheet are those estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. Portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques (for further information see Note 1 section 11 "Determination of fair value of financial instruments").

This disclosure shows the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable input parameters. The estimates disclosed below are likely to be greater than the true uncertainty in fair value of these instruments, as it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. The disclosure is neither predictive nor indicative of future movements in fair value.

The following table shows the sensitivity of the fair value of level 3 instruments to changes in key assumptions, by class of instruments. Where the exposure to an unobservable parameter is offset across different instruments then only the net impact is disclosed in the table.

	Group			Parent company		
		Effect of reasonably possible alternative assumption			Effect of reasonably possible alternative assumption	
31 Dec 2011, EURm	Carrying amount	Favourable	Unfavourable	Carrying amount	Favourable	Unfavourable
Assets						
Debt securities	208	21	-21	208	21	-21
Shares	650	36	-36	650	36	-36
Derivatives (net assets and liabilities)	1,066	27	-43	1,066	27	-43

	Group			Parent company		
		Effect of reasonably possible alternative assumptions			Effect of reasonably possible alternative assumptions	
31 Dec 2010, EURm	Carrying amount	Favourable	Unfavourable	Carrying amount	Favourable	Unfavourable
Assets						
Shares	923	56	-56	923	56	-56
Derivatives (net assets and liabilities)	2,320	22	-29	2,320	22	-29

In order to calculate the effect on level 3, fair values from altering the assumptions of the valuation technique or model, the sensitivity to unobservable input data is assessed. For the derivatives portfolio key inputs, that are based on pricing model assumptions or unobservability of market data inputs, are replaced by alternative estimates or assumptions and the impact on valuation computed. The majority of the effect on the derivatives is related to various types of correlations or correlation related inputs in credit derivatives, interest rate OTC derivatives or OTC structured equity derivatives. For the level 3 portfolios of shares and debt securities the fair value was increased and decreased within a range of 3-10 percentage units, which are assessed to be reasonable changes in market movements.

Note 43 Obtained collateral which is permitted to be sold or repledged

NBF obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under standard terms for most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions. The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements are disclosed below.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	31,324	22,100	31,324	22,100
- of which repledged or sold	9,661	14,559	9,661	14,559
Securities borrowing agreements				
Received collaterals which can be repledged or sold	-	-	-	-
- of which repledged or sold	-	-	-	-
Total	**31,324**	**22,100**	**31,324**	**22,100**

Note 44 Maturity analysis for assets and liabilities

Group

Remaining maturity

31 Dec 2011, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		286	-	-	-	-	-	**286**
Treasury bills	13	-	500	309	4,036	136	-	**4,981**
Loans to credit institutions	14	17,695	41,845	15,105	4,278	427	-	**79,350**
Loans to the public	14	9	32,778	5,383	19,513	41,648	-	**99,331**
Interest bearing securities	15	-	6,233	5,487	12,766	1,399	-	**25,885**
Financial instruments pledged as collateral	16	-	719	1,891	3,995	1,741	-	**8,346**
Derivatives	18	-	9,585	7,478	38,712	114,453	-	**170,228**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	11	31	70	26	-	**138**
Total assets with fixed maturities		**17,990**	**91,671**	**35,684**	**83,370**	**159,830**	**-**	**388,545**
Other assets	26	-	-	-	-	-	10,742	**10,742**
Total assets		**17,990**	**91,671**	**35,684**	**83,370**	**159,830**	**10,742**	**399,287**
Deposits by credit institutions	28	8,203	58,799	8,136	74	795	-	**76,007**
Deposits and borrowings from the public	29	37,608	22,805	7,199	644	4	-	**68,260**
- of which Deposits		*37,608*	*8,429*	*6,952*	*643*	*4*	-	*53,636*
- of which Borrowings		-	*14,376*	*247*	*1*	*0*	-	*14,624*
Debt securities in issue	30	-	27,404	7,350	12,484	1,915	-	**49,153**
- of which Debt securities in issue		-	*27,404*	*7,350*	*12,484*	*1,915*	-	*49,153*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	8,345	7,396	41,270	111,425	-	**168,436**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	1	6	74	114	-	**195**
Subordinated liabilities	35	-	-	-	403	100	-	**503**
Total liabilities with fixed maturities		**45,811**	**117,354**	**30,087**	**54,949**	**114,353**	**-**	**362,554**
Other liabilities	31	-	-	-	-	-	25,113	**25,113**
Equity		-	-	-	-	-	11,620	**11,620**
Total liabilities and equity		**45,811**	**117,354**	**30,087**	**54,949**	**114,353**	**36,733**	**399,287**

Group

Remaining maturity

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		7,485	-	-	-	-	-	**7,485**
Treasury bills	13	-	425	327	1,248	359	-	**2,359**
Loans to credit institutions	14	7,462	48,489	9,161	2,608	31	-	**67,751**
Loans to the public	14	30	13,590	6,748	24,124	29,115	-	**73,607**
Interest bearing securities	15	-	4,931	3,510	11,946	1,191	-	**21,578**
Financial instruments pledged as collateral	16	-	159	708	2,256	2,181	-	**5,304**
Derivatives	18	-	7,206	6,602	28,501	54,942	-	**97,251**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	1	11	60	24	-	**96**
Total assets with fixed maturities		**14,977**	**74,801**	**27,067**	**70,743**	**87,843**	**-**	**275,431**
Other assets	26	-	-	-	-	-	10,655	**10,655**
Total assets		**14,977**	**74,801**	**27,067**	**70,743**	**87,843**	**10,655**	**286,086**
Deposits by credit institutions	28	4,943	47,737	7,704	82	83	-	**60,549**
Deposits and borrowings from the public	29	34,862	16,111	3,965	594	-73	-	**55,459**
- of which Deposits		*34,862*	*9,571*	*3,964*	*594*	*-73*	-	*48,918*
- of which Borrowings		-	*6,540*	*1*	*0*	*0*	-	*6,541*
Debt securities in issue	30	-	25,262	5,843	8,330	411	-	**39,846**
- of which Debt securities in issue		-	*25,262*	*5,843*	*8,330*	*411*	-	*39,846*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	6,969	6,749	29,640	52,318	-	**95,676**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-	0	-61	3	-	**-58**
Subordinated liabilities	35	-	-	-	385	92	-	**477**
Total liabilities with fixed maturities		**39,805**	**96,079**	**24,261**	**38,970**	**52,834**	**-**	**251,949**
Other liabilties	31	-	-	-	-	-	22,913	**22,913**
Equity		-	-	-	-	-	11,224	**11,224**
Total liabilities and equity		**39,805**	**96,079**	**24,261**	**38,970**	**52,834**	**34,137**	**286,086**

Parent company

Remaining maturity

31 Dec 2011, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		286	-	-	-	-	-	**286**
Treasury bills	13	-	500	309	4,036	136	-	**4,981**
Loans to credit institutions	14	17,680	45,246	16,228	5,088	455	-	**84,697**
Loans to the public	14	197	31,012	3,571	16,758	41,559	-	**93,097**
Interest bearing securities	15	-	6,233	5,487	12,766	1,399	-	**25,885**
Financial instruments pledged as collateral	16	-	719	1,891	3,995	1,741	-	**8,346**
Derivatives	18	-	9,585	7,478	38,712	114,453	-	**170,228**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	11	31	70	26	-	**138**
Total assets with fixed maturities		**18,163**	**93,306**	**34,995**	**81,425**	**159,769**	**-**	**387,658**
Other assets	26	-	-	-	-	-	10,731	**10,731**
Total assets		**18,163**	**93,306**	**34,995**	**81,425**	**159,769**	**10,731**	**398,389**

Note 44 *Maturity analysis for assets and liabilities, cont.*

Parent company

Remaining maturity

31 Dec 2011, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Deposits by credit institutions	28	8,203	58,770	8,121	38	787	-	**75,919**
Deposits and borrowings from the public	29	37,618	22,809	7,191	643	4	-	**68,265**
- of which Deposits		*37,618*	*8,433*	*6,952*	*643*	*4*	-	*53,650*
- of which Borrowings		-	*14,376*	*239*	-	-	-	*14,615*
Debt securities in issue	30	-	27,404	7,350	12,484	1,915	-	**49,153**
- of which Debt securities in issue		-	*27,404*	*7,350*	*12,484*	*1,915*	-	*49,153*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	8,345	7,396	41,270	111,425	-	**168,436**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	1	6	74	114	-	**195**
Subordinated liabilities	35	-	-	-	403	100	-	**503**
Total liabilities with fixed maturities		**45,821**	**117,329**	**30,064**	**54,912**	**114,345**	**-**	**362,471**
Other liabilities	31	-	-	-	-	-	24,724	**24,724**
Equity		-	-	-	-	-	11,194	**11,194**
Total liabilities and equity		**45,821**	**117,329**	**30,064**	**54,912**	**114,345**	**35,918**	**398,389**

Parent company

Remaining maturity

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		7,485	-	-	-	-	-	**7,485**
Treasury bills	13	-	425	327	1,248	359	-	**2,359**
Loans to credit institutions	14	7,447	52,928	9,609	2,751	37	-	**72,772**
Loans to the public	14	-	12,194	5,057	21,619	29,016	-	**67,886**
Interest bearing securities	15	-	4,931	3,510	11,946	1,191	-	**21,578**
Financial instruments pledged as collateral	16	-	159	708	2,256	2,181	-	**5,304**
Derivatives	18	-	7,206	6,598	28,501	54,942	-	**97,247**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	1	11	60	24	-	**96**
Total assets with fixed maturities		**14,932**	**77,844**	**25,820**	**68,381**	**87,750**	**-**	**274,727**
Other assets	26	-	-	-	-	-	10,682	**10,682**
Total assets		**14,932**	**77,844**	**25,820**	**68,381**	**87,750**	**10,682**	**285,409**
Deposits by credit institutions	28	4,943	47,730	7,686	51	83	-	**60,493**
Deposits and borrowings from the public	29	34,877	16,116	3,964	593	2	-	**55,552**
- of which Deposits		*34,877*	*9,576*	*3,964*	*593*	*2*	-	*49,012*
- of which Borrowings		-	*6,540*	-	-	-	-	*6,540*
Debt securities in issue	30	-	25,262	5,843	8,330	411	-	**39,846**
- of which Debt securities in issue		-	*25,262*	*5,843*	*8,330*	*411*	-	*39,846*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	6,969	6,749	29,640	52,318	-	**95,676**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-	0	-61	3	-	**-58**
Subordinated liabilities	35	-	-	-	385	92	-	**477**
Total liabilities with fixed maturities		**39,820**	**96,077**	**24,242**	**38,938**	**52,909**	**-**	**251,986**
Other liabilities	31	-	-	-	-	-	22,565	**22,565**
Equity		-	-	-	-	-	10,858	**10,858**
Total liabilities and equity		**39,820**	**96,077**	**24,242**	**38,938**	**52,909**	**33,423**	**285,409**

Note 45 Related-party transactions

Shareholders with significant influence and close family members to key management personnel in Nordea Group as well as companies significantly influenced by key management personnel or by close family members to key management personnel in Nordea Group are considered to be related parties to Nordea. Included in this group of related parties are Sampo Oyj, Nokia Oyj, Posten AB, Danisco A/S, IK Investment Partners AB and TrygVesta A/S. If transactions with these related parties are made in Nordea's and the related parties' ordinary course of business and on the same criteria and terms as those for comparable transactions with parties of similar standing, and if they did not involve more than normal risk taking, the transactions are not included in the table.

Group

	Nordea Group undertakings		Nordea Group associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010	2011	2010
Assets						
Loans	44,518	61,577	146	96	-	-
Interest-bearing securities	5,031	3,638	-	-	-	-
Financial instruments pledged as collateral	2,062	466	-	-	-	-
Derivatives	2,337	2,610	246	155	-	-
Other assets	387	1	-	-	-	-
Prepaid expenses and accrued income	77	60	-	-	-	-
Total assets	**54,412**	**68,352**	**392**	**251**	**-**	**-**
Liabilities						
Deposits	44,957	41,303	10	75	5	5
Debt securities in issue	514	562	30	30	-	-
Derivatives	2,624	1,292	85	64	-	-
Other liabilities	12	305	-	-	-	-
Accrued expenses and deferred income	171	133	-	-	-	-
Total liabilities	**48,278**	**43,595**	**125**	**169**	**5**	**5**
Off balance[1]	**431,155**	**359,662**	**8,321**	**7,202**	**-**	**-**

Group	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010	2011	2010
Interest income and interest expense						
Interest income	399	321	4	2	-	-
Interest expense	-329	-233	0	0	0	0
Net interest income and expense	**70**	**88**	**4**	**2**	**0**	**0**

[1] Including nominal values on derivatives.

Parent company	Group undertakings		Associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2011	2010	2011	2010	2011	2010
Assets						
Loans and receivables	5,570	5,185	132	96	-	-
Interest-bearing securities	-	-	-	-	-	-
Financial instruments pledged as collateral	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Investments in associated undertakings	-	-	34	19	-	-
Investments in group undertakings	370	353	-	-	-	-
Other assets	5	0	-	-	-	-
Prepaid expenses and accrued income	15	15	-	-	-	-
Total assets	**5,960**	**5,553**	**166**	**115**	**-**	**-**

Note 45 *Related-party transactions, cont.*

Parent company

EURm	Group undertakings 31 Dec 2011	Group undertakings 31 Dec 2010	Associated undertakings 31 Dec 2011	Associated undertakings 31 Dec 2010	Other related parties 31 Dec 2011	Other related parties 31 Dec 2010
Liabilities						
Deposits	11,432	20	9	76	5	5
Debt securities in issue	-	-	30	30	-	-
Derivatives	-	-	5	-	-	-
Other liabilities	-	-	-	-	-	-
Accrued expenses and deferred income	10	2	-	-	-	-
Total liabilities	**11,442**	**22**	**44**	**106**	**5**	**5**
Off balance[1]	**662**	**556**	**128**	**99**	**-**	**-**

[1]Including nominal values on derivatives.

Parent company

EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Interest income and interest expense						
Interest income	86	74	4	2	-	-
Interest expense	0	0	0	0	0	0
Net interest income and expense	**86**	**74**	**4**	**2**	**0**	**0**

The terms "group undertakings" and "associated undertakings" refer to group undertakings and associated undertakings of the Nordea Bank Finland Group. In addition to the parent company figures stated above, the parent company's assets included receivables, interest-bearing securities, derivatives and other assets from other Nordea group undertakings in the amount of EUR 54,411m (68,351), liabilities in the amount of EUR 36,683m (43,480), net interest income in the amount of EUR 72m (90) and off-balance sheet commitments in the amount of EUR 431,155m (359,662). Off balance sheet transactions with Nordea group associated undertakings amounted to EUR 8,321m (7,202) and corresponding balance sheet values of derivatives were EUR 246m (155) in assets and EUR 80m (64) in liabilities.

Compensations and loans and receivables to Key management personnel

Compensations and loans to Key management personnel are specified in Note 8.

Note 46 Mergers, acquisitions, disposals and dissolutions

Subsidiaries acquired during 2011	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
SIA Lidosta	Real estate company	1	-

Subsidiaries sold during 2011	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
Professionel Forening NM Nordea Carry Fund	Mutual fund	5	-

Subsidiaries merged during 2011	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Other subsidiaries dissolved during 2011	Number of companies	Total assets EURm	Profit/loss for the year as included in the Bank Group
VKR-Kiinteistöt Oy Ab	Real estate company	2	0

Associated undertakings dissolved during 2011	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Note 47 Credit risk disclosure

Credit risk management and credit risk analysis is described in the Risk, Liquidity and Capital management section of the Board of Directors´ Report. Additional information on credit risk is also disclosed in the Capital and Risk management Report (Pillar 3) 2011, which is available on www.nordea.com.

Group and parent company

Collaterised Debt Obligations (CDO) - Exposure [1]

	31 Dec 2011		31 Dec 2010	
Nominals, EURm	Bought protection	Sold protection	Bought protection	Sold protection
CDOs, gross	1,575	2,267	1,535	2,244
Hedged exposures	1,394	1,394	1,322	1,322
CDOs, net[2]	**181**[3]	**873**[4]	**213**[3]	**922**[4]
- of which Equity	114	223	108	251
- of which Mezzanine	65	101	104	129
- of which Senior	2	549	1	542

[1] First-to-Default (FTD)swaps are not classified as CDOs and are therefore not included in the table. Net bought protection amounts to EUR 218m (71) and net sold protection to EUR 53m (80). Both bought and sold protection are, to the predominant part, investment grade.

[2] Net exposure disregards exposure where tranches are completely identical in terms of reference pool attachment, detachment, maturity and currency.

[3] Of which investment grade EUR 181m (209) and sub investment grade EUR 0m (4).

[4] Of which investment grade EUR 873m (922) and sub investment grade EUR 0m (0) and not rated EUR 0m (0).

When Nordea sells protection in a CDO transaction, Nordea carries the risk of losses in the reference portfolio on the occurrence of a credit event. When Nordea buys protection in a CDO transaction, any losses in the reference portfolio, in which Nordea has not necessarily invested, triggered by a credit event is then carried by the seller of protection.

The risk from CDOs is hedged with a portfolio of CDSs. The risk positions are subject to various types of market risk limits, including VaR, and the CDO valuations are subject to fair value adjustments for model risk. These fair value adjustments are recognised in the income statement.

Restructured loans current year

	Group		Parent company	
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Loans before restructuring, carrying amount	31	46	31	46
Loans after restructuring, carrying amount	0	46	0	46

Assets taken over for protection of claims[1]

	Group		Parent company	
EURm	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Current assets, carrying amount:				
Land and buildings	63	26	63	26
Shares and other participations	0	0	0	0
Other assets	3	5	0	0
Total	**66**	**31**	**63**	**26**

[1] In accordance with Nordea's policy for taking over assets for protection of claims, which is in compliance with the local Banking Business Acts, wherever Nordea is located. Assets, used as collateral for the loan, are generally taken over when the customer is not able to fulfil its obligations to Nordea.

Past due loans, excl. impaired loans

	Group				Parent company			
	31 Dec 2011		31 Dec 2010		31 Dec 2011		31 Dec 2010	
EURm	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers
6-30 days	91	261	76	218	46	233	27	189
31-60 days	58	136	56	140	31	93	28	93
61-90 days	22	64	22	66	16	44	16	45
>90 days	34	19	39	19	33	19	33	19
Total	**205**	**480**	**193**	**443**	**126**	**389**	**104**	**346**
Past due not impaired loans divided by loans to the public after allowances, %	0.33	1.32	0.51	1.27	0.22	1.15	0.29	1.08

Loans to corporate customers, by size of loan

	Group				Parent company			
EURm	31 Dec 2011	%	31 Dec 2010	%	31 Dec 2011	%	31 Dec 2010	%
0-10	33,167	53.3	20,816	54.5	31,229	53.3	19,116	54.5
10-50	15,888	25.6	9,018	23.6	14,960	25.6	8,281	23.6
50-100	5,269	8.5	3,782	9.9	4,962	8.5	3,473	9.9
100-250	5,146	8.3	2,700	7.1	4,845	8.3	2,479	7.1
250-500	2,707	4.4	1,858	4.9	2,549	4.4	1,706	4.9
500-	0	0.0	0	0.0	0	0.0	0	0
Total	**62,176**	**100.0**	**38,174**	**100.0**	**58,544**	**100.0**	**35,055**	**100.0**

Interest-bearing securities and Treasury bills

	Group				Parent company			
	31 Dec 2011		31 Dec 2010		31 Dec 2011		31 Dec 2010	
EURm	At fair value	At amortised cost	At fair value	At amortised cost	At fair value	At amortised cost	At fair value	At amortised cost
State and sovereigns[1]	6,111	-	2,757	150	6,111	-	2,757	150
Municipalities and other public bodies	7	-	69	-	7	-	69	-
Mortgage institutions	14,050	655	7,214	3,746	14,050	655	7,214	3,746
Other credit institutions	7,390	2,138	7,422	2,143	7,390	2,138	7,422	2,143
Corporates	447	-	297	-	447	-	297	-
Corporates, sub-investment grade	67	-	139	-	67	-	139	-
Other	1	-	-	-	1	-	0	-
Total	**28,073**	**2,793**	**17,898**	**6,039**	**28,073**	**2,793**	**17,898**	**6,039**

[1] Of which relating to Portugal, Italy, Ireland, Greece and Spain total EUR 0m

Note 48 Nordea shares

Nordea Bank Finland Plc does not possess own shares. During the year Nordea Bank Finland has bought and sold shares in its parent company Nordea Bank AB (publ) as part of its normal trading and market making activities. The trades are specified in the table enclosed.

Acquisitions

Month	Quantity	Average acq.price	Amount, EUR
January	338,089	8.58	2,863,498.92
February	284,463	8.42	2,396,245.97
March	200,457	7.73	1,517,863.21
April	21,081	7.85	165,119.19
May	262,101	7.75	2,011,376.13
June	487,861	7.54	3,580,398.39
July	49,031	7.31	364,536.79
August	237,111	6.25	1,470,491.05
September	126,260	5.93	752,500.21
October	96,048	6.39	623,713.22
November	2,146,041	5.89	11,977,286.52
December	231,238	5.84	1,339,373.18
	4,479,781		29,062,402.78

Sales

Month	Quantity	Average price	Amount, EUR
January	-346,720	8.53	-2,825,171.34
February	-255,192	8.38	-2,142,790.49
March	-230,319	7.88	-1,858,484.74
April	-29,899	7.94	-239,274.10
May	-33,647	7.83	-264,829.03
June	-219,425	7.48	-1,585,065.44
July	-243,060	7.34	-1,789,758.87
August	-380,253	6.41	-2,501,375.72
September	-142,136	5.87	-847,483.30
October	-681,740	6.30	-4,504,368.52
November	-1,165,413	6.02	-7,025,638.90
December	-619,492	5.82	-3,462,918.18
	-4,347,296		-29,047,158.63

The quota value of the Nordea Bank AB (publ) share is EUR 1.00. The trades had an insignificant effect on the shareholding and voting-power in Nordea Bank AB (publ). At year-end 2011 NBF owned 153,707 shares of the parent company.

Auditors' report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Nordea Bank Finland Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Nordea Bank Finland Plc for the year ended on 31 December 2011. The financial statements comprise both the consolidated and the parent company's statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Finnish Credit Institutions Act, the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion,

- both the consolidated and the parent company's financial statements give a true and fair view of their financial position, financial performance, and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland
- the information in the report of the Board of Directors is consistent with the information in the financial statements.

Other opinions
We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Managing Director be discharged from liability for the financial period audited by us.

