IMPORTANT NOTICE

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

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

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

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

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

BASE PROSPECTUS

NORDEA BANK FINLAND PLC

(*Incorporated with limited liability in Finland*)

€25,000,000,000 Euro Medium Term Note and Covered Bond Programme

Nordea Bank Finland Plc ("**Nordea Bank Finland**" or the "**Issuer**") has established a €25,000,000,000 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 Notes issued by the Issuer designated as "**Swiss Franc EMTNs**" or "**Swiss Franc Covered Bonds**" (together with