Helsinki, 29 February 2012

KPMG OY AB

Raija-Leena Hankonen
Authorized Public Accountant

ANNEX 2 - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER FOR THE YEAR ENDED 31 DECEMBER 2010, INCLUDING THE AUDITOR'S REPORT AND NOTES RELATING THERETO

Nordea Bank Finland Group and Nordea Bank Finland Plc

Income statement

EURm	Note	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Operating income					
Interest income	3	1,958	2,708	1,736	2,498
Interest expense	3	-776	-1,490	-775	-1,488
Net interest income	3	**1,182**	**1,218**	**961**	**1,010**
Fee and commission income	4	649	595	606	557
Fee and commission expense	4	-360	-370	-336	-355
Net fee and commission income	4	289	225	270	202
Net result from items at fair value	5	979	1,325	979	1,321
Profit from companies accounted for under the equity method	21	6	4	-	-
Dividends	6	-	-	42	52
Other operating income	7	43	53	49	60
Total operating income		**2,499**	**2,825**	**2,301**	**2,645**
Operating expenses					
General administrative expenses:					
Staff costs	8	-553	-599	-508	-550
Other expenses	9	-479	-432	-478	-427
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 22, 23	-41	-37	-24	-22
Total operating expenses		**-1,073**	**-1,068**	**-1,010**	**-999**
Profit before loan losses		**1,426**	**1,757**	**1,291**	**1,646**
Net loan losses	11	-272	-381	-227	-313
Impairment of securities held as financial non-current assets		2	-	2	-
Operating profit		**1,156**	**1,376**	**1,066**	**1,333**
Income tax expense	12	-302	-373	-268	-346
Net profit for the year		**854**	**1,003**	**798**	**987**
Attributable to:					
Shareholders of Nordea Bank Finland Plc		852	1,001	798	987
Non-controlling interests		2	2	-	-
Total		**854**	**1,003**	**798**	**987**

Statement of comprehensive income

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Net profit for the year	**854**	**1,003**	**798**	**987**
Currency translation differences during the year	2	0	-	-
Available-for-sale investments:				
- Valuation gains/losses during the year	1	0	1	0
- Tax on valuation gains/losses during the year	0	0	0	0
- Transferred to profit or loss on sale for the year	-	0	-	0
- Tax on transfers to profit or loss on sale for the year	-	0	-	0
Other comprehensive income, net of tax	**3**	**0**	**1**	**0**
Total comprehensive income	**857**	**1,003**	**799**	**987**
Attributable to:				
Shareholders of Nordea Bank Finland Plc	855	1,001	799	987
Non-controlling interests	2	2	-	-
Total	**857**	**1,003**	**799**	**987**

Balance sheet

EURm	Note	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Assets					
Cash and balances with central banks		7,485	8,004	7,485	8,004
Treasury bills	13	2,359	1,033	2,359	1,033
Loans to credit institutions	14	67,751	59,037	72,772	64,054
Loans to the public	14	73,607	65,723	67,886	60,053
Interest-bearing securities	15	21,578	7,873	21,578	7,873
Financial instruments pledged as collateral	16	5,304	1	5,304	1
Shares	17	1,079	1,052	1,080	1,048
Derivatives	18	97,251	74,520	97,247	74,520
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	96	141	96	141
Investments in group undertakings	20	-	-	353	338
Investments in associated undertakings	21	61	56	19	16
Intangible assets	22	85	69	82	64
Property and equipment	23, 24	124	143	55	54
Investment property	25	32	7	4	4
Deferred tax assets	12	17	17	12	13
Current tax assets	12	84	0	83	-
Retirement benefit assets	34	104	91	98	85
Other assets	26	8,562	3,029	8,540	3,014
Prepaid expenses and accrued income	27	507	369	356	235
Total assets		**286,086**	**221,165**	**285,409**	**220,550**
Liabilities					
Deposits by credit institutions	28	60,549	44,344	60,493	44,285
Deposits and borrowings from the public	29	55,459	44,256	55,552	44,354
Debt securities in issue	30	39,846	39,276	39,846	39,276
Derivatives	18	95,676	73,237	95,676	73,237
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-58	7	-58	7
Current tax liabilities	12	1	129	0	128
Other liabilities	31	22,105	7,813	21,975	7,666
Accrued expenses and prepaid income	32	652	571	486	428
Deferred tax liabilities	12	47	44	-	-
Provisions	33	80	49	76	46
Retirement benefit obligations	34	28	30	28	30
Subordinated liabilities	35	477	437	477	437
Total liabilities		**274,862**	**210,193**	**274,551**	**209,894**
Equity					
Non-controlling interests		6	6	-	-
Share capital		2,319	2,319	2,319	2,319
Share premium reserve		599	599	599	599
Other reserves		2,849	2,848	2,849	2,848
Retained earnings		5,451	5,200	5,091	4,890
Total equity		**11,224**	**10,972**	**10,858**	**10,656**
Total liabilities and equity		**286,086**	**221,165**	**285,409**	**220,550**
Assets pledged as security for own liabilities	36	25,654	12,674	25,653	12,674
Other assets pledged	37	-	-	-	-
Contingent liabilities	38	18,111	17,084	18,392	17,350
Commitments	39	19,250	18,462	16,140	15,480

Other notes

Note 1 Accounting policies
Note 2 Segment reporting
Note 40 Classification of financial instruments
Note 41 Assets and liabilities at fair value
Note 42 Assets and liabilities in foreign currencies
Note 43 Obtained collaterals which are permitted to be sold or repledged
Note 44 Maturity analysis for assets and liabilities
Note 45 Related-party transactions
Note 46 Mergers, acquisitions, disposals and dissolutions
Note 47 Credit risk disclosures
Note 48 Nordea shares

Statement of changes in equity

Group

EURm	Share capital[1]	Share premium reserve	Available-for-sale investments	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of Nordea Bank Finland Plc		Other reserves					
Balance at 1 Jan 2010	**2,319**	**599**	**0**	**2,848**	**5,200**	**10,966**	**6**	**10,972**
Net profit for the year	-	-	-	-	852	**852**	2	**854**
Currency translation differences during the year	-	-	-	0	2	**2**	-	**2**
Available-for-sale investments:								
- Valuation gains/losses during the year	-	-	1	-	0	**1**	-	**1**
- Tax on valuation gains/losses during the year	-	-	0	-	0	**0**	-	**0**
Other comprehensive income, net of tax	-	-	1	0	2	**3**	-	**3**
Total comprehensive income	-	-	1	0	854	**855**	2	**857**
Share-based payments[2]	-	-	-	-	3	**3**	-	**3**
Dividend for 2009	-	-	-	-	-600	**-600**	-	**-600**
Other changes	-	-	-	0	-6	**-6**	-2	**-8**
Balance at 31 Dec 2010	**2,319**	**599**	**1**	**2,848**	**5,451**	**11,218**	**6**	**11,224**
Balance at 1 Jan 2009	**2,319**	**599**	**0**	**2,941**	**5,409**	**11,268**	**7**	**11,275**
Net profit for the year	-	-	-	-	1,001	**1,001**	2	**1,003**
Currency translation differences during the year	-	-	-	0	0	**0**	-	**0**
Available-for-sale investments:								
- Valuation gains/losses during the year	-	-	0	-	-	**0**	-	**0**
- Tax on valuation gains/losses during the year	-	-	0	-	-	**0**	-	**0**
- Transferred to profit or loss on sale for the year	-	-	0	-	-	**0**	-	**0**
- Tax on transfers to profit or loss on sale for the year	-	-	0	-	-	**0**	-	**0**
Other comprehensive income, net of tax	-	-	0	0	0	**0**	-	**0**
Total comprehensive income	-	-	0	0	1,001	**1,001**	2	**1,003**
Share-based payments[3]	-	-	-	-	1	**1**	-	**1**
Dividend for 2008	-	-	-	-	-1,301	**-1,301**	-	**-1,301**
Other changes[4]	-	-	-	-93	90	**-3**	-3	**-6**
Balance at 31 Dec 2009	**2,319**	**599**	**0**	**2,848**	**5,200**	**10,966**	**6**	**10,972**

Statement of changes in equity *cont.*

Parent company

EURm	Share capital[1]	Share premium reserve	Available-for-sale investments	Other reserves	Retained earnings	Total equity
	Attributable to the shareholders of Nordea Bank Finland Plc		Other reserves			
Balance at 1 Jan 2010	**2,319**	**599**	**0**	**2,848**	**4,890**	**10,656**
Net profit for the year	-	-	-	-	798	**798**
Available-for-sale investments:						
- Valuation gains/losses during the year	-	-	1	-	-	**1**
- Tax on valuation gains/losses during the year	-	-	0	-	-	**0**
Other comprehensive income, net of tax	-	-	1	-	0	**1**
Total comprehensive income	-	-	1	-	798	**799**
Share-based payments[2]	-	-	-	-	3	**3**
Dividend for 2009	-	-	-	-	-600	**-600**
Balance at 31 Dec 2010	**2,319**	**599**	**1**	**2,848**	**5,091**	**10,858**
Balance at 1 Jan 2009	**2,319**	**599**	**0**	**2,848**	**5,202**	**10,968**
Net profit for the year	-	-	-	-	987	**987**
Available-for-sale investments:						
- Valuation gains/losses during the year	-	-	0	-	-	**0**
- Tax on valuation gains/losses during the year	-	-	0	-	-	**0**
- Transferred to profit or loss on sale for the year	-	-	0	-	-	**0**
- Tax on transfers to profit or loss on sale for the year	-	-	0	-	-	**0**
Other comprehensive income, net of tax	-	-	0	-	-	**0**
Total comprehensive income	-	-	0	-	987	**987**
Share-based payments[3]	-	-	-	-	2	**2**
Dividend for 2008	-	-	-	-	-1,301	**-1,301**
Balance at 31 Dec 2009	**2,319**	**599**	**0**	**2,848**	**4,890**	**10,656**

[1] Total shares registered were 1,030.8 million (31 Dec 2009: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.
[2] Refers to the Long-Term Incentive Programmes (LTIP 2007, LTIP 2008, LTIP 2009 and LTIP 2010), see also note 8.
[3] Refers to the Long-Term Incentive Programmes (LTIP 2007, LTIP 2008 and LTIP 2009), see also note 8.
[4] Transfer of equity share of untaxed reserves from Other reserves to Retained earnings EUR 93m.

Description of items in equity is included in Note 1 Accounting policies.

No decision was made during the financial year to issue equity warrants or convertible bonds entitling to subscription of shares in the NBF. At the end of 2010, the NBF held no authorisations given by the General Meeting for issuance or buybacks of shares, equity warrants or convertible bonds.

Cash flow statement

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Operating activities				
Operating profit	1,156	1,376	1,066	1,333
Adjustments for items not included in cash flow	-967	-834	-1,070	-873
Income taxes paid	-510	-450	-478	-433
Cash flow from operating activities before changes in operating assets and liabilities	**-321**	**92**	**-482**	**27**
Changes in operating assets				
Change in treasury bills	-2,250	736	-2,250	736
Change in loans to credit institutions	-17,703	-10,530	-17,805	-10,382
Change in loans to the public	-8,099	2,158	-8,067	2,092
Change in interest-bearing securities	-13,187	210	-13,187	210
Change in financial assets pledged as collateral	-5,303	0	-5,304	0
Change in shares	81	41	78	41
Change in derivatives, net	603	-1,950	606	-1,950
Change in investment properties	-25	-3	0	0
Change in other assets	-5,533	6,501	-5,528	6,493
Changes in operating liabilities				
Change in deposits by credit institutions	16,044	6,631	16,208	6,621
Change in deposits and borrowings from the public	11,179	-1,023	11,199	-1,013
Change in debt securities in issue	570	8,013	570	8,010
Change in other liabilities	14,292	3,408	14,310	3,366
Cash flow from operating activities	**-9,652**	**14,284**	**-9,652**	**14,252**
Investing activities				
Acquisition of group undertakings	0	-	-15	-30
Sale of group undertakings	-	0	-	1
Dividends from associated companies	2	1	-	-
Acquisition of investments in associated undertakings	-5	-3	-5	-
Sale of investments in associated undertakings	6	1	4	0
Acquisition of property and equipment	-62	-58	-22	-11
Sale of property and equipment	24	9	1	0
Acquisition of intangible assets	-28	-18	-28	-19
Sale of intangible assets	0	0	-	-
Investments in debt securities, held to maturity	679	-3,960	679	-3,960
Purchase/sale of other financial fixed assets	0	-6	0	-6
Cash flow from investing activities	**616**	**-4,034**	**614**	**-4,025**
Financing activities				
Issued subordinated liabilities	28	-	28	-
Amortised subordinated liabilities	-	-786	-	-786
Dividend paid	-600	-1,300	-600	-1,300
Other changes	-3	-6	4	1
Cash flow from financing activities	**-575**	**-2,092**	**-568**	**-2,085**
Cash flow for the year	**-9,611**	**8,158**	**-9,606**	**8,142**
Cash and cash equivalents at the beginning of year	24,558	16,400	24,538	16,397
Translation difference	0	0	-	-
Cash and cash equivalents at the end of year	14,947	24,558	14,932	24,539
Change	**-9,611**	**8,158**	**-9,606**	**8,142**

Cash flow statement *cont.*

Comments on the cash flow statement

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

Operating activities

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

	Group		Parent company	
EURm	2010	2009	2010	2009
Depreciation	41	37	24	22
Impairment charges	-2	-	-2	-
Loan losses	299	413	234	335
Unrealised gains/losses	-1,276	-1,340	-1,276	-1,337
Capital gains/losses (net)	-2	-1	-1	0
Change in accruals and provisions	-27	79	-32	125
Translation differences	1	0	1	0
Other	-1	-22	-18	-18
Total	**-967**	**-834**	**-1,070**	**-873**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

	Group		Parent company	
EURm	2010	2009	2010	2009
Interest payments received	1,828	2,972	1,607	2,782
Interest expenses paid	-745	-1,900	-743	-1,898

Cash and cash equivalents

The following items are included in Cash and cash equivalents assets:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Cash and balances with central banks	7,485	8,004	7,485	8,004
Loans to credit institutions, payable on demand	7,462	16,554	7,447	16,535
	14,947	**24,558**	**14,932**	**24,539**

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

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

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

Notes to the financial statements

Note 1 Accounting policies

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1. Basis for presentation

NBF's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission. In addition, certain complementary rules in the Finnish Accounting Act, the Finnish Credit Institutions Act, the Financial Supervision Authority's Regulations and Guidelines and the Decision of the Ministry of Finance on the financial statements and consolidated statements of credit institutions have also been applied.

The disclosures, required in the standards and legislation above, have been included in the notes, the Risk, Liquidity and Capital management section or in other parts of the "Financial statements".

On 28 February 2011 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 8 March 2011.

2. Comparative figures

The comparative figures for 2009 include, unless otherwise stated, effects of changes in the presentation described in section 3 "Changed accounting policies and presentation" below.

3. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2009 Annual Report, except for the classification of lending commissions in the income statement further described below.

Below follows also a section covering other changes in IFRSs implemented in 2010, which have not had any significant impact, as well as a section covering forthcoming changes in IFRSs not yet implemented by Nordea.

Classification of lending commissions

The accounting treatment, including the classification in the income statement, of lending commissions depends on for which purpose the commission is received. Commissions that are considered to be an integral part of the effective interest rate of a loan is included in the calculation of effective interest and classified as "Net interest income" in the income statement, while commissions considered to be compensation for performed services are classified as "Net fee and commission income".

Judgement has to be exercised when deciding on whether or not a commission shall be included, and to what extent, in the calculation of the effective interest of a loan. Nordea has reassessed this judgement, which has lead to a reclassification of commissions from "Net fee and commission income" to "Net interest income".

Group	2010		2009	
EURm	Re-stated	Pre policy change	Re-stated	Re-ported
Net interest income	1,182	1,154	1,218	1,202
Net commission income	289	317	225	241

Parent company	2010		2009	
EURm	Re-stated	Pre policy change	Re-stated	Re-ported
Net interest income	961	933	1,010	994
Net commission income	270	298	202	218

The comparable figures have been restated accordingly and the impact is, together with the impact on 2010, disclosed in the table on the previous page.

Other changes in IFRSs implemented 2010

The IASB has revised IFRS 3 "Business Combinations" and amended IAS 27 "Consolidated and Separate Financial Statements". The revised and amended standards are applied prospectively for business combinations effected as from 1 January 2010, meaning that there has been no restatement of business combinations with acquisition dates prior to the implementation of this IFRS. The transition rules furthermore state that changes in recognised deferred tax assets, originating from business combinations effected before the application of this IFRS, shall be recognised in the income statement without any equivalent adjustments made to goodwill through the income statement, unless there is an impairment of goodwill. The impact on Nordea from the revised IFRS 3 and amended IAS 27 includes a broader definition of business combinations, the need to expense acquisition costs and continuous fair value adjustments of contingent considerations recognised in the income statement. The revised and amended standards have not had any impact on 2010 but can potentially have on subsequent periods.

The IASB has furthermore revised IFRS 1 "First-time Adoption of International Financial Reporting Standards", amended IFRS 2 "Share-based payment" (Group Cash-settled Share-based Payment Transactions), IAS 39 "Financial Instruments: Recognition and Measurement" (Eligible hedged items) as well as published "Improvements to IFRSs 2009" as well as IFRIC 12 "Service Concession Arrangements", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 16 "Hedges of a Net Investment in a Foreign Operation", IFRIC 17 "Distributions of Non-cash Assets to Owners" and IFRIC 18 "Transfers of Assets from Customers". These revised and amended standards and improvements are effective for Nordea as from 1 January 2010, but have not had any significant impact on 2010 and are not expected to have a significant impact on subsequent periods.

Forthcoming changes in IFRSs

IFRS 9 "Financial instrument" (Phase 1)

In 2009 IASB published a new standard on financial instruments. The standard is the first step in the replacement of IAS 39 "Financial instruments: Recognition and Measurement" and this first phase covers classification and measurement of financial assets. The effective date for Nordea is as from 1 January 2013, but earlier application is permitted. The EU commission has not endorsed this standard for implementation in 2010.

Nordea has, due to the fact that the standard is not yet endorsed by the EU commission, not finalised the investigation of the impact on the period of initial application or on subsequent periods and can therefore neither express an opinion on the impact on the capital adequacy.

Other forthcoming changes in IFRSs

The IASB has amended IAS 32 "Financial instruments: Presentation", with respect to classification of rights issues, IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", revised IAS 24 "Related Party Disclosures" and published IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". Nordea has chosen not to implement these changes early. The amended, revised and published standards and interpretations will be applied retroactively as from 1 January 2011. There is currently no identified significant impact on the period of initial application. The amendment of IAS 32 may affect future rights issues involving different currencies, whilst the revised IAS 24, amended IFRIC 14 and the published IFRIC 19 are not expected to have a significant impact on subsequent periods.

The IASB has published "Improvements to IFRSs" (2010). These improvements are effective for Nordea as from 1 January 2011, but early application is allowed. These improvements are not expected to have a significant impact on the period of initial application or on subsequent periods.

IFRS 7 "Financial instruments: Disclosures" has in addition been amended by the IASB in order to increase the transparency in the reporting of transferred assets ("Disclosures – Transfers of Financial Assets"). Nordea has chosen not to implement these changes early in 2010. The amended standard is effective for Nordea as from 1 January 2012. The amended standard will, on the period of initial application and on subsequent periods, lead to an increased level of disclosures.

The abovementioned revised and amended standards, improvements and interpretations not yet adopted, within the section "Other forthcoming changes in IFRSs", are not, on the period of initial application or on subsequent periods, expected to have any significant impact on the capital adequacy.

4. Critical judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and off-balance sheet items, as well as income and expenses in the financial statements presented. Actual outcome can later, to some extent, differ from the estimates and the assumptions made.

Certain accounting policies are considered to be particularly important to the financial position of Nordea, since they require management to make difficult, complex or subjective judgements and estimates, the majority of which relate to matters that are inherently uncertain. These critical judgements and estimates are in particular associated with:

- the fair value measurement of certain financial instruments
- the impairment testing of:
  – goodwill and
  – loans to the public/credit institutions
- the actuarial calculations of pension liabilities and plan assets related to employees
- claims in civil lawsuits.

Fair value measurement

Critical judgement is exercised when determining fair value of OTC derivatives and other financial instruments that lack quoted prices or recently observed market prices in the following areas:

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

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

See also the separate section 10 "Determination of fair value of financial instruments" and Note 41 "Assets and liabilities at fair value".

Impairment testing

Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. This consists of an analysis to assess whether the carrying amount of goodwill is fully recoverable. The determination of the recoverable amount involves establishing the value in use, measured as the present value of the cash flows expected from the cash-generating unit, to which the goodwill has been allocated.

The forecasts of future cash flows are based on Nordea's best estimates of future revenues and expenses for the cash-generating units to which goodwill has been allocated. A number of assumptions and estimates have significant impact on these calculations and include parameters like macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these parameters, following changes in market conditions, competition, strategy or other, affects the forecasted cash flows. Under current market conditions such changes are not expected to lead to any significant impairment charges of goodwill, but may do so in subsequent periods.

See also the separate section 15 "Intangible assets" and Note 22 "Intangible assets".

Loans to the public/credit institutions

When testing individual loans for impairment, the most critical judgement, containing the highest uncertainty, relates to the estimation of the most probable future cash flows generated from the customer.

When testing a group of loans collectively for impairment, the key aspect is to identify the events and/or the observable data that indicate that losses have been incurred in the group of loans. Assessing the net present value of the cash flows generated by the customers in the group contains a high degree of uncertainty when using historical data and the acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

See also the separate section 13 "Loans to the public/credit institutions" and Note 14 "Loans and their impairment".

Actuarial calculations of pension liabilities and plan assets related to employees

The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial parameter is the discount rate. Other parameters like assumptions as to salary increases and inflation are fixed based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in Note 34 “Retirement benefit obligations”.

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at quoted prices at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations on the return on the different asset classes. The expected return is also disclosed in Note 34 “Retirement benefit obligations”.

See also the separate section 19 “Employee benefits” and Note 34 “Retirement benefit obligations”.

Claims in civil lawsuits
Within the framework of the normal business operations, Nordea faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently none of these disputes are considered likely to have any significant adverse effect on Nordea or its financial position. See also Note 33 “Provisions” and Note 38 “Contingent liabilities”.

5. Principles of consolidation

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

All Group undertakings are consolidated using the purchase method. Under the purchase method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the subsidiary’s assets and assumes its liabilities and contingent liabilities. The acquisition cost to the Group is established in a purchase price allocation analysis. In such analysis, the cost of the business combination is established as the fair values of recognised identifiable assets, liabilities and contingent liabilities. The cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for the net assets acquired. Costs directly attributable to the business combination are expensed. When the cost of the business combination exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is immediately recognised in the income statement.

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

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

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

Investments in associated undertakings
The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where NBF has significant influence. Investments within Nordea’s investment activities, which are classified as a venture capital organisation within Nordea, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39. Further information on the equity method is disclosed in section 6 “Recognition of operating income and impairment”.

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

Special Purpose Entities (SPE)
In accordance with IFRS Nordea does not consolidate SPEs’ assets and liabilities beyond its control. In order to determine whether Nordea controls a SPE or not, Nordea has to make judgements about risks and rewards and assess the ability to make operational decisions for the SPE in question.

When assessing whether NBF shall consolidate a SPE, a range of factors are evaluated. These factors include whether the activities of the SPE are being in substance conducted on NBF’s behalf or if NBF has in substance the decision making powers, the rights to obtain the majority of the benefits or the majority of the residual- or ownership risks. NBF consolidates all SPEs, where NBF has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that NBF does not have any significant risks or rewards on these assets and liabilities.

Nordea has created a number of SPEs to allow clients to invest in assets invested in by the SPEs. Some SPEs invest in tradable financial instruments, such as shares and bond (mutual funds). Other SPEs invest in structured credit products or acquire assets from customers of Nordea.

Nordea is generally the investment manager and has sole discretion about investments and other administrative decisions. Typically, Nordea will receive service and commission fees in connection to the creation of the SPEs, or because it acts as investment manager, custodian or in some other function. This in itself does not constitute a beneficial interest triggering consolidation. In some SPEs Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these SPEs Nordea has a beneficial interest and retains the majority of the risks and rewards, which is why these SPEs are consolidated. Note 20 “Investments in Group undertakings” lists the major subsidiaries in the NBF, including consolidated SPEs.

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

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

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

6. Recognition of operating income and loan losses

Net interest income
Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Interest income and interest expense related to all balance sheet items in Markets is recognised in the income statement on the line “Net result from items at fair value”. Interest income and expense connected to internal placements by and internal funding of Markets are replaced with the related Group external interest income and interest expense.

Net fee and commission income
Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan, as well as other fees received as payments for certain acts, are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

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

Income from issued financial guarantees and expenses from bought financial guarantees are amortised over the duration of the instruments and classified as “Fee and commission income” and “Fee and commission expense” respectively.

Net result from items at fair value
Realised and unrealised gains and losses, including net interest in Markets on financial instruments measured at fair value, are recognised in the item “Net result from items at fair value”.

Realised and unrealised gains and losses derive from:

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

“Net result from items at fair value” includes also losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale financial assets. Impairment losses from instruments within other categories are recognised in the items ”Net loan losses” or “Impairment of securities held as financial non-current assets” (see also the sub-sections ”Net loan losses” and “Impairment of securities held as financial non-current assets” below).

Dividends

Dividends received are recognised in the income statement as “Net result from items at fair value” and classified as “Shares/participations and other share-related instruments” in the note. Income is recognised in the period in which the right to receive payment is established.

Profit from companies accounted for under the equity method

The profit from companies accounted for under the equity method is defined as the post-acquisition change in NBF’s share of net assets in the associated companies. NBF’s share of items accounted for in other comprehensive income in the associated companies is accounted for in other comprehensive income in NBF. Profits from companies accounted for under the equity method are, as stated in section 5 “Principles of consolidation” reported in the income statement post-taxes. Consequently, tax expense related to these profits is excluded from the income tax expense for NBF.

Fair values are, at acquisition, allocated to the associated company’s identifiable assets, liabilities and contingent liabilities. Any difference between NBF’s share of the fair values of the acquired identifiable net assets and the purchase price is goodwill or negative goodwill. Goodwill is included in the carrying amount of the associated company. Subsequently the investment in the associated company increases/decreases with NBF’s share of the post-acquisition change in net assets in the associated company and decreases through received dividends and impairment. An impairment charge can be reversed in a subsequent period.

The change in Nordea’s share of the net assets is based on monthly reporting from the associated companies. For some associated companies not individually significant the change in Nordea’s share of the net assets is based on the external reporting of the associated companies and affects the financial statements of Nordea in the period in which the information is available. The reporting from the associated companies is, if applicable, adjusted to comply with Nordea’s accounting policies.

Other operating income

Net gains from divestments of shares in subsidiaries and associated companies as well as other operating income, not related to any other income line, are generally recognised when it is probable that the benefits associated with the transaction will flow to Nordea and if the significant risks and rewards have been transferred to the buyer (generally when the transactions are finalised).

Net loan losses

Impairment losses from financial assets classified into the category Loans and receivables (see section 12 “Financial instruments”), in the items “Loans to credit institutions” and “Loans to the public” in the balance sheet, are reported as ”Net loan losses”, together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. Nordea’s accounting policies for the calculation of impairment losses on loans can be found in section 13 “Loans to the public/credit institutions”.

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

Impairment of securities held as financial non-current assets

Impairment on investments in interest-bearings securities, classified into the category Held to maturity, and on investments in associated companies are classified as “Impairment of securities held as financial non-current assets” in the income statement. The policies covering impairment of financial assets classified into the category Held to maturity are disclosed in section 12 “Financial instruments”. Investments in associated companies are assessed for impairment annually. If observable indicators (loss events) indicate that an associated company is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associate is compared with the recoverable amount (higher of value in use and fair value less cost to sell) and the carrying amount is written down to the recoverable amount if required. No such impairment has been incurred during 2010.

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

7. Recognition and derecognition of financial instruments in the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards from the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are reclassified to the item "Financial instruments pledged as collateral" in the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when Nordea performs, for example when Nordea repays a deposit to the counterpart, i.e. on settlement date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within 12 "Financial instruments", as well as Note 43 "Obtained collaterals which are permitted to be sold or repledged".

8. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates.

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

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

9. Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so-called hedge accounting. All derivatives are measured at fair value. Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities. The EU carve out macro hedging enables a group of derivatives (or proportions thereof) to be viewed in combination and designated as the hedging instrument and removes some of the limitations in fair value hedge accounting relating to hedging core deposits and under-hedging strategies.

The hedge accounting policy within Nordea has been developed to fulfil the requirements set out in IAS 39. Nordea uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments and in order to hedge the exposure to variability in cash flows and net investments in foreign operations. The overall purpose is to have a true and fair presentation of Nordea's economical hedges in the financial statements. The overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

According to IAS 39 there are three forms of hedge accounting:

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

NBF currently applies only fair value hedge accounting.

Fair value hedge accounting

Fair value hedge accounting is used when derivatives are hedging changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged will be recognised separately in the income statement in the item "Net result from items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement.

The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in “Fair value changes of the hedged items in portfolio hedge of interest rate risk” in accordance with IAS 39.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. The effectiveness of the hedging relationships is consequently measured and evaluated so that any ineffectiveness is affecting the income statement under the item “Net result from items at fair value”.

Hedging instruments
The hedging instruments used in Nordea are predominantly interest rate swaps and currency interest rate swaps. Cash instruments are only used in a few transactions as hedging instruments when hedging currency risk.

Hedged items
According to IAS 39 a hedged item can be a single asset or liability as well as a group of assets or liabilities with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets or liabilities.

Hedge effectiveness
The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life it can be expected that changes in fair value of the hedged item as regards the hedged risk can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent.

When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will, prospectively from the last time it was last proven effective, be accounted for in the income statement at fair value through profit or loss. For fair value hedges, the change in the fair value on the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

10. Determination of fair value of financial instruments

Financial assets and liabilities classified into the categories Financial assets/liabilities at fair value through profit or loss (including derivative instruments) are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement in the item “Net result from items at fair value”.

Fair value is defined by IAS 32 and IAS 39 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Treasury bills
- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters.

Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:

- Treasury bills (when quoted prices in an active market are not available)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC derivatives)

Fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counterparty credit risk and liquidity risk. An important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

The portfolio adjustment for model risk comprises two components (The calculation principles are defined as part of the internal approval process for valuation models):

- Benchmarking of the model output (market values) against market information or against results from alternative models, where available
- Sensitivity calculations where unobservable parameters are varied to take other reasonable values

The portfolio adjustment for counterparty risk in OTC-derivatives is based on the current exposure towards each counterpart, the estimated potential future exposure as well as an estimate of the cost of hedging the counterparty risk. This cost of hedging is either based directly on market prices (where available) or on a theoretical calculation based on the internal credit rating of the counterpart.

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. By data from observable markets, Nordea considers data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the instrument. The deferred upfront gains are subsequently released to income if the non-observable data becomes observable.

A breakdown of fair values of financial instruments measured on the basis of quoted prices in active market for the same instrument (level 1), valuation techniques using observable data (level 2), and valuation techniques using non-observable data (level 3) is provided in Note 41 "Assets and liabilities at fair value".

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

New valuation models are subject to approval by Group Credit and Risk Control and all models are reviewed on a regular basis.

For further information, see Note 41 "Assets and liabilities at fair value".

11. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:

- The central bank is domiciled in a country where Nordea is operating under a banking licence.
- The balance is readily available at any time.

Cash and cash equivalents are financial instruments classified into the category "Loans and receivables", see section 12 "Financial instruments".

Loans to credit institutions payable on demand are also recognised as "Cash and cash equivalents" in the cash flow statement.

12. Financial instruments

Classification of financial instruments

Each financial instrument within the scope of IAS 39 has been classified into one of the following categories:

Financial assets:

- Financial assets at fair value through profit or loss:
  – Held for trading
  – Designated at fair value through profit or loss (Fair Value Option)
- Loans and receivables
- Held to maturity investments
- Available for sale financial assets

Financial liabilities:

- Financial liabilities at fair value through profit or loss:
  – Held for trading
  – Designated at fair value through profit or loss (Fair Value Option)
- Other financial liabilities.

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured in the balance sheet and how changes in its value are recognised. In Note 40 “Classification of financial instruments” the classification of the financial instruments in Nordea’s balance sheet, into the different categories in IAS 39, is presented.

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

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

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

The major parts of the financial assets/liabilities classified into the category Designated at fair value through profit or loss are certain other assets/liabilities, interest bearing securities and shares.

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

Loans and receivables
Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 13 “Loans to the public/credit institutions”.

Held to maturity investments
Held-to-maturity investments are initially recognised in the balance sheet at the acquisition price, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

Nordea assesses at each reporting date whether there is any objective evidence that the asset is impaired. If there is such evidence, an impairment loss is recorded. The loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows and is recognised as “Impairment of securities held as financial non-current assets” in the income statement. See section 13 “Loans to the public/credit institutions” for more information on the identification and measurement of objective evidence of impairment, which is applicable also for interest-bearings securities classified into the category “Held to maturity”.

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

Available for sale financial assets
Available for sale financial assets are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised directly in the revaluation reserves in the statement of comprehensive income. Interest is recognised in the item “Interest income” and foreign exchange effects and impairment losses in the item “Net result from items at fair value”.

When an available for sale financial assets is disposed of, the accumulated fair value changes that previously have been recognised in other comprehensive income are removed from equity and recognised in the income statement in the item “Net result from items at fair value”.

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

Other financial liabilities
Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interest from Other financial liabilities is recognised in the item “Interest expense” in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Markets as part of the trading portfolio are classified into the category Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item “Net result from items at fair value”.

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not recognised on or derecognised from the balance sheet. In the cases where the counterpart is entitled to resell or repledge the securities, the securities are recognised on the balance sheet as “Financial instruments pledged as collateral”.

Securities in securities lending transactions are recognised off balance sheet in the item “Assets pledged as security for own liabilities”.

Cash collateral advanced to the counterparts is recognised on the balance sheet as “Loans to credit institutions” or as “Loans to the public”. Cash collateral received from the counterparts is recognised on the balance sheet as “Deposits by credit institutions” or as “Deposits and borrowings from the public”.

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are recognised on the balance sheet as “Financial instruments pledged as collateral”.

Securities delivered under repurchase agreements are recognised off-balance sheet in the item “Assets pledged as security for own liabilities”.

Cash received under repurchase agreements is recognised on the balance sheet as “Deposits by credit institutions” or as “Deposits and borrowings from the public”. Cash delivered under reverse repurchase agreements is recognised on the balance sheet as “Loans to credit institutions” or as “Loans to the public”.

Additionally, the sale of securities received in reverse repurchase agreements trigger the recognition of a trading liability (short sale).

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item “Derivatives”. Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item “Derivatives”.

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item “Net result from items at fair value”.

13. Loans to the public/credit institutions

Financial instruments classified as “Loans to the public/credit institutions” in the balance sheet and into the category Loans and receivables are measured at amortised cost (see also the separate section 7 “Recognition and derecognition of financial instruments in the balance sheet” as well as Note 40 ”Classification of financial instruments”).

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

Also interest-bearings securities classified into the category Held to maturity are held at amortised cost and the description below is valid also for the identification and measurement of impairment on these assets. Possible impairment losses on financial assets classified into the category Held to maturity are recognised as "Impairment of securities held as non-current financial assets" in the income statement.

Impairment test of individually assessed loans
Nordea tests significant loans for impairment on an individual basis. The purpose of the impairment tests is to find out if the loans have become impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators for impairment (loss event) and whether these represent objective evidence of impairment. More information on the identification of loss events can be found in the Risk, Liquidity and Capital Management section.

In the process to conclude whether there is objective evidence of impairment, an assessment is performed to estimate the most probable future cash flows generated by the customer. These cash flows are then discounted by the effective interest rate giving the net present value. Collaterals received to mitigate the credit risk will be assessed at fair value. If the carrying amount of the loan is higher than the net present value of the estimated future cash flows, including the fair value of the collaterals, the loan is impaired.

Loans that are not individually impaired will be transferred to a group of loans with similar risk characteristics for a collective impairment test.

Impairment test of collectively assessed loans
All loans not impaired on an individual basis are collectively assessed for impairment. The loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors´ ability to pay all amounts due according to the contractual terms. Nordea monitors its portfolio through rating migrations, the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes Nordea identifies loss events indicating incurred losses in a group. A loss event is an event resulting in a deterioration of the expected future cash flows. Only loss events incurred up to the reporting date are included when performing the assessment of the group.

The objective for the group assessment process is to evaluate if there is a need to make a provision due to the fact that a loss event has occurred, which has not yet been identified on an individual basis. This period between the date when the loss event occurred and the date when it is identified on an individual basis is called "Emergence period". The impairment remains related to the group of loans until the losses have been identified on an individual basis. The identification of the loss is made through a default of the engagement or by other indicators.

For corporate customers and bank counterparts, Nordea uses the existing rating system as a basis when assessing the credit risk. Nordea uses historical data on probability of default to estimate the risk for a default in a rating class. These loans are rated and grouped mostly based on type of industry and/or sensitivity to certain macro parameters, e.g. dependency to oil prices etc. Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on Risk, Liquidity and Capital management.

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

Impairment loss
If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows, including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses will be recorded as changes in the allowance account and as "Net loan losses" in the income statement (see also section 6 "Recognition of operating income and loan losses").

If the impairment loss is regarded as final, it is reported as a realised loss. A realised loss is recognised and the value of the loan and the related allowance for impairment loss are derecognised with a corresponding gain or loss recognised in the line item ”Net loan losses” in the income statement. An impairment loss is regarded as final when the obligor is filed for bankruptcy and the administrator has declared the economic outcome of the bankruptcy procedure, or when Nordea forgives its claims either through a legal based or voluntary reconstruction or when Nordea, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate
The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans.

Restructured loans
In this context a restructured loan is defined as a loan where Nordea has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for Nordea. After a reconstruction the loan is normally regarded as not impaired if it performs according to the new conditions. Concessions made in reconstructions are regarded as final losses unless Nordea retains the possibility to regain the realised loan losses incurred. This is, in the event of a recovery, reported as recoveries of realised loan losses.

Assets taken over for protection of claims
In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea's own use, is reported together with other investment properties. At initial recognition, all assets taken over for protection of claims are recognised at fair value. The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value.

Financial assets that are foreclosed are generally classified into the categories Available for sale or Designated at fair value through profit or loss (Fair Value Option) (see section 12 “Financial instruments”) and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line “Net result from items at fair value”.

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

14. Leasing

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

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

NBF as lessee
Finance leases
No leases in NBF have been classified as finance leases.

Operating leases
For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of the user's benefit. The original lease terms range between 3 to 25 years.

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

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

Embedded leases

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

15. Intangible assets

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is not recognised as a separate asset, but included in "Investments in associated undertakings". Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill can not be reversed in subsequent periods. Goodwill related to associated companies is not tested for impairment separately, but included in the total carrying amount of the associated company. The policies covering impairment testing of associated companies is disclosed in section 6 "Recognition of operating income and loan losses".

Computer software

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

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

Customer related intangible assets

In business combinations a portion of the purchase price is normally allocated to a customer related intangible asset, if the asset is identifiable and under Nordea's control. An intangible asset is identifiable if it arises from contractual or legal rights, or is separable. The asset is amortised over it's useful life.

Other intangible assets

Expenditure on acquired patents, trademarks and licenses is capitalised and amortised using the straight-line method over their useful lives, generally 5 years.

Impairment

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

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

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash generating units are defined as the customer areas by country. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit.

The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at the Group's defined post tax average cost of equity. If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See note 22 "Intangible assets" for more information on the impairment testing.

16. Property and equipment

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

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

- Buildings: 30-75 years
- Equipment: 3-5 years
- Leasehold improvements: Changes within buildings the shorter of 10 years and the remaining leasing term.

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

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

17. Investment property

Investment properties are primarily properties held to earn rent and capital appreciation. The best evidence of a fair value is normally given by quoted prices in an active market for similar property in the same location and condition. As these prices are rarely available discounted cash flow projections based on reliable estimates of future cash flows are used.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as "Net result from items at fair value".

18. Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement, except to the extent that the tax effect relates to items recognised in other comprehensive income or directly in equity, in which case the tax effect is recognised in other comprehensive income or in equity respectively.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associated companies to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

19. Employee benefits

All forms of consideration given by Nordea to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed. Post-employment benefits are benefits payable after the termination of the employment. Post-employment benefits in Nordea consist only of pensions.

Short-term benefits
Short term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees have performed services to Nordea. Nordea has also issued share-based payment programmes, which are further described in section 22 "Share-based payment".

More information can be found in Note 8 "Staff costs".

Post-employment benefits
Pension plans
The companies within Nordea have various pension plans, consisting of both defined benefit plans and defined contribution plans, reflecting national practices and conditions in the countries where they operate. The major defined benefit plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation, the net amount is recognised as a liability (defined benefit obligation). If not, the net amount is recognised as an asset (defined benefit asset). Non-funded pension plans are recognised as defined benefit obligations.

Certain Finnish plans, are based on defined contribution arrangements that hold no pension liability for NBF. Nordea also contributes to public pension systems.

Pension costs
The pension calculations are carried out by country and by pension plan in accordance with IAS 19.

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. Nordea's net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised prior service cost and the fair value of any plan assets are deducted. Actuarial calculations, performed annually, are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note 34 "Retirement benefit obligations").

When establishing the present value of the obligation and the fair value of any plan assets, actuarial gains and losses may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The actuarial gains and losses are not recognised immediately in the income statement. Rather, only when the net cumulative unrecognised actuarial gain or loss exceeds a "corridor" equal to 10 percent of the greater of either the present value of the defined benefit obligation or the fair value of the plan assets, the excess is recognised in the income statement over the expected average remaining service period of the employees participating in the plan. Otherwise, actuarial gains and losses are not recognised.

When the calculation results in a benefit to the Nordea entity, the recognised asset is limited to the net total of any unrecognised actuarial losses, unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan.

Discount rate in Defined Benefit Plans
The discount rate is determined by reference to high quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In countries where no such market exists the discount rate is determined by reference to government bond yields. In Finland the discount rate is determined with reference to corporate bonds.

20. Equity

Non-controlling interests
Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Finland Plc.

Share premium reserve
The share premium reserve consists of the difference between the subscription price and the nominal value of the shares in NBF's rights issue. Transaction costs in connection to the rights issue have been deducted.

Other reserves
Other reserves comprise income and expenses, net after tax effects, that are reported in equity in accordance with IFRS. These reserves include reserves for financial assets classified into the category Available for sale, in accordance with IAS 39, as well as translation differences in accordance with IAS 21.

Retained earnings
Apart from undistributed profits from previous years, retained earnings include the equity portion of untaxed reserves.

Untaxed reserves according to national rules are recorded as equity net of deferred tax at prevailing tax rates in respective country.

In addition, NBF's share of the earnings in associated companies, after the acquisition date, that have not been distributed is included in retained earnings.

Treasury shares
NBF does not hold Treasury shares.

21. Financial guarantee contracts and credit commitments

Upon initial recognition, premiums received in issued financial guarantee contracts and credit commitments are recognised as deferred income on the balance sheet. The guarantees and irrevocable credit commitments are subsequently measured, and recognised on the balance sheet, at the higher of either the received fee less amortisation, or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Changes in provisions are recognised in the income statement in the item ”Net loan losses”.

Premiums received for financial guarantees are, as stated in section 6 "Recognition of operating income and loan losses", amortised over the guarantee period and recognised as ”Fee and commission income” in the income statement. Premiums received on credit commitments are amortised over the loan commitment period. The contractual amounts are recognised off-balance sheet, financial guarantees in the item "Contingent liabilities" and irrevocable credit commitments in the item "Commitments".

22. Share-based payment

Nordea has annually issued Long Term Incentive Programmes from 2007 through 2010. Employees participating in these programmes are granted share-based and equity-settled rights, i.e. rights to receive shares for free or to acquire shares in Nordea at a significant discount to the share price at grant date. According to IFRS 2, the value of such rights is to be expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date, and is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

For more information see Note 8 "Staff costs".

23. Related party transactions

NBF defines related parties as:
- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Key management personnel
- Other related parties

Shareholders with significant influence
Shareholders with significant influence are shareholders that, by any means, have a significant influence over NBF. Nordea and its group companies are considered as having such significant influence.

Group undertakings
For the definition of Group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the NBF is found in Note 20 "Investments in group undertakings".

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

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

Further information on the associated undertakings included in the NBF is found in Note 21 "Investments in associated undertakings".

Key management personnel
Key management personnel include the following positions:

- The Board of Directors of NBF and of Nordea Bank AB (publ)
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM).

For information about compensation, pensions and other transactions with key management personnel, see Note 8 “Staff costs”.

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

Information concerning transactions between NBF and other related parties is found in Note 45 “Related-party transactions”.

24. Segment reporting

Segment reporting structure
Within Nordea, customer responsibility is fundamental. Nordea’s total business relations with customers are reported in the customer responsible unit’s income statement and balance sheet. The operating segments have been identified based on Nordea’s operating model and internal reporting structure.

Financial results are presented for the four operating segments Nordic Banking, New European Markets, Financial Institutions and Shipping, Oil Services & International.

The customer operations not included in these segments are included in Other operating segments (International Private Banking & Funds, Group Corporate Centre and the result in Capital Market Products which is not allocated to the main operating segments). Group Functions, eliminations as well as the result that is not fully allocated to any of the operating segments, are shown separately as reconciling items.

Allocation principles
Costs are allocated from Group Functions and Product Areas to operating segments based on internal principles, aiming at the highest possible degree of cost transparency. Income is allocated with the underlying business transactions as driver combined with the identification of the customer responsible unit. Assets, liabilities and economic capital are allocated to the operating segments.

Transfer pricing
Funds transfer pricing is based on current market interest rates and applied to all assets and liabilities allocated to or accounted for in the operating segments or Group Functions.

Group internal transactions between legal entities are performed according to arm’s length principles in conformity with OECD requirements on transfer pricing. The financial result of such transactions is reported in the relevant operating segment based on assigned product and customer responsibilities.

Note 2 Segment reporting

Group

Operating segments

Income statement, EURm	Nordic Banking 2010	Nordic Banking 2009	New European Markets 2010	New European Markets 2009	Financial Institutions 2010	Financial Institutions 2009	Shipping, Oil Services & International 2010	Shipping, Oil Services & International 2009
Net interest income	781	789	166	103	14	7	88	66
Net fee and commission income	534	466	51	35	40	34	18	11
Net result from items at fair value	145	148	2	19	39	44	3	16
Profit from companies accounted for under the equity method	1	4	0	-	-	-	-	-
Other income	2	3	3	1	11	24	0	1
Total operating income	**1,463**	**1,410**	**222**	**158**	**104**	**109**	**109**	**94**
Staff costs	-292	-317	-36	-29	-9	-9	-26	-24
Other expenses	-548	-495	-53	-40	-27	-27	10	7
Depreciation, amortisation and impairment charges of tangible and intangible assets	-2	-3	-3	-3	0	0	-1	-1
Total operating expenses	**-842**	**-815**	**-92**	**-72**	**-36**	**-36**	**-17**	**-18**
Net loan losses	-192	-185	-99	-138	-	-10	-2	-7
Operating profit	**429**	**410**	**31**	**-52**	**68**	**63**	**90**	**69**
Income tax expense	-	-	-	-	-	-	-	-
Net profit for the year	**429**	**410**	**31**	**-52**	**68**	**63**	**90**	**69**
Balance sheet, EURm								
Loans to the public	54,703	46,365	7,826	7,046	313	2	6,774	6,124
Deposits and borrowings from the public	39,397	35,668	2,026	2,041	926	1,046	6,141	4,278

Note 2 *Segment reporting, cont.*

Group

Operating segments

Income statement, EURm	Other operating segments 2010	Other operating segments 2009	Total operating segments 2010	Total operating segments 2009	Reconciliation 2010	Reconciliation 2009	Total Group 2010	Total Group 2009
Net interest income	3	14	1,052	979	130	224	1,182	1,202
Net fee and commission income	-58	-109	585	437	-296	-196	289	241
Net result from items at fair value	767	1,076	956	1,303	23	22	979	1,325
Profit from companies accounted for under the equity method	-	-	1	4	5	0	6	4
Other income	0	0	16	29	27	24	43	53
Total operating income	**712**	**981**	**2,610**	**2,752**	**-111**	**74**	**2,499**	**2,825**
Staff costs	-57	-68	-420	-447	-133	-152	-553	-599
Other expenses	-211	-200	-829	-755	350	323	-479	-432
Depreciation of tangible and intangible assets	0	0	-6	-7	-33	-31	-39	-37
Total operating expenses	**-268**	**-268**	**-1,255**	**-1,209**	**184**	**140**	**-1,071**	**-1,068**
Net loan losses	-	0	-293	-340	21	-41	-272	-381
Operating profit	**444**	**713**	**1,062**	**1,203**	**94**	**173**	**1,156**	**1,376**
Income tax expense	-	-	-	-	-302	-373	-302	-373
Net profit for the year	**444**	**713**	**1,062**	**1,203**	**-208**	**-200**	**854**	**1,003**
Balance sheet, EURm								
Loans to the public	4,390	-	74,006	59,537	-400	6,185	73,607	65,723
Deposits and borrowings from the public	6,501	-	54,991	43,033	467	1,224	55,459	44,256

Reconciliation between total operating segments and financial statements

EURm	Total operating income 2010	Total operating income 2009	Operating profit 2010	Operating profit 2009	Loans to the public 2010	Loans to the public 2009	Deposits and borrowings from the public 2010	Deposits and borrowings from the public 2009
Total Operating segments	2,610	2,752	1,062	1,203	74,006	59,537	54,991	43,033
Group functions[1]	-98	85	94	173	-247	6,306	570	1,246
Unallocated items		-		-		-		-
Eliminations	-13	-12	0	0	-152	-120	-102	-23
Total	**2,499**	**2,825**	**1,156**	**1,376**	**73,607**	**65,723**	**55,459**	**44,256**

[1] Consists of Executive Management, Group Internal Audit, Group Credit and Risk Control, Human Resources and Group Identity and Communications

Reportable Operating segments

Nordea's operating model defines four areas in the organisation reflecting different responsibilities; Customer areas, Product areas, Group operations and Support areas. The Operating segments have been identified based on the Customer areas in the operating model and on the internal reporting structure. The Customer areas are responsible for the overall business relation with a customer or customer group.

Nordic Banking conducts a full service banking operation. It is Nordea Bank Finland's largest customer area and serves household customers and corporate customers in the Finnish markets. The branches within Nordea's banking activities in the New European Markets offer full banking services for local and Nordic corporate and personal customers in Estonia, Latvia and Lithuania. Customers within Nordic Banking and New European Markets are offered a complete range of banking products and services including accounts products, transactions products, markets products and insurance products. The Financial Institutions segment is responsible for Nordea's customers within the financial institution industry. Nordea Bank Finland's financial institution services include single products such as funds, equity products etcetera as well as consulting services within asset allocation and fund sales. The segment Shipping, Oil Services & International is responsible for Nordea's customers within the shipping, offshore and oil services industries. Nordea provides tailormade solutions and syndicated loan transactions within this area.

Group

Total operating income split on product groups

EURm	2010	2009
Banking products	1,831	1,858
Capital Markets products	675	990
Savings Products & Asset Management	24	18
Life & Pensions	14	7
Other	-45	-48
Total	**2,499**	**2,825**

Banking products consists of three product responsible divisions. Account products is responsible for developing and delivering account based products such as lending, deposits and cards and Netbank services. Transaction products provides and develops cash management, trade and project finance services. Nordea Finance is responsible for asset based financing through leasing, hire purchase and factoring as well as offering sales to finance partners such as dealers, vendors and retailers. Capital Markets products includes financial instruments, or arrangement for a financial instrument, that are available in the financial marketplace, including currencies, commodities, stocks, bonds, and existing arrangements. Savings Products & Asset Management includes Investment funds, Discretionary Management, Portfolio Advice, Equity Trading and Pension Accounts. Investment Funds is a bundled product where the fund company invest in stocks, bonds, derivatives or other standardised products on behalf of the fund's shareholders. Discretionary Management is a service providing the management of an investment portfolio on behalf of the customer and Portfolio Advise is a service provided to support the customers investment decision. Nordea Life & Pensions provides life insurance and pension products and services.

Group

Geographical information

	Total operating income		Assets	
EURm	2010	2009	2010	2009
Sweden	82	26	11,851	3,288
Finland	1,489	1,587	99,737	95,347
Norway	103	178	7,205	5,097
Denmark	395	628	107,654	63,329
Baltic countries	193	157	8,861	8,146
Poland	1	1	57	60
Other	236	248	50,721	45,898
Total	**2,499**	**2,825**	**286,086**	**221,165**

Nordea Bank Finland's main geographical market comprises the Nordic countries, the Baltic countries and Poland. Revenues and assets are distributed to geographical areas based on the location of the legal entities. Goodwill is allocated to different countries based on the location of the business activities of the acquired entities.

Note 3 Net interest income

	Group		Parent company	
EURm	2010	2009	2010	2009
Interest income				
Loans to credit institutions	377	610	450	731
Loans to the public	1,445	1,970	1,150	1,639
Interest-bearing securities	131	140	131	140
Other interest income	5	-12	5	-12
Interest income	**1,958**	**2,708**	**1,736**	**2,498**
Interest expense				
Deposits by credit institutions	-293	-453	-292	-451
Deposits and borrowings from the public	-299	-496	-299	-496
Debt securities in issue	-157	-376	-157	-376
Subordinated liabilities	-26	-37	-26	-37
Other interest expense[1]	-1	-128	-1	-128
Interest expense	**-776**	**-1,490**	**-775**	**-1,488**
Net interest income	**1,182**	**1,218**	**961**	**1,010**

[1] The net interest income from derivatives, measured at fair value and related to Nordea's funding can have both a positive and negative impact on other interest expense, for further information see Note 1.

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 1,920m (2,655) for the Group and EUR 1,698m (2,445) for the parent company. Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR -777m (-1,364) for the Group and EUR -775m (-1,361) for the parent company.

Net interest income

	Group		Parent company	
EURm	2010	2009	2010	2009
Interest income	1,863	2,598	1,736	2,498
Leasing income, net	95	110	-	-
Interest expenses	-776	-1,490	-775	-1,488
Total	**1,182**	**1,218**	**961**	**1,010**

Comparative figures have been restated. For further information see note 1.

Note 4 Net fee and commission income

	Group		Parent company	
EURm	2010	2009	2010	2009
Asset Management commissions	50	31	50	31
Life insurance	7	10	7	10
Brokerage	27	25	27	25
Custody	20	35	20	35
Deposits	5	5	5	5
Total savings related commissions	109	106	109	106
Payments	175	165	176	166
Cards	78	61	50	38
Total payment commissions	253	226	226	204
Lending	72	74	56	58
Guarantees and documentary payments	143	117	144	119
Total lending related to commissions	215	191	200	177
Other commission income	72	72	71	70
Fee and commission income	**649**	**595**	**606**	**557**
Payment expenses	-74	-72	-52	-49
Other commission expenses	-286	-298	-284	-306
Fee and commission expenses	**-360**	**-370**	**-336**	**-355**
Net fee and commission income	**289**	**225**	**270**	**202**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounted to EUR 77m (87) for the Group and EUR 61m (72) for the parent company.

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amounted to EUR 84m (66) for the Group and EUR 84m (66) for the parent company.

Comparative figures have been restated. For further information see note 1.

Note 5 Net result from items at fair value

	Group		Parent company	
EURm	2010	2009	2010	2009
Shares/participations and other share-related instruments	35	22	35	18
Interest-bearing securities and other interest-related instruments	644	929	644	929
Other financial instruments	109	131	109	131
Foreign exchange gains/losses	193	244	193	244
Investment properties	-2	-1	-2	-1
Total	**979**	**1,325**	**979**	**1,321**

Net result from categories of financial instruments

	Group		Parent company	
EURm	2010	2009	2010	2009
Available for sale assets, realised	1	0	1	0
Financial instruments designated at fair value through profit or loss	223	253	223	250
Financial instruments held for trading[1]	757	1,077	757	1,076
Financial instruments under hedge accounting	-1	-4	-1	-4
- of which net gains/losses on hedging instruments	-9	-27	-9	-27
- of which net gains/losses on hedged items	8	23	8	23
Other	-1	-1	-1	-1
Total	**979**	**1,325**	**979**	**1,321**

[1] Of which deferred day one profits amounted to EUR 2m (51) for the Group and EUR 2m for (51) for the parent company.

Note 6 Dividends

	Group		Parent company	
EURm	2010	2009	2010	2009
Investments in group undertakings	-	-	40	51
Investments in associated undertakings	-	-	2	1
Total	**-**	**-**	**42**	**52**

Note 7 Other operating income

	Group		Parent company	
EURm	2010	2009	2010	2009
Divestment of shares	-	-	-	-
Income from real estate	3	4	7	7
Disposals of tangible and intangible assets	1	0	1	0
Other	39	49	41	53
Total	**43**	**53**	**49**	**60**

Note 8 Staff costs

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Salaries and remuneration	-433	-442	-399	-405
Pension costs (specification below)	-58	-66	-53	-60
Social insurance contributions	-29	-35	-27	-32
Allocation to profit-sharing foundation	-6	-31	-6	-30
Other staff costs	-27	-25	-23	-23
Total	**-553**	**-599**	**-508**	**-550**

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Pension costs:				
Defined benefit plans (Note 34)	4	-5	4	-5
Defined contribution plans	-62	-61	-57	-55
Total	**-58**	**-66**	**-53**	**-60**

Additional disclosures on remuneration under the FIN-FSA release 62/501/2010

The remuneration principles in Nordea for 2010 are published in the Board of Directors´ report of Nordea Bank AB (publ). The figures for Nordea Bank Finland Plc will be published separately on nordea.com in due time before the Annual General Meeting of Nordea Bank AB (publ).

Compensation etc to the Board of Directors, President and his deputy

The members of the Board of Directors of Nordea Bank Finland Plc and the President are all members of the Nordea Bank AB (publ) Group Executive Management. In 2010 Nordea Bank AB (publ) has paid all salaries, fees, pension- and other staff-related expenses to the above mentioned members of the administrative and controlling boards. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation -expenses.

Information on salaries, loans and pension liabilities of the above mentioned persons is presented in the Annual Report of Nordea Bank AB (publ).

Salaries paid to the deputy of the President of Nordea Bank Finland Plc amounted to EUR 0m in 2010. Pension obligation for the deputy of the President amounted to EUR 1m.

EURm	2010	2009
Loans granted by Nordea Bank Finland Plc		
To members and deputy members of the Board of Directors	-	0
To the President and his deputy	0	0

Terms and conditions regarding loans to members of the Board of Directors, to President and his deputy are decided in accordance with instructions issued by the Board of Directors.

Guarantees and other off-balance-sheet commitments

No guarantees or other off-balance-sheet commitments have been granted to members of administrative or controlling boards or to auditors.

The members of the administrative and controlling boards have no holdings of shares, equity warrants or convertible bonds issued by Nordea Bank Finland Plc.

Loans to key management personnel

Loans to key management personnel amounts to EUR 2m (1) in the Group and EUR 2m (0) in the parent company. Interest income on these loans amounts to EUR 0m (0) in the Group and EUR 0m (0) in the parent company.

Terms and conditions regarding loans for key management personnel employed by Nordea are decided in accordance with instructions issued by the Board of Directors. Loans to family members of key management personnel are granted on normal market terms, as well as loans to key management personnel who are not employees of Nordea. In Finland the employee interest rate for loans corresponds to Nordea's funding cost with a margin of 10 basis points up to EUR 400,000, and 30 basis points for loans over EUR 400,000.

The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any key management personnel.

Note 8 *Staff costs, cont.*

Share-based payment

Group	2010		
Conditional Rights LTIP 2010	Matching Share	Performance Share I	Performance Share II
Granted	176,233	352,466	176,233
Forfeited	-3,038	-6,076	-3,038
Outstanding at end of year	**173,195**	**346,390**	**173,195**
- of which currently exercisable	-	-	-

Parent company	2010		
Conditional Rights LTIP 2010	Matching Share	Performance Share I	Performance Share II
Granted	173,813	347,626	173,813
Forfeited	-3,038	-6,076	-3,038
Outstanding at end of year	**170,775**	**341,550**	**170,775**
- of which currently exercisable	-	-	-

Group	2010			2009		
Conditional Rights LTIP 2009	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	275,121	556,970	275,121	-	-	-
Granted	-	-	-	281,849	563,698	281,849
Forfeited	-	-290,775	-168,643	-6,728	-6,728	-6,728
Outstanding at end of year	**275,121**	**266,195**	**106,478**	**275,121**	**556,970**	**275,121**
- of which currently exercisable	-	-	-	-	-	-

Parent company	2010			2009		
Conditional Rights LTIP 2009	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	270,792	548,312	270,792	-	-	-
Granted	-	-	-	277,520	555,040	277,520
Forfeited	-8,926	-286,446	-166,046	-6,728	-6,728	-6,728
Outstanding at end of year	**261,866**	**261,866**	**104,746**	**270,792**	**548,312**	**270,792**
- of which currently exercisable	-	-	-	-	-	-

Group	2010			2009		
Conditional Rights LTIP 2008	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	87,691	87,691	70,153	89,496	89,496	89,496
Forfeited	-2,897	-2,897	-2,318	-1,805	-1,805	-19,343
Exercised	-72,029	-71,298	-59,001	-	-	-
Outstanding at end of year	**12,765**	**13,496**	**8,834**	**87,691**	**87,691**	**70,153**
- of which currently exercisable	12,765	13,496	8,834	-	-	-

Parent company	2010			2009		
Conditional Rights LTIP 2008	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	86,315	86,315	69,052	88,120	88,120	88,120
Forfeited	-2,897	-2,897	-2,318	-1,805	-1,805	-19,068
Exercised	-72,029	-71,298	-57,900	-	-	-
Outstanding at end of year	**11,389**	**12,120**	**8,834**	**86,315**	**86,315**	**69,052**
- of which currently exercisable	11,389	12,120	8,834	-	-	-

Group	2010			2009		
Conditional Rights LTIP 2007	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	14,619	13,013	24,172	78,732	76,993	78,732
Forfeited	-	-	-	-	-	-
Exercised	-5,468	-8,514	-13,595	-64,113	-63,980	-54,560
Outstanding at end of year	**9,151**	**4,499**	**10,577**	**14,619**	**13,013**	**24,172**
- of which currently exercisable	9,151	4,499	10,577	14,619	13,013	24,172

Parent company	2010			2009		
Conditional Rights LTIP 2007	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	14,619	13,013	24,172	77,495	75,783	77,495
Forfeited	-	-	-	-	-	-
Exercised	-5,468	-8,514	-13,595	-62,876	-62,770	-53,323
Outstanding at end of year	**9,151**	**4,499**	**10,577**	**14,619**	**13,013**	**24,172**
- of which currently exercisable	9,151	4,499	10,577	14,619	13,013	24,172

Long-Term Incentive Programmes

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

	LTIP 2010			LTIP 2009		
	Matching Share	Performance Share I	Performance Share II	A Rights	B-C Rights	D Rights
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price, EUR	-	-	-	0.77	0.38	0.38
Grant date	13 May 2010	13 May 2010	13 May 2010	14 May 2009	14 May 2009	14 May 2009
Vesting period, months	36	36	36	24	24	24
Contractual life, months	36	36	36	48	48	48
First day of exercise	May 2013	May 2013	May 2013	April 2011	April 2011	April 2011
Fair value at grant date, EUR	6.75	6.75	2.45	4.66	5.01	1.75

	LTIP 2008			LTIP 2007		
	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Ordinary share per right	1.30	1.30	1.30	1.30	1.30	1.30
Exercise price, EUR	2.30	1.53	1.53	2.53	1.00	1.00
Grant date	13 May 2008	13 May 2008	13 May 2008	17 May 2007	17 May 2007	17 May 2007
Vesting period, months	24	24	24	24	24	24
Contractual life, months	48	48	48	48	48	48
First day of exercise	29 April 2010	29 April 2010	29 April 2010	30 April 2009	30 April 2009	30 April 2009
Fair value at grant date, EUR	7.53	8.45	4.14	8.76	10.49	7.76

Conditions and requirements

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

Note 8 *Staff costs, cont.*

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

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

	LTIP 2010	LTIP 2009[1]	LTIP 2008[1]	LTIP 2007
Service condition, A-D-rights/ Matching Share/Performance Share I and II	Employed within the Nordea Group during the three year vesting period.	Employed within the Nordea Group during the two year vesting period.	Employed within the Nordea Group during the two year vesting period.	Employed within the Nordea Group during the two year vesting period.
Performance condition, B-rights/Performance Share I	Compound Annual Growth Rate in RAPPS from year 2009 (base year) to and including year 2012. Full right to exercise will be obtained if the Compound Annual Growth Rate amount to or exceed 9%.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2007 compared to 2006. Full right to exercise was obtained if RAPPS increased by 15% or more.
EPS knock out, B-rights/Performance Share I	Average reported EPS for 2010-2012 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.26	Reported EPS for 2008 lower than EUR 0.80.	Reported EPS for 2007 lower than EUR 0.80.
Performance condition, C-rights	-	Increase in RAPPS 2010 compared to 2009. Full right to exercise will be obtained if RAPPS increases by 8% or more.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.
EPS knock out, C-rights	-	Reported EPS for 2010 lower than EUR 0.26	Reported EPS for 2009 lower than EUR 0.52.	Reported EPS for 2008 lower than EUR 0.80.
Performance conditions, D-rights/Performance Share II	TSR during 2010-2012 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.	TSR during 2009-2010 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1.	TSR during 2008-2009 in comparison to a peer group. Full right to exercise was obtained if Nordea was ranked number 1.	TSR during 2007-2008 in comparison to a peer group. Full right to exercise was obtained if Nordea's TSR exceeded peer group index with 10% or more.
Cap	The market value of the allotted shares is capped to the participant's annual salary for year-end 2009.	The profit per A-D-rights is capped to EUR 9.59 per right.	The profit per A-D-rights is capped to EUR 21.87 per right.	The profit per A-D-rights is capped to EUR 19.18 per right.
Exercise price adjustments	-	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the vesting period and the exercise period, however never adjusted below EUR 0.10.

[1] RAPPS for the financial year 2008 used for LTIP 2008 (C-rights) and LTIP 2009 (B-rights), RAPPS for the financial year 2009 used for LTIP 2009 (C-rights), EPS knock out in LTIP 2008 (C-rights) and LTIP 2009 (B- and C-rights) and the cap in LTIP 2009, LTIP 2008 and LTIP 2007 has been adjusted due to the financial effects of the new rights issue.

Fair value calculations

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

	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Weighted average share price, EUR	6.93	5.79	11.08	12.33
Right life, years	3.0	2.5	2.5	3.0
Deduction of expected dividends	No	Yes	Yes	Yes
Risk free rate, %	1.99	1.84	3.83	4.20
Expected volatility, %	40.00	29.00	21.00	20.00

Expected volatility is based on historical values. As the exercise price (zero for LTIP 2010) is significantly below the share price at grant date, the value has a limited sensitivity to expected volatility and risk-free interest. The fair value calculations are also based on estimated early exercise behaviour during the programme's exercise windows, however not applicable for LTIP 2010.

The value of the D-rights/Performance Share II is based on market related conditions and fulfilment of the TSR targets has been taken into consideration when calculating the right's fair value at grant. When calculating the impact from the TSR target it has been assumed that all possible outcomes have equal possibilities.

Expenses[1]

	Group				Parent company			
EURm	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Expected expense	3.5	3.1	1.3	2.1	3.4	3.0	1.2	2.1
Maximum expense	3.9	3.1	1.3	2.1	3.8	3.0	1.2	2.1
Total expense 2010	0.6	1.7	0.9	-	0.6	1.7	0.8	-
Total expense 2009	-	0.5	0.8	2.1	-	0.5	0.8	2.1

[1] All amounts excluding social charges

When calculating the expected expense an expected annual employee turnover of 5% has been used in LTIP 2010. The expected expense is recognised over the vesting period of 36 months (LTIP 2010) and 24 months (LTIP 2009, 2008 and 2007).

Average number of employees

	Group		Parent company	
	2010	2009	2010	2009
Full-time employees	9,426	9,566	8,664	8,734
Part-time employees	612	586	569	516
Total	**10,038**	**10,152**	**9,233**	**9,250**
Total number of employees (FTEs), end of period	9,097	9,218	8,357	8,454

Note 9 Other expenses

	Group		Parent company	
EURm	2010	2009	2010	2009
Information technology[1]	-168	-146	-188	-165
Marketing and entertainment[2]	-40	-32	-37	-29
Postage, transportation, telephone and office expenses[2]	-48	-46	-41	-39
Rents, premises and real estate	-86	-86	-85	-85
Other[3]	-137	-122	-127	-109
Total	**-479**	**-432**	**-478**	**-427**

[1] Refers to IT operations, service expenses and consultant fees for the Group. Total IT-related costs including staff etc., were EUR -217m EUR (-199) in the Group and EUR -205m (-185) in the parent company.
[2] Comparative figures have been restated to reflect the new categories used 2010
[3] Including fees and remuneration to auditors distributed as follows

Auditors' fees

	Group		Parent company	
EURm	2010	2009	2010	2009
KPMG				
Auditing assignments	-1	-1	-1	-1
Audit-related services	0	-	-	-
Tax advisory services	0	0	0	0
Other assignments	0	0	0	0
Ernst & Young				
Auditing assignments	-	-	-	-
Audit-related services	0	-	0	-
Tax advisory services	0	0	0	0
Other assignments	-	0	-	0
Deloitte				
Auditing assignments	-	-	-	-
Audit-related services	-	-	-	-
Tax advisory services	0	0	0	0
Other assignments	-	0	-	0
PriceWaterhouseCoopers				
Auditing assignments	0	0	-	-
Audit-related services	-	-	-	-
Tax advisory services	0	0	0	0
Other assignments	0	-2	0	-2
Other				
Auditing assignments	0	-	0	-
Audit-related services	-	-	-	-
Tax advisory services	0	0	0	0
Other assignments	0	0	0	0
Total	**-2**	**-3**	**-2**	**-3**

Note 10 Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation/amortisation

	Group		Parent company	
EURm	2010	2009	2010	2009
Property and equipment (Note 23)				
Equipment	-30	-28	-14	-14
Buildings	0	0	0	0
Intangible assets (Note 22)				
Goodwill	0	0	-	-
Internally developed software	-8	-7	-8	-7
Other intangible assets	-3	-2	-2	-1
Total	**-41**	**-37**	**-24**	**-22**

Impairment charges / Reversed impairment charges

	Group		Parent company	
EURm	2010	2009	2010	2009
Property and equipment (Note 23)				
Equipment	0	-	0	-
Total	**0**	**-**	**0**	**-**
Total	**-41**	**-37**	**-24**	**-22**

Note 11 Net loan losses

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Net loan losses divided by class				
Loans to credit institutions	**0**	**-9**	**0**	**-9**
- of which provisions	0	-10	0	-10
- of which reversals	0	1	0	1
Loans to the public	**-247**	**-399**	**-202**	**-331**
- of which provisions	-342	-417	-302	-361
- of which write-offs	-153	-104	-106	-73
- of which allowances used for covering write-offs	96	39	86	34
- of which reversals	130	52	113	47
- of which recoveries	22	31	7	22
Off-balance sheet items[1]	**-25**	**27**	**-25**	**27**
- of which provisions	-30	-1	-30	-1
- of which reversals	5	28	5	28
Total	**-272**	**-381**	**-227**	**-313**

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Specification of Net loan losses				
Changes of allowance accounts in the balance sheet	**-237**	**-347**	**-214**	**-296**
- of which Loans, individually assessed[2]	-212	-232	-192	-189
- of which Loans, collectively assessed[2]	0	-142	3	-134
- of which Off-balance sheet items, individually assessed[1]	-26	0	-26	0
- of which Off-balance sheet items, collectively assessed[1]	1	27	1	27
Changes directly recognised in the income statement	**-35**	**-34**	**-13**	**-17**
- of which realised loan losses, individually assessed	-57	-65	-19	-39
- of which realised recoveries, individually assessed	22	31	6	22
Total	**-272**	**-381**	**-227**	**-313**

[1] Included in Note 33 Provisions as "Transfer risk, off-balance" and "Individually assessed, off-balance sheet".
[2] Included in Note 14 Loans and their impairment

Key ratios	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Loan loss ratio, basis points[3]	41	56	38	50
- of which individual	42	39	39	33
- of which collective	0	17	-1	17

[3] Net loan losses (annualised) divided by opening balance of loans to the public (lending).

Note 12 Taxes

Income tax expense

	Group		Parent company	
EURm	2010	2009	2010	2009
Current tax	-298	-370	-267	-346
Deferred tax	-4	-3	-1	0
Total	**-302**	**-373**	**-268**	**-346**

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate of Finland as follows:

	Group		Parent company	
EURm	2010	2009	2010	2009
Profit before tax	1,156	1,376	1,065	1,333
Tax calculated at a tax rate of 26%	-301	-358	-277	-347
Tax not related to profit	0	0	-	-
Income from associated undertakings	3	1	-	-
Other direct taxes	0	0	0	0
Tax-exempt income	2	2	11	14
Non-deductible expenses	-6	-12	-2	-6
Adjustments relating to prior years	0	3	0	3
Income tax due to tax assets previously not recognised	0	1	-	-
Change of tax rate	-	-	-	-
Not creditable foreign taxes	-	-10	-	-10
Tax charge	**-302**	**-373**	**-268**	**-346**
Average effective tax rate	26 %	27 %	25 %	26 %

Deferred tax

	Group		Parent company	
EURm	2010	2009	2010	2009
Deferred tax expense (-)/income (+)				
Deferred tax due to temporary differences, including tax losses carry-forward	-4	-2	-1	0
Deferred tax due to change of tax rate	-	-	-	-
Deferred tax due to tax assets previously not recognised	0	0	-	-
Income tax expense, net	**-4**	**-2**	**-1**	**0**
Deferred tax assets				
Deferred tax asset due to tax losses carry-forward	0	0	-	-
Deferred tax assets due to temporary differences	17	17	12	13
Offset against tax liabilities	-	-	-	-
Total	**17**	**17**	**12**	**13**
- of which expected to be settled after more than 1 year	17	17	12	13
Deferred tax liabilities				
Deferred tax liabilities due to untaxed reserves	37	35	-	-
Deferred tax liabilities due to temporary differences	10	9	-	-
Offset against tax assets	-	-	-	-
Total	**47**	**44**	**-**	**-**
- of which expected to be settled after more than 1 year	47	44	-	-

Note 12 *Taxes, cont.*

	Group		Parent company	
EURm	2010	2009	2010	2009
Deferred tax assets (+)/liabilities (-), net				
Deferred tax assets due to tax losses carry-forward	0	0	-	-
Deferred tax liabilities due to untaxed reserves	-37	-35	-	-
Deferred tax assets/liabilities in loans to the public	8	9	16	15
Deferred tax assets/liabilities in financial instruments	0	-	0	-
Deferred tax assets/liabilities in property and equipment	6	7	4	6
Deferred tax assets/liabilities in investment property	-	-	-	-
Deferred tax assets/liabilities in retirement benefit obligations	-12	-12	-12	-12
Deferred tax assets/liabilities in provisions	5	5	4	4
Deferred tax assets/liabilities, net	**-30**	**-26**	**12**	**13**

Movements in deferred tax assets/liabilities, net, are as follows:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Acquisitions and others	0	-	0	-
Deferred tax in the income statement	-4	-3	-1	0
At the end of the year	**-4**	**-3**	**-1**	**0**

There were no unrecognised deferred tax assets in the Group nor in the parent company in 2010 or 2009.

There was no deferred tax relating to temporary differences associated with investments in group undertakings, associated undertakings and joint ventures.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred tax income relates to the same fiscal authority.

Note 13 Treasury bills

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
State and sovereigns	2,359	1,033	2,359	1,033
Municipalities and other public bodies	1,533	0	1,533	0
Total	**3,892**	**1,033**	**3,892**	**1,033**

All bills are subject to variable interest rate risk.

- of which Financial instruments pledged as collateral (Note 16)	1,533	-	1,533	-
Total	**2,359**	**1,033**	**2,359**	**1,033**

Note 14 Loans and their impairment

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Loans, not impaired	140,368	123,723	139,754	123,212
Impaired loans	1,871	1,801	1,684	1,570
- of which performing	1,038	937	969	878
- of which non-performing	833	864	715	692
Loans before allowances	**142,239**	**125,524**	**141,438**	**124,782**
Allowances for individually assessed impaired loans	-565	-447	-484	-375
- of which performing	-359	-223	-293	-164
- of which non-performing	-206	-224	-191	-211
Allowances for collectively assessed impaired loans	-316	-316	-296	-300
Allowances	**-881**	**-763**	**-780**	**-675**
Loans, carrying amount	**141,358**	**124,761**	**140,658**	**124,107**

	Credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Loans, not impaired	67,752	59,038	72,773	64,055
Impaired loans	24	24	24	24
- of which performing	-	-	-	-
- of which non-performing	24	24	24	24
Loans before allowances	**67,776**	**59,062**	**72,797**	**64,079**
Allowances for individually assessed impaired loans	-25	-25	-25	-25
- of which performing	-	-	0	-
- of which non-performing	-25	-25	-25	-25
Allowances for collectively assessed impaired loans	0	0	0	0
Allowances	**-25**	**-25**	**-25**	**-25**
Loans, carrying amount	**67,751**	**59,037**	**72,772**	**64,054**

	The public[1]			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Loans, not impaired	72,616	64,685	66,981	59,157
Impaired loans	1,847	1,776	1,660	1,546
- of which performing	1,038	937	969	878
- of which non-performing	809	839	691	668
Loans before allowances	**74,463**	**66,461**	**68,641**	**60,703**
Allowances for individually assessed impaired loans	-540	-422	-459	-350
- of which performing	-359	-223	-293	-164
- of which non-performing	-181	-199	-166	-186
Allowances for collectively assessed impaired loans	-316	-316	-296	-300
Allowances	**-856**	**-738**	**-755**	**-650**
Loans, carrying amount	**73,607**	**65,723**	**67,886**	**60,053**

[1] Finance leases, where the Nordea Group is a lessor, are included in Loans to the public, see Note 24 Leasing.

Reconciliation of allowance accounts for impaired loans[2]

	Total					
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2010	**-447**	**-316**	**-763**	**-375**	**-300**	**-675**
Provisions	-273	-69	-342	-239	-63	-302
Reversals	61	69	130	47	66	113
Changes through the income statement	**-212**	**0**	**-212**	**-192**	**3**	**-189**
Allowances used to cover write-offs	96	-	96	86	-	86
Translation differences	-2	0	-2	-3	1	-2
Closing balance at 31 Dec 2010	**-565**	**-316**	**-881**	**-484**	**-296**	**-780**
Opening balance at 1 Jan 2009	**-258**	**-174**	**-432**	**-223**	**-166**	**-389**
Provisions	-257	-171	-428	-209	-162	-371
Reversals	24	29	53	20	28	48
Changes through the income statement	**-233**	**-142**	**-375**	**-189**	**-134**	**-323**
Allowances used to cover write-offs	39	-	39	34	-	34
Currency translation differences and reclassifications	5	0	5	3	0	3
Closing balance at 31 Dec 2009	**-447**	**-316**	**-763**	**-375**	**-300**	**-675**

	Credit institutions					
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2010	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Provisions	-	0	0	-	0	0
Reversals	-	0	0	-	0	0
Changes through the income statement	**-**	**0**	**0**	**-**	**0**	**0**
Allowances used to cover write-offs	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2010	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Opening balance at 1 Jan 2009	**-14**	**-1**	**-15**	**-14**	**-1**	**-15**
Provisions	-11	0	-11	-11	0	-11
Reversals	-	1	1	-	1	1
Changes through the income statement	**-11**	**1**	**-10**	**-11**	**1**	**-10**
Allowances used to cover write-offs	-	-	-	-	-	-
Currency translation differences and reclassifications	-	-	-	-	-	-
Closing balance at 31 Dec 2009	**-25**	**0**	**-25**	**-25**	**0**	**-25**

	The public					
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2010	**-422**	**-316**	**-738**	**-350**	**-300**	**-650**
Provisions	-273	-69	-342	-239	-63	-302
Reversals	61	69	130	47	66	113
Changes through the income statement	**-212**	**0**	**-212**	**-192**	**3**	**-189**
Allowances used to cover write-offs	96	-	96	86	-	86
Translation differences	-2	0	-2	-3	1	-2
Closing balance at 31 Dec 2010	**-540**	**-316**	**-856**	**-459**	**-296**	**-755**
Opening balance at 1 Jan 2009	**-244**	**-173**	**-417**	**-209**	**-165**	**-374**
Provisions	-246	-171	-417	-198	-162	-360
Reversals	24	28	52	20	27	47
Changes through the income statement	**-222**	**-143**	**-365**	**-178**	**-135**	**-313**
Allowances used to cover write-offs	39	-	39	34	-	34
Currency translation differences and reclassifications	5	0	5	3	0	3
Closing balance at 31 Dec 2009	**-422**	**-316**	**-738**	**-350**	**-300**	**-650**

[2] See Note 11 Net loan losses

Allowances and provisions

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Allowances for items in the balance sheet	-881	-763	-780	-675
Provisions for off balance sheet items	-47	-22	-47	-22
Total allowances and provisions	**-928**	**-785**	**-827**	**-697**

	Credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Allowances for items in the balance sheet	-25	-25	-25	-25
Provisions for off balance sheet items	-13	-15	-13	-15
Total allowances and provisions	**-38**	**-40**	**-38**	**-40**

	The public			
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Allowances for items in the balance sheet	-856	-738	-755	-650
Provisions for off balance sheet items	-34	-7	-34	-7
Total allowances and provisions	**-890**	**-745**	**-789**	**-657**

Key ratios

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2010	2009	2010	2009
Impairment rate, gross[3], basis points	132	143	119	126
Impairment rate, net[4], basis points	92	108	85	96
Total allowance rate[5], basis points	62	61	55	54
Allowances in relation to impaired loans[6], %	30	25	29	24
Total allowances in relation to impaired loans[7], %	47	42	46	43
Non-performing loans, not impaired[8], EURm	57	89	51	89

[3] Individually assessed impaired loans before allowances divided by total loans before allowances.
[4] Individually assessed impaired loans after allowances divided by total loans before allowances.
[5] Total allowances divided by total loans before allowances.
[6] Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.
[7] Total allowances divided by total impaired loans before allowances.
[8] Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 15 Interest-bearing securities

EURm	Group[1] 31 Dec 2010	Group[1] 31 Dec 2009	Parent company[1] 31 Dec 2010	Parent company[1] 31 Dec 2009
Issued by public bodies	774	33	774	33
Issued by other borrowers	24,575	7,840	24,575	7,840
Total	**25,349**	**7,873**	**25,349**	**7,873**
Listed securities	11,913	6,097	11,913	6,097
Unlisted securities	13,436	1,776	13,436	1,776
Total	**25,349**	**7,873**	**25,349**	**7,873**

[1]Of which EUR 6,039m (6,717) held at amortised cost with a nominal amount of EUR 6,061m (6,717).

- of which Financial instruments pledged as collateral (Note 16)	3,771	-	3,771	-
Total	**21,578**	**7,873**	**21,578**	**7,873**

Note 16 Financial instruments pledged as collateral

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

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Repurchase agreements	5,304	-	5,304	-
Securities lending agreements	-	1	-	1
Total	**5,304**	**1**	**5,304**	**1**

Transferred assets that are still recognised in the balance sheet and associated liabilities

The types of assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since NBF is still exposed to changes in the fair value of the assets. Therefore, these assets and its associated liabilities are included in the tables below.

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Repurchase agreements	**5,304**	-	**5,304**	-
Treasury bills	1,533	-	1,533	-
Interest bearing securities	3,771	-	3,771	-
Securities lending agreements				
Shares	-	1	-	1
Securitisations	-	-	-	-
Total	**5,304**	**1**	**5,304**	**1**

Note 16 *Financial instruments pledged as collateral, cont.*

Liabilities associated with the assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Repurchase agreements	-	-	-	-
Securities lending agreements	-	-	-	-
Securitisations	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 17 Shares

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Shares held for trading	1,055	1,029	1,059	1,029
Shares designated at fair value through profit or loss	24	24	21	20
- of which shares taken over for protection of claims	0	0	0	0
Shares available for sale	-	-	-	-
Total	**1,079**	**1,053**	**1,080**	**1,049**
Listed shares	90	64	91	61
Unlisted shares	989	989	989	988
Total	**1,079**	**1,053**	**1,080**	**1,049**
- of which Financial instruments pledged as collateral (Note 16)	-	1	-	1
Total	**1,079**	**1,052**	**1,080**	**1,048**
- of which expected to be settled after more than 1 year	24	24	21	20

Note 18 Derivatives and hedge accounting

31 Dec 2010, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom. amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom. amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	71,191	69,799	2,975,152	71,187	69,799	2,975,152
FRAs	532	560	1,201,184	532	560	1,201,184
Futures and forwards	6	7	47,672	6	7	47,672
Options	8,302	8,036	663,688	8,302	8,036	663,688
Total	**80,031**	**78,402**	**4,887,696**	**80,027**	**78,402**	**4,887,696**
Equity derivatives						
Equity swaps	43	59	695	43	59	695
Futures and forwards	17	17	472	17	17	472
Options	659	728	17,767	659	728	17,767
Total	**719**	**804**	**18,934**	**719**	**804**	**18,934**
Foreign exchange derivatives						
Currency and interest rate swaps	5,905	5,852	328,516	5,905	5,852	328,516
Currency forwards	7,251	7,175	524,219	7,251	7,175	524,219
Options	627	648	41,502	627	648	41,502
Total	**13,783**	**13,675**	**894,237**	**13,783**	**13,675**	**894,237**
Credit derivatives						
Credit default swaps	1,013	940	52,267	1,013	940	52,267
Total rate of return swaps	102	21	450	102	21	450
Total	**1,115**	**961**	**52,717**	**1,115**	**961**	**52,717**
Commodity derivatives						
Swaps	1,385	1,395	13,725	1,385	1,395	13,725
Futures and forwards	82	67	706	82	67	706
Other	67	63	1,392	67	63	1,392
Total	**1,534**	**1,525**	**15,823**	**1,534**	**1,525**	**15,823**
Other derivatives						
Options	2	2	87	2	2	87
Total	**2**	**2**	**87**	**2**	**2**	**87**
Total derivatives held for trading	**97,184**	**95,369**	**5,869,494**	**97,180**	**95,369**	**5,869,494**

31 Dec 2010, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom. amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom. amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	60	183	15,569	60	183	15,569
Total	**60**	**183**	**15,569**	**60**	**183**	**15,569**
Foreign exchange derivatives						
Currency and interest rate swaps	7	124	633	7	124	633
Total	**7**	**124**	**633**	**7**	**124**	**633**
Total derivatives used for hedge accounting	**67**	**307**	**16,202**	**67**	**307**	**16,202**
- of which fair value hedges	67	307	16,202	67	307	16,202
Total derivatives	**97,251**	**95,676**	**5,885,696**	**97,247**	**95,676**	**5,885,696**

	Group			Parent company		
	Fair value			Fair value		
31 Dec 2009, EURm	Positive	Negative	Total nom. amount	Positive	Negative	Total nom. amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	53,955	52,788	2,350,747	53,955	52,788	2,350,747
FRAs	756	723	921,796	756	723	921,796
Futures and forwards	8	8	13,823	8	8	13,823
Options	5,999	5,838	365,833	5,999	5,838	365,833
Total	**60,718**	**59,357**	**3,652,199**	**60,718**	**59,357**	**3,652,199**
Equity derivatives						
Equity swaps	37	37	734	37	37	734
Futures and forwards	55	58	799	55	58	799
Options	767	952	16,290	767	952	16,290
Total	**859**	**1,047**	**17,823**	**859**	**1,047**	**17,823**
Foreign exchange derivatives						
Currency and interest rate swaps	4,280	3,944	252,846	4,280	3,944	252,866
Currency forwards	5,817	5,784	447,540	5,817	5,784	447,540
Options	604	682	46,667	604	682	46,667
Total	**10,701**	**10,410**	**747,053**	**10,701**	**10,410**	**747,073**
Credit derivatives						
Credit default swaps	1,309	1,238	80,768	1,309	1,238	80,768
Total rate of return swaps	45	56	3,000	45	56	3,000
Total	**1,354**	**1,294**	**83,768**	**1,354**	**1,294**	**83,768**
Commodity derivatives						
Swaps	719	631	8,991	719	631	8,991
Futures and forwards	50	64	549	50	64	549
Options	46	45	1,585	46	45	1,585
Total	**815**	**740**	**11,125**	**815**	**740**	**11,125**
Other derivatives						
Options	16	17	69	16	17	69
Total	**16**	**17**	**69**	**16**	**17**	**69**
Total derivatives held for trading	**74,463**	**72,865**	**4,512,037**	**74,463**	**72,865**	**4,512,057**

	Group			Parent company		
	Fair value			Fair value		
31 Dec 2009, EURm	Positive	Negative	Total nom. amount	Positive	Negative	Total nom. amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	44	174	11,191	44	174	11,191
Total	**44**	**174**	**11,191**	**44**	**174**	**11,191**
Foreign exchange derivatives						
Currency and interest rate swaps	13	198	2,338	13	198	2,337
Total	**13**	**198**	**2,338**	**13**	**198**	**2,337**
Total derivatives used for hedge accounting	**57**	**372**	**13,529**	**57**	**372**	**13,528**
- of which fair value hedges	57	372	13,529	57	372	13,528
Total derivatives	**74,520**	**73,237**	**4,525,566**	**74,520**	**73,237**	**4,525,585**

Note 19 Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Carrying amount at beginning of year	141	157	141	157
Changes during the year				
- Revaluation of hedged items	-45	-16	-45	-16
Carrying amount at end of year	**96**	**141**	**96**	**141**

Liabilities	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Carrying amount at beginning of year	7	15	7	15
Changes during the year				
- Revaluation of hedged items	-65	-8	-65	-8
Carrying amount at end of year	**-58**	**7**	**-58**	**7**

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

Note 20 Investments in group undertakings

Parent company	31 Dec	31 Dec
EURm	2010	2009
Acquisition value at beginning of year	338	310
Acquisitions during the year	15	30
Sales during the year	-	-2
Translation differences	0	0
Acquisition value at end of year	**353**	**338**
Accumulated impairment charges at beginning of year	-	-1
Reversed impairment charges during the year	-	1
Impairment charges during the year	-	-
Translation differences	-	-
Accumulated impairment charges at end of year	**-**	**0**
Total	**353**	**338**
- of which listed shares	-	-

The total amount is expected to be settled after more than 1 year

Note 20 *Investments in group undertakings, cont.*

Specification

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

Group

31 Dec 2010	Number of shares	Carrying amount 2010 EURm	Carrying amount 2009 EURm	Voting power of holding, %	Domicile	Business ID
Domestic						
Credit institutions						
Nordea Finance Finland Ltd	1,000,000	306	306	100.0	Espoo	0112305-3
Financial institutions						
Tukirahoitus Oy [1]	672	7	7	100.0	Espoo	0677131-6
Real estate companies						
VKR-Kiinteistöt Oy Ab [1]	600	1	1	60.0	Vantaa	0728754-2
Kiinteistö Oy Tampereen Kirkkokatu 7[1]	280	50	50	100.0	Tampere	0819781-3
Kiinteistö Oy Levytie 6 [1]	147	20	22	100.0	Helsinki	0818921-5
Kiinteistö Oy Lahden Aleksanterinkatu 19-21[1]	340,090	10	10	100.0	Lahti	0150108-5
Other companies						
Fidenta Oy	2,000	0	0	60.0	Espoo	0988412-1
International						
Financial institutions						
Nordea Finance Polska S.A[1]	19,690,000	0	0	100.0	Warsaw	PL5861944082
Nordea Finance Estonia Ltd[1]	60,000	6	6	100.0	Tallinn	EE100212426
Nordea Finance Latvia Ltd[1]	1,100	4	4	100.0	Riga	LV40003348054
Nordea Finance Lithuania Ltd[1]	6,540	4	4	100.0	Vilnius	LT116672716
Nordea Securities Holding (U.K.) Ltd	49,010,000	2	2	100.0	London	01803666
Real estate companies						
Promano Est OÛ	1	10	10	100.0	Tallinn	11681888
Promano Lit UAB	34,528	10	10	100.0	Vilnius	302423219
SIA Promano Lat	14,056	20	10	100.0	Riga	40103235197
SIA Realm	2	5	-	100.0	Riga	50103278681

Other subsidiaries included in the consolidated financial statements; total assets of less than EUR 10m	Number of companies	Carrying amount of shares EURm	Total assets EURm
Real estate companies	8	13	16
Other companies[2]	6	4	68

[1] Indirect holding through Nordea Finance Finland Ltd, a subsidiary of Nordea Bank Finland Plc.
[2] Of which the carrying amount of EUR 4m registered as trading shares

The parent company of Nordea Bank Finland Plc is Nordea Bank AB (publ) domiciled in Stockholm, registration number 516406-0120. The Annual Report 2010 of Nordea Bank AB (publ) may be down-loaded on the Internet at www.nordea.com and is available from Nordea Group Investor Relations, SE 105 71 Stockholm, Sweden. The Annual Report 2010 of the Nordea Group is also available at branches of Nordea Bank Finland Plc.

Group

Special Purpose Entities (SPEs) – Consolidated

SPEs that have been set up for enabling investments in structured credit products and for acquiring assets from customers.

EURm	Purpose	Duration	NBF's investment[1]	Total assets
Kirkas Northern Lights Limited [2]	Collateralised Mortgage Obligation	>5 years	5,014	5,014
Total			**5,014**	**5,014**

[1] Includes all assets towards the SPEs (bonds and subordinated loans). Additionally 8 SPEs have been setup in the Baltics to acquire assets from commercial customers. The total consolidated value of these assets is EUR 15m.
[2] Kirkas Northern Lights Ltd (Kirkas) has been established during 2008. Assets have been sold from NBF's ordinary lending portfolio to Kirkas. Kirkas has used the assets as collateral for bonds issued. The total notional of bonds and subordinated loans was EUR 5,014m at year end 2010, which is held in full by NBF. NBF still holds the majority of the risks and rewards in the sold loan portfolio and thus the loans are not derecognized in NBF. To prevent double counting of the assets in the parent company's balance sheet, the bonds and subordinated loans issued by the SPE, and held in full by NBF, are offset against the corresponding liability arising from the transfer of the portfolio. NBF also retains the ownership risks and rewards and followingly the SPE is consolidated in the Bank Group.

Note 21 Investments in associated undertakings

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Acquisition value at beginning of year	57	53	25	25
Acquisitions during the year	5	3	5	-
Sales during the year	-6	-1	-4	0
Share in earnings	6	3	-	-
Dividend received	-2	-1	-	-
Reclassifications	2	-	2	-
Translation differences	-	-	-	-
Acquisition value at end of year	**62**	**57**	**28**	**25**
Accumulated impairment charges at beginning of year	-1	-1	-9	-9
Reversed impairment charges during the year	2	-	2	-
Impairment charges during the year	0	0	-	-
Impairment charges reclassifications during the year	-2	-	-2	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-1**	**-1**	**-9**	**-9**
Total	**61**	**56**	**19**	**16**
- of which listed shares	-	-	-	-

The total amount is expected to be settled after more than 1 year.

Nordea Bank Finland Plc's and Nordea Bank Finland Group's associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2010	31 Dec 2009
Total assets	509	394
Total liabilities	301	303
Operating income	94	74
Operating profit	8	0

Nordea Bank Finland Plc's and Nordea Bank Finland Group' s share of contingent liabilities in favour of associated undertakings of Nordea Bank Finland Group amounts to EUR 281m (266) and on behalf of associated undertakings EUR 20m (20).

Group

31 Dec 2010	Business ID	Domicile	Carrying amount EURm	Voting power of holding %
Credit institutions				
Luottokunta	0201646-0	Helsinki	42	26.3
Total			**42**	
Other				
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	8	33.3
Fenestra Oy[1]	0177676-7	Vantaa	0	9.9
NF Fleet Oy	2006935-5	Espoo	1	20.0
UAB ALD Automotive, Lithuania	300156575	Vilna	0	25.0
ALD Automotive Eesti AS, Estonia	11094435	Tallin	0	25.0
ALD Automotive SIA, Latvia	50003825931	Riga	0	25.0
Oy Realinvest Ab	0680035-9	Helsinki	5	49.3
Realia Holding Oy	2106796-8	Helsinki	5	40.7
Securus Oy	0742429-5	Helsinki	0	35.2
Total			**19**	
Total			**61**	

[1] Nordea Bank Finland Plc holds currently convertible bonds which, if converted, would give Nordea Bank Finland significant influence over the entity.

Note 21 *Investments in associated undertakings, cont.*

Parent company

31 Dec 2010	Business ID	Domicile	Carrying amount EURm	Voting power of holding %
Credit institutions				
Luottokunta	0201646-0	Helsinki	9	26.3
Total			**9**	
Other				
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	5	33.3
Fenestra Oy[1]	0177676-7	Vantaa	0	9.9
Realia Holding Oy	2106796-8	Helsinki	5	40.7
Oy Realinvest Ab	0680035-9	Helsinki	0	49.3
Securus Oy	0742429-5	Helsinki	0	35.2
Total			**10**	
Total			**19**	

[1] Nordea Bank Finland Plc holds currently convertible bonds which, if converted, would give Nordea Bank Finland significant influence over the entity.

Note 22 Intangible assets

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent Company 31 Dec 2010	Parent Company 31 Dec 2009
Goodwill				
Other goodwill	-	0	-	-
Goodwill, total	**-**	**0**	**-**	**-**
Internally developed software	72	57	77	62
Other intangible assets	13	12	5	2
Total	**85**	**69**	**82**	**64**

[1)] Excluding goodwill in associated undertakings.

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent Company 31 Dec 2010	Parent Company 31 Dec 2009
Goodwill				
Acquisition value at beginning of year	0	0	-	-
Acquisitions during the year	-	-	-	-
Reclassifications	-	0	-	-
Acquisition value at end of year	**0**	**0**	**-**	**-**
Accumulated amortisation at beginning of year	-	-	-	-
Amortisation according to plan for the year	0	-	-	-
Accumulated amortisation at end of year	**0**	**-**	**-**	**-**
Accumulated impairment charges at end of year	-	-	-	-
Total	**0**	**0**	**-**	**-**

Note 22 *Intangible assets, cont.*

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Internally developed software				
Acquisition value at beginning of year	75	61	81	65
Acquisitions during the year	23	14	24	16
Sales/disposals during the year	-1	0	-1	-
Reclassifications	0	-	0	-
Translation differences	0	0	-	-
Acquisition value at end of year	**97**	**75**	**104**	**81**
Accumulated amortisation at beginning of year	-18	-12	-19	-12
Amortisation according to plan for the year	-8	-7	-8	-7
Accumulated amortisation on sales/disposals during the year	1	0	-	-
Reclassifications	0	1	0	-
Translation differences	0	-	-	-
Accumulated amortisation at end of year	**-25**	**-18**	**-27**	**-19**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**72**	**57**	**77**	**62**

	Group 31 Dec 2010	Group 31 Dec 2009	Parent Company 31 Dec 2010	Parent Company 31 Dec 2009
Other intangible assets				
Acquisition value at beginning of year	16	15	7	4
Acquisitions during the year	4	5	4	3
Sales/disposals during the year	0	-	-	-
Reclassifications	-	-4	-	-
Translation differences	-	0	-	-
Acquisition value at end of year	**20**	**16**	**11**	**7**
Accumulated amortisation at beginning of year	-4	-5	-5	-4
Amortisation according to plan for the year	-3	-2	-2	-1
Accumulated amortisation on sales/disposals during the year	0	-	-	-
Reclassifications	0	3	1	-
Translation differences	0	0	-	-
Accumulated amortisation at end of year	**-7**	**-4**	**-6**	**-5**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	0	-	-
Accumulated impairment charges at end of year	**-**	**0**	**-**	**-**
Total	**13**	**12**	**5**	**2**

The total amount is expected to be settled after more than 1 year.

Note 23 Property and equipment

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Property and equipment	124	143	55	54
- of which buildings for own use	3	25	2	2
Total	**124**	**143**	**55**	**54**
Equipment				
Acquisition value at beginning of year	239	227	141	140
Acquisitions during the year	62	36	22	14
Sales/disposals during the year	-34	-14	0	-
Reclassifications	-12	-10	-12	-13
Translation differences	0	0	0	-
Acquisition value at end of year	**255**	**239**	**151**	**141**
Accumulated depreciation at beginning of year	-121	-113	-89	-88
Accumulated depreciation on sales/disposals during the year	11	7	-	-
Reclassifications	6	13	5	13
Depreciation according to plan for the year	-30	-28	-14	-14
Translation differences	0	0	0	0
Accumulated depreciation at end of year	**-134**	**-121**	**-98**	**-89**
Accumulated impairment charges at beginning of year	0	0	-	-
Impairment charges during the year	0	0	-	-
Accumulated impairment charges at end of year	**0**	**0**	**-**	**-**
Total	**121**	**118**	**53**	**52**
Land and buildings				
Acquisition value at beginning of year	27	4	3	3
Acquisitions during the year	-	23	-	0
Sales/disposals during the year	0	0	0	0
Reclassifications	-23	0	1	-
Acquisition value at end of year	**4**	**27**	**4**	**3**
Accumulated depreciation at beginning of year	-2	-1	-1	-1
Accumulated depreciation on sales/disposals during the year	-	-	-	-
Reclassifications	1	-1	-1	-
Depreciation according to plan for the year	0	0	0	0
Accumulated depreciation at end of year	**-1**	**-2**	**-2**	**-1**
Total	**3**	**25**	**2**	**2**

The total amount is expected to be settled after more than 1 year.

Note 24 Leasing

NBF as a lessor

Finance leases

Nordea Bank Finland Group owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans to the public" (see Note 14) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments:

	Group	
	31 Dec	31 Dec
EURm	2010	2009
Gross investments	2,041	2,031
Less unearned finance income	-123	-126
Net investments in finance leases	**1,918**	**1,905**
Less unguaranteed residual values accruing to the benefit of the lessor	-60	-64
Present value of future minimum lease payments receivable	**1,858**	**1,841**
Accumulated allowance for uncollectible minimum lease payments receivable	8	-

As of 31 December 2010 the gross investment and the net investment by remaining maturity was distributed as follows:

	Group	
	31 Dec	31 Dec
	2010	2010
EURm	Gross investment	Net investment
2011	674	618
2012	504	471
2013	480	461
2014	195	186
2015	107	103
Later years	81	79
Total	**2,041**	**1,918**

Operating leases

Assets subject to operating leases mainly comprise vehicles and other equipment. In the balance sheet they are reported as tangible assets.

	Group	
	31 Dec	31 Dec
Carrying amount of leased assets, EURm	2010	2009
Acquisition value	93	89
Accumulated depreciations	-31	-27
Carrying amount at end of year	**62**	**62**
- of which repossessed leased property, carrying amount	-	0

	Group	
	31 Dec	31 Dec
Carrying amount distributed on groups of assets, EURm	2010	2009
Equipment	62	62
Carrying amount at end of year	**62**	**62**

Depreciation for 2010 amounted to EUR 15m (13).

Under non-cancellable operating leases, the future minimum lease payments receivables are distributed as follows:

	Group
	31 Dec
EURm	2010
2011	13
2012	7
2013	1
2014	0
2015	0
Later years	-
Total	**21**

NBF as a lessee

Finance leases

Nordea Bank Finland Group has only to a minor extent entered into finance lease agreements. The book value of assets subject to finance leases amounts to EUR 0m (EUR 0m).

Operating leases

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
Leasing expenses during the year, EURm	2010	2009	2010	2009
Leasing expenses during the year	-69	67	-70	66
- of which minimum lease payments	-69	67	-70	66
- of which contingent rents	0	0	-	-
Leasing income during the year regarding sublease payments	-	-	-	-

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

	Group	Parent company
EURm	31 Dec 2010	31 Dec 2010
2011	51	51
2012	33	33
2013	22	22
2014	18	17
2015	16	15
Later years	133	132
Total	**273**	**270**

Note 25 Investment property

Group

Movement in the balance sheet

EURm	31 Dec 2010	31 Dec 2009
Carrying amount at beginning of year	7	3
Acquisitions during the year	26	4
Sales/disposals during the year	-1	-
Net gains or losses from fair value adjustments	0	-
Carrying amount at end of year	**32**	**7**

The total amount is expected to be settled after more than 1 year.

Amounts recognised in the income statement[1]

EURm	2010	2009
Rental income	0	0
Direct operating expenses that generate rental income	-1	-
Direct operating expenses that did not generate rental income	0	0
Total	**-1**	**0**

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

Market value	32	7

Parent company

Movement in the balance sheet

EURm	31 Dec 2010	31 Dec 2009
Carrying amount at beginning of year	4	3
Acquisitions during the year	1	1
Sales/disposals during the year	-1	-
Carrying amount at end of year	**4**	**4**

The total amount is expected to be settled after more than 1 year.

Amounts recognised in the income statement[1]

EURm	2010	2009
Rental income	0	0
Direct operating expenses that generated rental income	0	-
Direct operating expenses that did not generate rental income	0	0
Total	**0**	**0**

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

Market value	4	4

Note 26 Other assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Claims on securities settlement proceeds	4,958	297	4,957	297
Cash/ margin receivables	3,129	2,435	3,129	2,435
Other	475	297	454	282
Total	**8,562**	**3,029**	**8,540**	**3,014**
- of which expected to be settled after more than 1 year	65	-	-	-

Note 27 Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Accrued interest income	312	193	314	195
Other accrued income	183	165	36	32
Prepaid expenses	12	11	6	8
Total	**507**	**369**	**356**	**235**
- of which expected to be settled after more than 1 year	65	-	-	-

Note 28 Deposits by credit institutions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Central banks	965	3,266	965	3,266
Other banks	46,337	27,295	46,281	27,236
Other credit institutions	13,247	13,783	13,247	13,783
Total	**60,549**	**44,344**	**60,493**	**44,285**

Note 29 Deposits and borrowings from the public

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Deposits from the public	48,917	44,194	49,012	44,289
Borrowings from the public	6,542	62	6,540	65
Total	**55,459**	**44,256**	**55,552**	**44,354**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits.

Note 30 Debt securities in issue

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Certificates of deposit	31,757	33,040	31,757	33,040
Bond loans[1]	8,089	6,236	8,089	6,236
Total	**39,846**	**39,276**	**39,846**	**39,276**

[1] of which Finnish covered bonds EUR 1,987m issued in 2010.

Note 31 Other liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Liabilities on securities settlement proceeds	9,195	4,116	9,195	4,116
Sold, not held, securities	8,406	15	8,406	15
Accounts payable	39	45	5	4
Cash/margin payables	2,895	2,122	2,895	2,122
Other	1,570	1,515	1,474	1,409
Total	**22,105**	**7,813**	**21,975**	**7,666**
- of which expected to be settled after more than 1 year	24	-	-	-

Note 32 Accrued expenses and prepaid income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Accrued interest	201	172	201	171
Other accrued expenses	411	377	248	237
Prepaid income	40	22	37	20
Total	**652**	**571**	**486**	**428**
- of which expected to be settled after more than 1 year	55	-	-	-

Note 33 Provisions

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Reserve for restructuring costs	5	10	5	10
Transfer risk, off-balance	15	16	14	16
Individually assessed, off-balance sheet	32	6	32	6
Other	28	17	25	14
Total	**80**	**49**	**76**	**46**

Movement in the balance sheet:

Group	Transfer risks	Off-balance sheet	Restructuring	Other	Total
At the beginning of year	16	6	10	17	49
New provisions made	-	27	0	14	41
Provisions utilised	-	0	0	-1	-1
Reversals	-1	-1	-5	-2	-9
Reclassifications	-	-	-	-	-
Translation differences	-	-	-	-	-
At the end of year	**15**	**32**	**5**	**28**	**80**
- of which expected to be settled within 1 year	-	-	1	1	2

Restructuring activities mainly related to group initiatives that have been initiated. This has resulted in restructuring provisions of EUR 5m.

Provision for Transfer risk reserve is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 14. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed off-balance sheet items (i.e. guarantees and L/C´s) amounted to EUR 32m.

Other provision refers to the following provisions: Rental liabilities EUR 3m (of which EUR 1m expected to be settled during 2011), provision for environmental and property-related obligations of EUR 3m (not expected to be settled during 2011) and other provisions amounting to EUR 22m (not expected to be settled during 2011).

Parent company	Transfer risks	Off-balance sheet	Restructuring	Other	Total
At beginning of year	16	6	10	14	46
New provisions made	-	27	0	14	41
Provisions utilised	-	-	0	-1	-1
Reversals	-2	-1	-5	-2	-10
Translation differences	-	-	-	-	-
At the end of year	**14**	**32**	**5**	**25**	**76**
- of which expected to be settled within 1 year	-	-	1	1	2

Restructuring activities mainly related to group initiatives that have been initiated. This has resulted in restructuring provisions of EUR 5m.

Provision for Transfer risk reserve is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 14. Provision for transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed off-balance sheet items (i.e. guarantees and L/C´s) amounted to EUR 32m.

Other provision refers to the following provisions: Rental liabilities EUR 3m (of which EUR 1m expected to be settled during 2011), provision for environmental and property-related obligations of EUR 3m (not expected to be settled during 2011) and other provisions amounting to EUR 19m (not expected to be settled during 2011).

Note 34 Retirement benefit obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Defined benefit plans, net	-77	-62	-70	-55
Total	**-77**	**-62**	**-70**	**-55**

NBF has various pension plans, which are classified both as defined benefit plans as well as defined contribution plans. The defined benefit plans in Finland are closed to new employees and instead, pensions for new employees are based on defined contribution arrangements. The plans for the foreign branches are also mainly defined contribution plans. The existing defined benefit plans in London and New York are closed to new employees. Defined contribution plans are not reflected on the balance sheet.

IAS 19 secures that the market-based value of pension obligations net of plan assets backing these obligations will be reflected on the Group's balance sheet. The major plans are funded schemes covered by assets in pension funds/foundations. Some other pension plans are recognised directly on the balance sheet as a liability.

Funded schemes [1]	Group	Parent company
2010		
Members	19,035	18,394
Average member age	61	61
2009		
Members	19,307	18,647
Average member age	60	60

[1] Numbers are combined for the Finnish pension fund and pension foundation, Life Assurance Finland Ltd and London plans.

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions fixed for each of the Group's pension plans.

Assumptions	Finland
2010	
Discount rate	4.5%
Salary increase	3.5%
Inflation	2.0%
Expected return on assets before taxes	5.5%
2009	
Discount rate	4.5%
Salary increase	3.5%
Inflation	2.0%
Expected return on assets before taxes	5.5%

The expected return on assets is based on long-term expectations for return on the different asset classes. On bonds, this is linked to the discount rate while equities and real estate have an added risk premium.

The discount rate has the most significant impact on the obligation and pension cost. If the discount rate is reduced the pension obligation will increase and vice versa. A one percentage point increase in the discount rate would lead to a decrease in pension obligation of 11% and in service cost of 17%. A one percentage point decrease in the discount rate would lead to an increase in pension obligation of 14% and in service cost of 22%.

Asset composition
The combined return on assets in 2010 was 8% (11) mainly reflecting the general development in the market. At the end of the year, the equity exposure in pension funds/foundations represented 24% (19) of total assets.

Asset composition in funded schemes	2010	2009
Equity	24%	19%
Bonds	70%	75%
Real Estate	6%	6%
- of which Nordea real estate	3%	3%
Other plan assets	0%	0%

Note 34 *Retirement benefit obligations, cont.*

Amounts recognised in the balance sheet

	Group		Parent company	
EURm	2010	2009	2010	2009
PBO	764	774	746	757
Plan assets	854	816	834	798
Total surplus/deficit (-)	**90**	**42**	**88**	**41**
- of which unrecognised actuarial gains/losses(-)	13	-20	18	-14
Of which recognised in the balance sheet	**77**	**62**	**70**	**55**
- of which retirement benefit assets	104	91	98	85
- of which retirement benefit obligations	28	30	28	30
- of which related to unfunded plans (PBO)	16	16	16	16

Overview of surplus or deficit in the plans

	Total	Total	Total	Total	Total
EURm	2010	2009	2008	2007	2006
PBO	764	774	774	759	874
Plan Assets	854	816	775	857	851
Surplus/deficit(-)	**90**	**42**	**1**	**98**	**-23**

Changes in the PBO

	Group		Parent company	
EURm	2010	2009	2010	2009
PBO at 1 Jan	774	774	757	744
Service cost	3	3	1	2
Interest cost	34	33	33	33
Pensions paid	-39	-41	-39	-41
Curtailments and settlements	0	-1	0	-1
Past service cost	1	7	1	7
Actuarial gains(-)/losses	-8	-7	-6	7
Effect of exchange rate changes	-1	6	-1	6
PBO at 31 Dec	**764**	**774**	**746**	**757**

Changes in the fair value of plan assets

	Group		Parent company	
EURm	2010	2009	2010	2009
Assets at 1 Jan	816	775	798	747
Expected return on assets	42	39	41	38
Pensions paid	-39	-41	-39	-41
Contributions	8	14	8	14
Actuarial gains/losses(-)	25	25	25	36
Effect of exchange rate changes	2	4	1	4
Plan assets at 31 Dec	**854**	**816**	**834**	**798**
Actual return on plan assets	**68**	**82**	**66**	**76**

Overview of actuarial gains/losses

	Total	Total	Total	Total	Total
EURm	2010	2009	2008	2007	2006
Effects of changes in actuarial assumptions	0	-1	-41	87	-16
Experience adjustments	33	33	-92	8	28
- of which on plan assets	25	25	-102	-12	11
- of which on plan liabilities	8	8	10	20	17
Actuarial gains/losses	**33**	**32**	**-133**	**95**	**12**

Note 34 *Retirement benefit obligations, cont.*

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year is EUR 4m positive (-5). In the parent company's income statement the respective cost was EUR 4m positive (-5) in 2010.

Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 8.)

	Group		Parent company	
Recognised net defined benefit cost, EURm	2010	2009	2010	2009
Service cost	2	3	2	2
Interest cost	34	33	33	33
Expected return on assets	-42	-39	-41	-38
Curtailments and settlements	0	-1	0	-1
Recognised past service cost	1	7	1	7
Recognised actuarial gains(-) / losses	1	2	1	2
Pension cost on defined benefit plans	**-4**	**5**	**-4**	**5**

The pension cost is in line with what was expected at the start of the year. The net pension cost on defined benefit plans is expected to be 7m positive both in the Group and in the parent company in 2011 mainly as a consequence of higher expected return on assets as well as lower recognised actuarial losses and past service costs.

The Group and parent company expect to contribute EUR 8m to its defined benefit plans in 2011.

Key management personnel

The members of the Board of Directors of Nordea Bank Finland Plc and the Chief Executive Officer are all members of the Nordea Bank AB (publ) Group Executive Management. In 2010 Nordea Bank AB (publ) has paid all salaries, fees, pensions- and other staff-related expenses to the above mentioned members of the administrative and controlling boards. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation -expenses.

Information on salaries, loans and pension liabilities regarding the above mentioned persons is presented in the Annual Report of Nordea Bank AB (publ).

Pension obligation for the deputy of the President of Nordea Bank Finland Plc amounted to EUR 1m at end 2010.

Note 35 Subordinated liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Dated subordinated debenture loans	-	-	-	-
Undated subordinated debenture loans	477	437	477	437
Total	**477**	**437**	**477**	**437**

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

Group and parent company

On 31 December 2010 loans - with terms specified below - exceeded 10% of the total outstanding volume.

Issued by	Year of issue / maturity	Nominal value	Carrying amount EURm	Interest rate (coupon)
Nordea Bank Finland Plc[1]	2002/undated	MGBP 300	348	6.25%
Nordea Bank Finland Plc[2]	1999/undated	MJPY 10,000	92	3.22%

[1] Call date 18 July 2014
[2] Call date 26 February 2029

Note 36 Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Assets pledged for own liabilities				
Securities etc[1]	31,784	8,656	31,784	8,656
Loans to the public	13,380	3,754	13,379	3,754
Other pledged assets	352	264	352	264
Total	**45,516**	**12,674**	**45,515**	**12,674**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	13,410	35	13,410	35
Other liabilities and commitments	21,933	11,365	21,932	11,364
Total	**35,343**	**11,400**	**35,342**	**11,399**

[1] of which EUR 14,559m relates to securities not recognised in the balance sheet.

Assets pledged for own liabilities contain securities pledged as security in repurchase agreement and in securities borrowing. The transactions are conducted under standard agreements employed by financial markets participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months. Loans to the public amounting to EUR 9,636m have been registered as collateral for issued Finnish covered bonds amounting to EUR 1,987m. In the event of the company's insolvency, the holders of these bonds have priority to the assets registered as collateral. The rest of the loans to the public have been registered as collateral for bonds issued by Kirkas.

Note 37 Other assets pledged

There are no collaterals pledged on behalf of other items other than the company's own liabilities.

Note 38 Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Guarantees				
Loan guarantees	3,571	3,083	3,573	3,084
Other guarantees	12,360	11,273	12,639	11,538
Documentary credits	2,159	2,715	2,159	2,715
Other contingent liabilities	21	13	21	13
Total	**18,111**	**17,084**	**18,392**	**17,350**

In the normal business of Nordea Bank Finland, the bank issues various forms of guarantees in favour of bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are considered as off-balance sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

Note 39 Commitments

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Future payment obligations	14	15	14	15
Credit commitments[1]	18,212	17,836	15,343	15,053
Other commitments	1,024	611	783	412
Total	**19,250**	**18,462**	**16,140**	**15,480**

[1] Including unutilised portion of approved overdraft facilities.

Note 40 Classification of financial instruments

Group

31 Dec 2010, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	7,485	-	-	-	-	-	-	7,485
Treasury bills	-	-	2,359	-	-	-	-	2,359
Loans to credit institutions	50,252	-	17,499	-	-	-	-	67,751
Loans to the public	69,217	-	4,390	-	-	-	-	73,607
Interest-bearing securities	-	6,039	11,754	214	-	3,571	-	21,578
Financial instruments pledged as collateral	-	-	5,304	-	-	-	-	5,304
Shares	-	-	1,055	24	-	-	-	1,079
Derivatives	-	-	97,184	-	67	-	-	97,251
Fair value changes of the hedged items in portfolio hedge of interest rate risk	96	-	-	-	-	-	-	96
Investments in associated undertakings	-	-	-	-	-	-	61	61
Intangible assets	-	-	-	-	-	-	85	85
Property and equipment	-	-	-	-	-	-	124	124
Investment property	-	-	-	-	-	-	32	32
Deferred tax assets	-	-	-	-	-	-	17	17
Current tax assets	-	-	-	-	-	-	84	84
Retirement benefit assets	-	-	-	-	-	-	104	104
Other assets	5,419	-	-	3,129	-	-	14	8,562
Prepaid expenses and accrued income	317	-	-	7	-	-	183	507
Total	**132,786**	**6,039**	**139,545**	**3,374**	**67**	**3,571**	**704**	**286,086**

Group

31 Dec 2010, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	13,360	6,346	-	40,843	-	60,549
Deposits and borrowings from the public	6,503	-	-	48,956	-	55,459
Debt securities in issue	6,027	-	-	33,819	-	39,846
Derivatives	95,369	-	307	-	-	95,676
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-58	-	-58
Current tax liabilities	-	-	-	-	1	1
Other liabilities	8,406	2,895	-	10,795	9	22,105
Accrued expenses and prepaid income	-	59	-	182	411	652
Deferred tax liabilities	-	-	-	-	47	47
Provisions	-	-	-	-	80	80
Retirement benefit obligations	-	-	-	-	28	28
Subordinated liabilities	-	-	-	477	-	477
Total	**129,665**	**9,300**	**307**	**135,014**	**576**	**274,862**

Note 40 *Classification of financial instruments, cont.*

Group

31 Dec 2009, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	8,004	-	-	-	-	-	-	8,004
Treasury bills	-	-	1,033	-	-	-	-	1,033
Loans to credit institutions	57,804	-	1,233	-	-	-	-	59,037
Loans to the public	65,723	-	-	-	-	-	-	65,723
Interest-bearing securities	-	6,717	1,151	-	-	5	-	7,873
Financial instruments pledged as collateral	-	-	1	-	-	-	-	1
Shares	-	-	1,028	24	-	-	-	1,052
Derivatives	-	-	74,463	-	57	-	-	74,520
Fair value changes of the hedged items in portfolio hedge of interest rate risk	141	-	-	-	-	-	-	141
Investments in associated undertakings	-	-	-	-	-	-	56	56
Intangible assets	-	-	-	-	-	-	69	69
Property and equipment	-	-	-	-	-	-	143	143
Investment property	-	-	-	-	-	-	7	7
Deferred tax assets	-	-	-	-	-	-	17	17
Current tax assets	-	-	-	-	-	-	0	0
Retirement benefit assets	-	-	-	-	-	-	91	91
Other assets	584	-	-	2,435	-	-	10	3,029
Prepaid expenses and accrued income	204	-	-	-	-	-	165	369
Total	**132,460**	**6,717**	**78,909**	**2,459**	**57**	**5**	**558**	**221,165**

Group

31 Dec 2009, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	-	-	-	44,344	-	44,344
Deposits and borrowings from the public	-	-	-	44,256	-	44,256
Debt securities in issue	6,147	-	-	33,129	-	39,276
Derivatives	72,865	-	372	-	-	73,237
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	7	-	7
Current tax liabilities	-	-	-	-	129	129
Other liabilities	15	2,130	-	5,660	8	7,813
Accrued expenses and prepaid income	-	-	-	194	377	571
Deferred tax liabilities	-	-	-	-	44	44
Provisions	-	-	-	-	49	49
Retirement benefit obligations	-	-	-	-	30	30
Subordinated liabilities	-	-	-	437	-	437
Total	**79,027**	**2,130**	**372**	**128,027**	**637**	**210,193**

Note 40 *Classification of financial instruments, cont.*

Parent company

31 Dec 2010, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	7,485	-	-	-	-	-	-	7,485
Treasury bills	-	-	2,359	-	-	-	-	2,359
Loans to credit institutions	55,273	-	17,499	-	-	-	-	72,772
Loans to the public	63,496	-	4,390	-	-	-	-	67,886
Interest-bearing securities	-	6,039	11,754	214	-	3,571	-	21,578
Financial instruments pledged as collateral	-	-	5,304	-	-	-	-	5,304
Shares	-	-	1,059	21	-	-	-	1,080
Derivatives	-	-	97,180	-	67	-	-	97,247
Fair value changes of the hedged items in portfolio hedge of interest rate risk	96	-	-	-	-	-	-	96
Investments in group undertakings	-	-	-	-	-	-	353	353
Investments in associated undertakings	-	-	-	-	-	-	19	19
Intangible assets	-	-	-	-	-	-	82	82
Property and equipment	-	-	-	-	-	-	55	55
Investment property	-	-	-	-	-	-	4	4
Deferred tax assets	-	-	-	-	-	-	12	12
Current tax assets	-	-	-	-	-	-	83	83
Retirement benefit assets	-	-	-	-	-	-	98	98
Other assets	5,402	-	-	3,129	-	-	9	8,540
Prepaid expenses and accrued income	313	-	-	7	-	-	36	356
Total	**132,065**	**6,039**	**139,545**	**3,371**	**67**	**3,571**	**751**	**285,409**

Parent company

31 Dec 2010, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	13,360	6,346	-	40,787	-	60,493
Deposits and borrowings from the public	6,503	-	-	49,049	-	55,552
Debt securities in issue	6,027	-	-	33,819	-	39,846
Derivatives	95,369	-	307	-	-	95,676
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-58	-	-58
Current tax liabilities	-	-	-	-	0	0
Other liabilities	8,406	2,895	-	10,666	8	21,975
Accrued expenses and prepaid income	-	59	-	179	248	486
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	76	76
Retirement benefit obligations	-	-	-	-	28	28
Subordinated liabilities	-	-	-	477	0	477
Total	**129,665**	**9,300**	**307**	**134,919**	**360**	**274,551**

Note 40 *Classification of financial instruments, cont.*

Parent company

31 Dec 2009, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	8,004	-	-	-	-	-	-	8,004
Treasury bills	-	-	1,033	-	-	-	-	1,033
Loans to credit institutions	62,821	-	1,233	-	-	-	-	64,054
Loans to the public	60,053	-	-	-	-	-	-	60,053
Interest-bearing securities	-	6,717	1,151	-	-	5	-	7,873
Financial instruments pledged as collateral	-	-	1	-	-	-	-	1
Shares	-	-	1,028	20	-	-	-	1,048
Derivatives	-	-	74,463	-	57	-	-	74,520
Fair value changes of the hedged items in portfolio hedge of interest rate risk	141	-	-	-	-	-	-	141
Investments in group undertakings	-	-	-	-	-	-	338	338
Investments in associated undertakings	-	-	-	-	-	-	16	16
Intangible assets	-	-	-	-	-	-	64	64
Property and equipment	-	-	-	-	-	-	54	54
Investment property	-	-	-	-	-	-	4	4
Deferred tax assets	-	-	-	-	-	-	13	13
Current tax assets	-	-	-	-	-	-	-	-
Retirement benefit assets	-	-	-	-	-	-	85	85
Other assets	572	-	-	2,435	-	-	7	3,014
Prepaid expenses and accrued income	204	-	-	-	-	-	31	235
Total	**131,795**	**6,717**	**78,909**	**2,455**	**57**	**5**	**612**	**220,550**

Parent company

31 Dec 2009, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	-	-	-	44,285	-	44,285
Deposits and borrowings from the public	-	-	-	44,354	-	44,354
Debt securities in issue	6,147	-	-	33,129	-	39,276
Derivatives	72,865	-	372	-	-	73,237
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	7	-	7
Current tax liabilities	-	-	-	-	128	128
Other liabilities	15	2,130	-	5,513	8	7,666
Accrued expenses and prepaid income	-	-	-	191	237	428
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	46	46
Retirement benefit obligations	-	-	-	-	30	30
Subordinated liabilities	-	-	-	437	-	437
Total	**79,027**	**2,130**	**372**	**127,916**	**449**	**209,894**

Note 40 *Classification of financial instruments, cont..*

Financial liabilities designated at fair value through profit or loss

Deposits made by Markets as well as funding of Markets operations are measured at fair value and classified in the category "Fair value through profit and loss". The deposits are short term so therefore there are no changes in fair value attributable to credit risk.

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

	Group		Parent company	
2010, EURm	Carrying amount	Amount to be paid at maturity	Carrying amount	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	6 346	6 346	6 346	6 346

	Group		Parent company	
2009, EURm	Carrying amount	Amount to be paid at maturity	Carrying amount	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	-	-	-	-

Note 41 Assets and liabilities at fair value

Group

	31 Dec 2010		31 Dec 2009	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	7,485	7,485	8,004	8,004
Treasury bills	2,359	2,359	1,033	1,033
Loans to credit institutions	67,751	67,780	59,037	59,076
Loans to the public	73,607	73,671	65,723	65,789
Interest-bearing securities	21,578	21,598	7,873	7,899
Financial instruments pledged as collateral	5,304	5,304	1	1
Shares	1,079	1,079	1,052	1,052
Derivatives	97,251	97,251	74,520	74,520
Fair value changes of the hedged items in portfolio hedge of interest rate risk	96	96	141	141
Investments in associated undertakings	61	61	56	56
Intangible assets	85	85	69	69
Property and equipment	124	124	143	143
Investment property	32	31	7	7
Deferred tax assets	17	17	17	17
Current tax assets	84	84	0	0
Retirement benefit assets	104	104	91	91
Other assets	8,562	8,562	3,029	3,029
Prepaid expenses and accrued income	507	507	369	369
Total assets	**286,086**	**286,198**	**221,165**	**221,296**
Liabilities				
Deposits by credit institutions	60,549	60,589	44,344	44,376
Deposits and borrowings from the public	55,459	55,477	44,256	44,274
Debt securities in issue	39,846	39,798	39,276	39,280
Derivatives	95,676	95,676	73,237	73,237
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-58	-58	7	7
Current tax liabilities	1	1	129	129
Other liabilities	22,105	22,105	7,813	7,813
Accrued expenses and prepaid income	652	652	571	571
Deferred tax liabilities	47	47	44	44
Provisions	80	80	49	49
Retirement benefit obligation	28	28	30	30
Subordinated liabilities	477	477	437	437
Total liabilities	**274,862**	**274,872**	**210,193**	**210,247**

Note 41 *Assets and liabilities at fair value, cont.*

Parent company

EURm	31 Dec 2010 Carrying amount	31 Dec 2010 Fair value	31 Dec 2009 Carrying amount	31 Dec 2009 Fair value
Assets				
Cash and balances with central banks	7,485	7,485	8,004	8,004
Treasury bills	2,359	2,359	1,033	1,033
Loans to credit institutions	72,772	72,812	64,054	64,117
Loans to the public	67,886	67,939	60,053	60,095
Interest-bearing instruments	21,578	21,598	7,873	7,899
Financial instruments pledged as collateral	5,304	5,304	1	1
Shares	1,080	1,080	1,048	1,048
Derivatives	97,247	97,247	74,520	74,520
Fair value changes of the hedged items in portfolio hedge of interest rate risk	96	96	141	141
Investments in group undertakings	353	353	338	338
Investments in associated undertakings	19	19	16	16
Intangible assets	82	82	64	64
Property and equipment	55	55	54	54
Investment property	4	4	4	4
Deferred tax assets	12	12	13	13
Current tax assets	83	83	-	-
Retirement benefit assets	98	98	85	85
Other assets	8,540	8,540	3,014	3,014
Prepaid expenses and accrued income	356	356	235	235
Total assets	**285,409**	**285,522**	**220,550**	**220,681**
Liabilities				
Deposits by credit institutions	60,493	60,532	44,285	44,316
Deposits and borrowings from the public	55,552	55,571	44,354	44,372
Debt securities in issue	39,846	39,798	39,276	39,280
Derivatives	95,676	95,676	73,237	73,237
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-58	-58	7	7
Current tax liabilities	0	0	128	128
Other liabilities	21,975	21,975	7,666	7,666
Accrued expenses and prepaid income	486	486	428	428
Provisions	76	76	46	46
Retirement benefit obligations	28	28	30	30
Subordinated liabilities	477	477	437	437
Total liabilities	**274,551**	**274,561**	**209,894**	**209,947**

Estimation of fair value for assets and liabilities

Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of loans, deposits and borrowings and issued securities.

The carrying amounts on loans, deposits and borrowing and issued securities are adjusted for the value of the fixed interest term in order to estimate the fair values that are presented in the tables above. The value of the fixed interest term is a result of changes in the relevant market interest rates. The discount rates used are based on current market rates for each term.

Fair value is estimated to be equal to the carrying amount for short-term financial assets and financial liabilities. The carrying amount is a reasonable approximation of fair value due to limited credit risk and short time to maturity.

Fair value is set to carrying amount, in the tables above, for assets and liabilities for which no reliable fair value has been possible to estimate. This is valid for the line items investments in associated undertakings, investments in group undertakings, intangible assets, property and equipment and provisions.

Nordea holds very limited amounts of equity instruments measured at cost. Fair value is set to carrying amount for these instruments as the fair value cannot be measured reliably.

For further information about valuation of items normally measured at fair value, see Note 1.

Deferred Day 1 profit or loss

In accordance with the Group's accounting policy as described in Note 1, if there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any trade date profit is deferred. The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of changes in the balance of this difference (movement of deferred Day 1 profit or loss).

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Amount at beginning of year	-44	-95	-44	-95
Deferred profit/loss on new transactions	-14	-53	-14	-53
Recognised in the income statement during the year	16	104	16	104
Amount at end of year	**-42**	**-44**	**-42**	**-44**

Determination of fair value from quoted market prices or valuation techniques

Fair value measurements are categorised using a fair value hierarchy.

The financial instruments carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy that reflects the significance of inputs. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. To categorise the instruments into the three levels, the relevant pricing models for each product is considered in combination with used input market data, the significance of derived input data, the complexity of the model and the accessible pricing data to verify model input. Although the complexity of the model is considered, a high complexity does not by default require that products are categorised into level 3. It is the use of model parameters and the extent of unobservability that defines the fair value hierarchy levels.

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

Valuations of Private Equity Funds (PEF) and unlisted equities will in nature be more uncertain than valuations of more actively traded equity instruments. Emphasis is put on using a consistent approach across all assets and over time. The methods are consistent with the guideline "International Private Equity and Venture Capital Valuation Guidelines" issued by EVCA (European Venture Capital Association). The EVCA guidelines are considered as best practice in the PEF industry. For US based funds, similar methods are applied.

Level 1 consist of financial assets and financial liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes listed derivatives, listed equities, government bonds in developed countries, and most liquid mortgage bonds and corporate bonds where quotes in active markets exist.

Level 2 consists of financial assets and financial liabilities which do not have directly quoted market prices available from an active market. The fair values are estimated using a valuation technique or valuation model based on market prices or rates prevailing at the balance sheet date and any unobservable inputs are insignificant in the fair value. This is the case for the majority of NBF's OTC derivatives, securities purchased/sold under resale/repurchase agreements, securities borrowed/loaned and other instruments where an active markets supply the input to the valuation technique or model.

Level 3 consists of those types of financial instruments which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for private equity instruments in unlisted securities, private equity funds, hedge funds and both more complex or less active markets supplying input to the technique or model for OTC derivatives, certain complex or structured financial instruments such as CLNs and CDOs, and illiquid bonds.

Group

31 Dec 2010, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	17,499	-	17,499
Loans to the public	-	4,390	-	4,390
Debt securities[1]	8,725	9,173	-	17,898
Financial instruments pledged as collateral[2]	3,132	2,172	-	5,304
Shares	156	-	923	1,079
Derivatives	109	94,822	2,320	97,251
Other assets	-	3,129	-	3,129
Prepaid expenses and accrued income	-	7	-	7
Liabilities				
Deposits by credit institutions	-	19,706	-	19,706
Deposits and borrowings from the public	-	6,503	-	6,503
Debt securities in issue	-	6,027	-	6,027
Derivatives	47	93,320	2,309	95,676
Other liabilities	7,501	3,800	-	11,301
Accrued expenses and prepaid income	-	59	-	59

[1] Of which EUR 2,359m Treasury bills and EUR 15,539m Interest-bearing securities. (The portion held at fair value in Note 40)
[2] Of which EUR 1,533m Treasury bills and EUR 3,771m Interest-bearing securities. (The portion held at fair value in Note 40)

31 Dec 2009, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	1,233	-	1,233
Loans to the public	-	-	-	-
Debt securities[1]	2,051	138	-	2,189
Shares[2]	210	-	842	1,052
Derivatives	84	72,017	2,419	74,520
Other assets	-	2,435	-	2,435
Prepaid expenses and accrued income	-	-5	-	-5
Liabilities				
Deposits by credit institutions	-	-	-	-
Deposits and borrowings from the public	-	-	-	-
Debt securities in issue	-	6,147	-	6,147
Derivatives	99	70,834	2,304	73,237
Other liabilities	15	2,130	-	2,145
Accrued expenses and prepaid income	-	77	-	77

[1] Of which EUR 1,033m Treasury bills and EUR 1,156m Interest-bearing securities (the portion held at fair value in Note 40)
[2] EUR 1m relates to the balance sheet item Financial instruments pledged as collateral.

Parent company

31 Dec 2010, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	17,499	-	17,499
Loans to the public	-	4,390	-	4,390
Debt securities[1]	8,725	9,173	-	17,898
Financial instruments pledged as collateral[2]	3,132	2,172	-	5,304
Shares	157	-	923	1,080
Derivatives	105	94,822	2,320	97,247
Other assets	-	3,129	-	3,129
Prepaid expenses and accrued income	-	7	-	7
Liabilities				
Deposits by credit institutions	-	19,706	-	19,706
Deposits and borrowings from the public	-	6,503	-	6,503
Debt securities in issue	-	6,027	-	6,027
Derivatives	46	93,321	2,309	95,676
Other liabilities	7,501	3,800	-	11,301
Accrued expenses and prepaid income	-	59	-	59

[1] Of which EUR 2,359m Treasury bills and EUR 15,539m Interest-bearing securities. (The portion held at fair value in Note 40)
[2] Of which EUR 1,533m Treasury bills and EUR 3,771m Interest-bearing securities. (The portion held at fair value in Note 40)

31 Dec 2009, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	1,233	-	1,233
Loans to the public	-	-	-	-
Debt securities[1]	2,051	138	-	2,189
Shares[2]	206	-	842	1,048
Derivatives	84	72,017	2,419	74,520
Other assets	-	2,435	-	2,435
Prepaid expenses and accrued income	-	-5	-	-5
Liabilities				
Deposits by credit institutions	-	-	-	-
Deposits and borrowings from the public	-	-	-	-
Debt securities in issue	-	6,147	-	6,147
Derivatives	99	70,834	2,304	73,237
Other liabilities	15	2,130	-	2,145
Accrued expenses and prepaid income	-	77	-	77

[1] Of which EUR 1,033m Treasury bills and EUR 1,156m Interest-bearing securities. (The portion held at fair value in Note 40)
[2] EUR 1m relates to the balance sheet item Financial instruments pledged as collateral.

Movements in level 3

The following table shows a reconciliation of the opening and closing carrying amount of level 3 financial assets and liabilities recognised at fair value.

Group

31 Dec 2010, EURm	1 Jan 2010	Fair value gains/losses recognised in the income statement during the year: Realised	Fair value gains/losses recognised in the income statement during the year: Unrealised[1]	Purchases	Sales
Assets					
Debt securities	-	-	-	-	-
Shares	842	-121	128	661	-586
Derivatives (net assets and liabilities)	115	15	-104	4	0

31 Dec 2010, EURm	Settlements	Transfers into/out of level 3	Translation differences	31 Dec 2010
Assets				
Debt securities	-	-	-	-
Shares	-	-	0	923
Derivatives (net assets and liabilities)	-15	0	0	15

[1] Relates to those assets and liabilities held at the end of the reporting period.

31 Dec 2009, EURm	1 Jan 2009	Fair value gains/losses recognised in the income statement during the year: Realised	Fair value gains/losses recognised in the income statement during the year: Unrealised[1]	Purchases	Sales
Assets					
Shares	24	0	-5	2	-1
Derivatives (net assets and liabilities)	-242	228	111	-	-

31 Dec 2009, EURm	Settlements	Transfers into/out of level 3	Translation differences	31 Dec 2009
Assets				
Shares	-	822	0	842
Derivatives (net assets and liabilities)	-228	344	-98	115

[1] Relates to those assets and liabilities held at the end of the reporting period.

During the year 2009, NBF transferred shares from level 1 and level 2 to level 3 of the fair value hierarchy. The carrying amount of the total assets transferred was EUR 822m. The reason for the transfer from level 1 to level 3 is that the market for some securities has become inactive, which has led to a change in the method used to determine fair value. The reason for the transfer from level 2 to level 3 is that inputs to the valuation models ceased to be observable.

Fair value gains/losses recognised in the income statement during the year are included in "Net result form items at fair value" (see note 5).

Parent company

31 Dec 2010, EURm	1 Jan 2010	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Assets					
Debt securities	-	-	-	-	-
Shares	842	-121	128	661	-586
Derivatives (net assets and liabilities)	115	15	-104	-	-

31 Dec 2010, EURm	Settlements	Transfers into/out of level 3	Translation differences	31 Dec 2010
Assets				
Debt securities	-	-	-	-
Shares	-	-	0	923
Derivatives (net assets and liabilities)	-15	-	-	11

[1] Relates to those assets and liabilities held at the end of the reporting period.

31 Dec 2009, EURm	1 Jan 2009	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Assets					
Shares	24	0	-5	2	-1
Derivatives (net assets and liabilities)	-242	228	111	-	-

31 Dec 2009, EURm	Settlements	Transfers into/out of level 3	Translation differences	31 Dec 2009
Assets				
Shares	-	822	0	842
Derivatives (net assets and liabilities)	-228	344	-98	115

[1] Relates to those assets and liabilities held at the end of the reporting period.

Sensitivity of level 3 financial instruments measured at fair value to changes in key assumptions

Included in the fair value of financial instruments carried at fair value on the balance sheet are those estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. Portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques (for further information see Note 1 section 11 "Determination of fair value of financial instruments").

This disclosure shows the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable input parameters. The estimates disclosed below are likely to be greater than the true uncertainty in fair value of these instruments, as it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. The disclosure is neither predictive nor indicative of future movements in fair value.

The following table shows the sensitivity of the fair value of level 3 instruments to changes in key assumptions, by class of instruments. (Where the exposure to an unobservable parameter is offset across different instruments then only the net impact is disclosed in the table.)

	Group			Parent company		
		Effect of reasonably possible alternative assumption			Effect of reasonably possible alternative assumption	
31 Dec 2010, EURm	Carrying amount	Favourable	Unfavourable	Carrying amount	Favourable	Unfavourable
Assets						
Debt securities	-	-	-	-	-	-
Shares	923	56	-56	923	56	-56
Derivatives (net assets and liabilities)	2,320	22	-29	2,320	22	-29

	Group			Parent company		
		Effect of reasonably possible alternative assumptions			Effect of reasonably possible alternative assumptions	
31 Dec 2009, EURm	Carrying amount	Favourable	Unfavourable	Carrying amount	Favourable	Unfavourable
Assets						
Shares	842	48	-48	842	48	-48
Derivatives (net assets and liabilities)	115	18	-31	115	18	-31

In order to calculate the effect on level 3 fair values from altering the assumptions of the valuation technique or model the sensitivity to unobservable input data is assessed. For the derivatives portfolio key inputs that are based on pricing model assumptions or unobservability of market data inputs are replaced by alternative estimates or assumptions and impact on valuation computed. The majority of the effect on the Derivatives are related to various types of correlations or correlation related inputs in credit derivatives, interest rate OTC derivatives or OTC structured equity derivatives. For the level 3 portfolios of shares and debt securities the fair value was increased and decreased within a range of 3-10 percentage units, which are assessed to be reasonable changes in market movements.

Note 42 Assets and liabilities in foreign currencies

Group

31 Dec 2010, EURm	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	2,359	-	-	-	-	-	2,359
Loans to the credit institutions	11,781	10,279	17,546	2,038	21,768	4,339	67,751
Loans to the public	62,962	3,054	629	125	4,918	1,919	73,607
Interest-bearing securities	9,629	5,862	3,936	48	2,029	74	21,578
Other assets	83,800	10,247	7,629	4,272	10,589	4,254	120,791
Total assets	**170,531**	**29,442**	**29,740**	**6,483**	**39,304**	**10,586**	**286,086**
Liabilities and equity							
Deposits by credit institutions	25,068	4,472	2,819	648	21,335	6,207	60,549
Deposits and borrowings from the public	44,248	1,891	446	258	5,034	3,582	55,459
Debt securities in issue	8,544	2,041	786	184	22,245	6,046	39,846
Provisions	80	-	-	-	-	0	80
Subordinated liabilities	-	-	-	-	-	477	477
Other liabilities and equity	93,804	13,019	4,662	5,986	6,156	6,048	129,675
Total liabilities and equity	**171,744**	**21,423**	**8,713**	**7,076**	**54,770**	**22,360**	**286,086**

Group

31 Dec 2009, EURm	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	1,033	-	-	-	-	-	1,033
Loans to credit institutions	8,035	5,300	16,264	3,416	22,604	3,418	59,037
Loans to the public	58,418	613	140	105	4,580	1,867	65,723
Interest-bearing securities	5,227	0	878	-	1,735	33	7,873
Other assets	64,101	6,524	2,921	2,995	4,756	6,202	87,499
Total assets	**136,814**	**12,437**	**20,203**	**6,516**	**33,675**	**11,520**	**221,165**
Liabilities and equity							
Deposits by credit institutions	19,557	256	101	125	20,654	3,651	44,344
Deposits and borrowings from the public	37,444	189	10	67	4,450	2,096	44,256
Debt securities in issue	8,102	2,244	558	302	22,046	6,024	39,276
Provisions	49	-	-	-	-	-	49
Subordinated liabilities	0	-	-	-	0	437	437
Other liabilities and equity	70,355	6,201	2,487	2,546	4,308	6,906	92,803
Total liabilities and equity	**135,507**	**8,890**	**3,156**	**3,040**	**51,458**	**19,114**	**221,165**

Parent company

31 Dec 2010, EURm	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	2,359	-	-	-	-	-	2,359
Loans to credit institutions	16,723	10,296	17,546	2,040	21,821	4,346	72,772
Loans to the public	57,264	3,032	629	123	4,863	1,975	67,886
Interest-bearing securities	9,629	5,862	3,936	48	2,029	74	21,578
Other assets	83,876	10,247	7,629	4,272	10,589	4,201	120,814
Total assets	**169,851**	**29,437**	**29,740**	**6,483**	**39,302**	**10,596**	**285,409**
Liabilities and equity							
Deposits by credit institutions	25,043	4,472	2,819	648	21,335	6,176	60,493
Deposits and borrowings from the public	44,341	1,891	446	258	5,034	3,582	55,552
Debt securities in issue	8,544	2,041	786	184	22,245	6,046	39,846
Provisions	76	-	-	-	-	-	76
Subordinated liabilities	-	-	-	-	-	477	477
Other liabilities and equity	93,205	13,017	4,662	5,986	6,155	5,940	128,965
Total liabilities and equity	**171,209**	**21,421**	**8,713**	**7,076**	**54,769**	**22,221**	**285,409**

Parent company

31 Dec 2009, EURm	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	1,033	-	-	-	-	-	1,033
Loans to credit institutions	13,013	5,315	16,264	3,417	22,624	3,421	64,054
Loans to the public	52,870	595	140	104	4,559	1,785	60,053
Interest-bearing securities	5,227	0	878	-	1,735	33	7,873
Other assets	64,165	6,524	2,921	2,995	4,756	6,177	87,537
Total assets	**136,308**	**12,434**	**20,203**	**6,516**	**33,674**	**11,416**	**220,550**
Liabilities and equity							
Deposits by credit institutions	19,530	256	101	125	20,654	3,619	44,285
Deposits and borrowings from the public	37,541	189	10	67	4,450	2,097	44,354
Debt securities in issue	8,102	2,244	558	302	22,046	6,024	39,276
Provisions	46	-	-	-	-	0	46
Subordinated liabilities	0	-	-	-	0	437	437
Other liabilities and equity	69,790	6,199	2,487	2,546	4,308	6,822	92,152
Total liabilities and equity	**135,009**	**8,888**	**3,156**	**3,040**	**51,458**	**18,999**	**220,550**

Note 43 Obtained collateral which is permitted to be sold or repledged

NBF obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under standard terms for most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions. The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements are disclosed below.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	22,100	1,233	22,100	1,233
- of which repledged or sold	14,559	915	854	915
Securities borrowing agreements				
Received collaterals which can be repledged or sold	-	-	-	-
- of which repledged or sold	-	-	-	-
Total	**22,100**	**1,233**	**22,100**	**1,233**

Note 44 Maturity analysis for assets and liabilities

Group

Remaining maturity
31 Dec 2010, EURm

	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		7,485	-	-	-	-	-	**7,485**
Treasury bills	13	-	425	327	1,248	359	-	**2,359**
Loans to credit institutions	14	7,462	48,489	9,161	2,608	31	-	**67,751**
Loans to the public	14	30	13,590	6,748	24,124	29,115	-	**73,607**
Interest bearing securities	15	-	4,931	3,510	11,946	1,191	-	**21,578**
Financial instruments pledged as collateral	16	-	159	708	2,256	2,181	-	**5,304**
Derivatives	18	-	7,206	6,602	28,501	54,942	-	**97,251**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	1	11	60	24	-	**96**
Total assets with fixed maturities		**14,977**	**74,801**	**27,067**	**70,743**	**87,843**	**-**	**275,431**
Other assets	26	-	-	-	-	-	10,655	**10,655**
Total assets		**14,977**	**74,801**	**27,067**	**70,743**	**87,843**	**10,655**	**286,086**
Deposits by credit institutions	28	4,943	47,737	7,704	82	83	-	**60,549**
Deposits and borrowings from the public	29	34,862	16,111	3,965	594	-73	-	**55,459**
- of which Deposits		*34,862*	*9,571*	*3,964*	*594*	*-73*	-	*48,918*
- of which Borrowings		-	*6,540*	*1*	*0*	*0*	-	*6,541*
Debt securities in issue	30	-	25,262	5,843	8,330	411	-	**39,846**
- of which Debt securities in issue		-	*25,262*	*5,843*	*8,330*	*411*	-	*39,846*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	6,969	6,749	29,640	52,318	-	**95,676**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-	0	-61	3	-	**-58**
Subordinated liabilities	35	-	-	-	385	92	-	**477**
Total liabilities with fixed maturities		**39,805**	**96,079**	**24,261**	**38,970**	**52,834**	**-**	**251,949**
Other liabilties	31	-	-	-	-	-	22,913	**22,913**
Equity		-	-	-	-	-	11,224	**11,224**
Total liabilities and equity		**39,805**	**96,079**	**24,261**	**38,970**	**52,834**	**34,137**	**286,086**

Note 44 *Maturity analysis for assets and liabilities, cont.*

Group

Remaining maturity

31 Dec 2009, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		8,004	-	-	-	-	-	**8,004**
Treasury bills	13	-	0	236	797	-	-	**1,033**
Loans to credit institutions	14	16,554	31,458	7,955	3,043	27	-	**59,037**
Loans to the public	14	35	8,790	6,901	21,646	28,351	-	**65,723**
Interest bearing securities	15	-	821	2,523	4,381	148	-	**7,873**
Derivatives	18	-	5,625	7,112	26,319	35,464	-	**74,520**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	2	23	93	23	-	**141**
Total assets with fixed maturities		**24,593**	**46,696**	**24,750**	**56,279**	**64,013**	**-**	**216,331**
Other assets	26	-	-	-	-	-	4,834	**4,834**
Total assets		**24,593**	**46,696**	**24,750**	**56,279**	**64,013**	**4,834**	**221,165**
Deposits by credit institutions	28	4,771	33,630	5,733	125	85	-	**44,344**
Deposits and borrowings from the public	29	30,594	9,818	3,174	668	2	-	**44,256**
- of which Deposits		*30,594*	*9,816*	*3,143*	*634*	*2*	-	*44,189*
- of which Borrowings		-	*2*	*31*	*34*	-	-	*67*
Debt securities in issue	30	-	27,880	5,949	5,116	331	-	**39,276**
- of which Debt securities in issue		-	*27,880*	*5,949*	*5,116*	*331*	-	*39,276*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	5,195	7,175	26,716	34,151	-	**73,237**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	0	4	-	3	-	**7**
Subordinated liabilities	35	-	-	-	362	75	-	**437**
Total liabilities with fixed maturities		**35,365**	**76,523**	**22,035**	**32,987**	**34,647**	**-**	**201,557**
Other liabilities	31	-	-	-	-	-	8,636	**8,636**
Equity		-	-	-	-	-	10,972	**10,972**
Total liabilities and equity		**35,365**	**76,523**	**22,035**	**32,987**	**34,647**	**19,608**	**221,165**

Parent company

Remaining maturity

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		7,485	-	-	-	-	-	**7,485**
Treasury bills	13	-	425	327	1,248	359	-	**2,359**
Loans to credit institutions	14	7,447	52,928	9,609	2,751	37	-	**72,772**
Loans to the public	14	-	12,194	5,057	21,619	29,016	-	**67,886**
Interest bearing securities	15	-	4,931	3,510	11,946	1,191	-	**21,578**
Financial instruments pledged as collateral	16	-	159	708	2,256	2,181	-	**5,304**
Derivatives	18	-	7,206	6,598	28,501	54,942	-	**97,247**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	1	11	60	24	-	**96**
Total assets with fixed maturities		**14,932**	**77,844**	**25,820**	**68,381**	**87,750**	**-**	**274,727**
Other assets	26	-	-	-	-	-	10,682	**10,682**
Total assets		**14,932**	**77,844**	**25,820**	**68,381**	**87,750**	**10,682**	**285,409**

Note 44 *Maturity analysis for assets and liabilities, cont.*

Parent company

Remaining maturity

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Deposits by credit institutions	28	4,943	47,730	7,686	51	83	-	**60,493**
Deposits and borrowings from the public	29	34,877	16,116	3,964	593	2	-	**55,552**
- of which Deposits		*34,877*	*9,576*	*3,964*	*593*	*2*	-	*49,012*
- of which Borrowings		-	*6,540*	-	-	-	-	*6,540*
Debt securities in issue	30	-	25,262	5,843	8,330	411	-	**39,846**
- of which Debt securities in issue		-	*25,262*	*5,843*	*8,330*	*411*	-	*39,846*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	6,969	6,749	29,640	52,318	-	**95,676**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-	0	-61	3	-	**-58**
Subordinated liabilities	35	-	-	-	385	92	-	**477**
Total liabilities with fixed maturities		**39,820**	**96,077**	**24,242**	**38,938**	**52,909**	**-**	**251,986**
Other liabilities	31	-	-	-	-	-	22,565	**22,565**
Equity		-	-	-	-	-	10,858	**10,858**
Total liabilities and equity		**39,820**	**96,077**	**24,242**	**38,938**	**52,909**	**33,423**	**285,409**

Parent company

Remaining maturity

31 Dec 2009, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		8,004	-	-	-	-	-	**8,004**
Treasury bills	13	-	0	236	797	-	-	**1,033**
Loans to credit institutions	14	16,535	35,166	8,470	3,847	36	-	**64,054**
Loans to the public	14	89	7,907	4,871	18,946	28,240	-	**60,053**
Interest bearing securities	15	-	821	2,523	4,381	148	-	**7,873**
Derivatives	18	-	5,625	7,112	26,319	35,464	-	**74,520**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	2	23	93	23	-	**141**
Total assets with fixed maturities		**24,628**	**49,521**	**23,235**	**54,383**	**63,911**	**-**	**215,678**
Other assets	26	-	-	-	-	-	4,872	**4,872**
Total assets		**24,628**	**49,521**	**23,235**	**54,383**	**63,911**	**4,872**	**220,550**
Deposits by credit institutions	28	4,771	33,627	5,678	125	84	-	**44,285**
Deposits and borrowings from the public	29	30,689	9,822	3,173	668	*2*	-	**44,354**
- of which Deposits		*30,689*	*9,820*	*3,158*	*668*	*2*	-	*44,337*
- of which Borrowings		-	*2*	*15*	-	-	-	*17*
Debt securities in issue	30	-	27,880	5,949	5,116	331	-	**39,276**
- of which Debt securities in issue		-	*27,880*	*5,949*	*5,116*	*331*	-	*39,276*
- of which Other		-	-	-	-	-	-	-
Derivatives	18	-	5,195	7,175	26,716	34,151	-	**73,237**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	0	4	-	3	-	**7**
Subordinated liabilities	35	-	-	-	362	75	-	**437**
Total liabilities with fixed maturities		**35,460**	**76,524**	**21,979**	**32,987**	**34,646**	**-**	**201,596**
Other liabilities	31	-	-	-	-	-	8,298	**8,298**
Equity		-	-	-	-	-	10,656	**10,656**
Total liabilities and equity		**35,460**	**76,524**	**21,979**	**32,987**	**34,646**	**18,954**	**220,550**

Note 45 Related-party transactions

Shareholders with significant influence and companies significantly influenced by key management personnel in Nordea Group as well as companies significantly influenced by close family members to these key management personnel are considered to be related parties to Nordea. Included in this group of related parties are Sampo Oyj, Nokia Oyj, Posten AB, Danisco A/S, IK Investment Partners AB and TrygVesta A/S. Transactions with related companies are made in Nordea's and the related companies' ordinary course of business and on the same criteria and terms as those for comparable transactions with companies of similar standing. They did not involve more than normal risk-taking. The transactions are therefore not included in the table below.

Group	Nordea Group undertakings		Nordea Group associated undertakings		Other related parties	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Assets						
Loans	61,577	52,511	96	111	-	-
Interest-bearing securities	3,638	0	-	-	-	-
Financial instruments pledged as collateral	466	-	-	-	-	-
Derivatives	2,610	976	155	109	-	-
Other assets	1	0	-	-	-	-
Prepaid expenses and accrued income	60	22	-	-	-	-
Total assets	**68,352**	**53,509**	**251**	**220**	**-**	**-**
Liabilities						
Deposits	41,303	29,924	75	115	5	9
Debt securities in issue	562	632	30	-	-	-
Derivatives	1,292	1,427	64	66	-	-
Other liabilities	305	24	-	-	-	-
Accrued expenses and deferred income	133	94	-	-	-	-
Total liabilities	**43,595**	**32,101**	**169**	**181**	**5**	**9**
Off balance	359,662	251,029	7,202	2,983	-	-

Group	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009	2010	2009
Interest income and interest expense						
Interest income	321	403	2	2	-	-
Interest expense	-233	-316	0	0	0	0
Net interest income and expense	**88**	**87**	**2**	**2**	**0**	**0**

Parent company	Group undertakings		Associated undertakings		Other related parties	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Assets						
Loans and receivables	5,185	5,150	96	111	-	-
Interest-bearing securities	-	-	-	-	-	-
Financial instruments pledged as collateral	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Investments in associated undertakings	-	-	19	16	-	-
Investments in group undertakings	353	338	-	-	-	-
Other assets	0	0	-	-	-	-
Prepaid expenses and accrued income	15	16	-	-	-	-
Total assets	**5,553**	**5,504**	**115**	**127**	**-**	**-**

Note 45 *Related-party transactions, cont.*

Parent company	Group undertakings		Associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009	2010	2009
Liabilities						
Deposits	20	23	76	115	5	9
Debt securities in issue	-	-	30	-	-	-
Derivatives	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Accrued expenses and deferred income	2	2	-	-	-	-
Total liabilities	**22**	**25**	**106**	**115**	**5**	**9**
Off balance	556	346	99	54	-	-

Parent companyt	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009	2010	2009
Interest income and interest expense						
Interest income	74	129	2	2	-	-
Interest expense	0	0	0	0	0	0
Net interest income and expense	**74**	**129**	**2**	**2**	**0**	**0**

The terms "group undertakings" and "associated undertakings" refer to group undertakings and associated undertakings of the Nordea Bank Finland Group. In addition to the parent company figures stated above, the parent company's assets included receivables, interest-bearing securities, derivatives and other assets from other Nordea group undertakings in the amount of EUR 68,351m (59,760), liabilities in the amount of EUR 43,480m (32,019), net interest income in the amount of EUR 90m (218) and off-balance sheet commitments in the amount of EUR 359,662 (251,029), see Group's specification above. Off balance sheet transactions with Nordea group associated undertakings amounted to EUR 7,202m (2,929) and corresponding balance sheet values of derivatives were EUR 155m (109) in assets and EUR 64m (66) in liabilities.

Compensations and loans and receivables to Key management personnel

Compensations and loans and receivables to Key management personnel are specified in Note 8.

Note 46 Mergers, acquisitions, disposals and dissolutions

Subsidiaries sold during 2010	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Subsidiaries merged during 2010	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Other subsidiaries dissolved during 2010	Number of companies	Total assets EURm	Profit/loss for the year as included in the Bank Group
Other companies	1	1	-

Associated undertakings dissolved during 2010	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Note 47 Credit risk disclosure

Credit risk management and credit risk analysis is described in the Risk, Liquidity and Capital management section of the Board of Directors´ Report. Additional information on credit risk is also disclosed in the Capital and Risk management Report (Pillar 3) 2010, which is available on www.nordea.com.

Restructured loans current year	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Loans before restructuring, carrying amount	46	0	46	0
Loans after restructuring, carrying amount	46	0	46	0

Assets taken over for protection of claims	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2010	2009	2010	2009
Current assets, carrying amount:				
Land and buildings	26	3	26	0
Shares and other participations	0	0	0	-
Other assets	5	4	0	1
Total	**31**	**7**	**26**	**1**

Past due loans, excl. impaired loans

	Group				Parent company			
	31 Dec 2010		31 Dec 2009		31 Dec 2010		31 Dec 2009	
EURm	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers
6-30 days	76	218	98	249	27	189	34	211
31-60 days	56	140	75	157	28	93	38	102
61-90 days	22	66	45	69	16	45	31	43
>90 days	39	19	89	0	33	19	89	0
Total	**193**	**443**	**307**	**475**	**104**	**346**	**192**	**356**
Past due not impaired/loans in %	0.51	1.27	0.95	1.45	0.29	1.08	0.65	1.19

Loans to corporate customers, by size of loan

	Group				Parent company			
EURm	31 Dec 2010	%	31 Dec 2009	%	31 Dec 2010	%	31 Dec 2009	%
0-10	20,816	54.5	17,310	53.4	19,116	54.5	15,721	53.4
10-50	9,018	23.6	8,309	25.6	8,281	23.6	7,547	25.6
50-100	3,782	9.9	3,764	11.6	3,473	9.9	3,418	11.6
100-250	2,700	7.1	2,581	8.0	2,479	7.1	2,345	8.0
250-500	1,858	4.9	448	1.4	1,706	4.9	407	1.4
500-	0	0.0	-	-	0	0.0	-	-
Total	**38,174**	**100.0**	**32,412**	**100.0**	**35,055**	**100.0**	**29,438**	**100.0**

Note 47 *Credit risk disclosure, cont.*

Interest-bearing securities and Treasury bills	Group				Parent company			
	31 Dec 2010		31 Dec 2009		31 Dec 2010		31 Dec 2009	
EURm	At fair value	At amortised cost	At fair value	At amortised cost	At fair value	At amortised cost	At fair value	At amortised cost
State and sovereigns	2,757	150	1,065	150	2,757	150	1,065	150
Municipalities and other public bodies	69	-	9	-	69	-	9	-
Mortgage institutions	7,214	3,746	17	3,293	7,214	3,746	17	3,293
Other credit institutions	7,422	2,143	1,028	3,274	7,422	2,143	1,028	3,274
Corporates	297	-	70	-	297	-	70	-
Corporates, sub-investment grade	139	-	-	-	139	-	-	-
Other	-	-	-	-	0	-	-	-
Total	**17,898**	**6,039**	**2,189**	**6,717**	**17,898**	**6,039**	**2,189**	**6,717**

Note 48 Nordea shares

Nordea Bank Finland Plc does not possess own shares. During the year Nordea Bank Finland has bought and sold shares in its parent company Nordea Bank AB (publ) as part of its normal trading and marketmaking activities. The trades are specified in the table enclosed.

Acquisitions

Month	Quantity	Average acq.price	Amount, EUR
January	86,052	5.49	472,090.95
February	22,920	6.83	156,557.72
March	93,706	7.53	705,224.72
April	78,650	7.42	583,507.50
May	512,657	6.45	3,308,911.77
June	124,800	6.97	869,709.00
July	19,485	7.46	145,448.94
August	189,940	7.73	1,469,138.15
September	4,000	7.62	30,460.00
October	1,042,273	7.93	8,262,925.44
November	689,412	7.70	5,307,153.79
December	404,528	8.08	3,269,568.93
	3,268,423		24,580,696.91

Sales

Month	Quantity	Average price	Amount, EUR
January	-26,650	6.92	-184,530.00
February	-40,322	6.74	-271,919.90
March	-63,061	7.60	-479,040.98
April	-27,050	7.54	-203,903.50
May	-284,600	6.22	-1,769,007.00
June	-362,301	6.91	-2,501,835.06
July	-79,384	7.31	-579,999.20
August	-25,740	7.35	-189,135.77
September	-196,083	7.61	-1,492,563.22
October	-1,652,100	7.89	-13,029,549.57
November	-162,841	7.59	-1,235,788.57
December	-304,424	7.93	-2,414,919.76
	-3,224,556		-24,352,192.53

The quota value of the Nordea Bank AB (publ) share is EUR 1.00. The trades had an insignificant effect on the shareholding and voting-power in Nordea Bank AB (publ). At year-end 2010 NBF owned 21,222 shares of the parent company.

Auditors’ report

This document is an English translation of the Swedish auditor's report. Only the Swedish version of the report is legally binding.

To the Annual General Meeting of Nordea Bank Finland Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Nordea Bank Finland Plc for the year ended on 31 December 2010. The financial statements comprise both the consolidated and the parent company’s statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company’s accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor’s responsibility
Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Finnish Credit Institutions Act, the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion,

- both the consolidated and the parent company’s financial statements give a true and fair view of their financial position, financial performance, and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland
- the information in the report of the Board of Directors is consistent with the information in the financial statements.

Other opinions
We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Managing Director be discharged from liability for the financial period audited by us.

Helsinki, 28 February 2011

KPMG OY AB

Raija-Leena Hankonen
Authorized Public Accountant

INDEX OF DEFINED TERMS

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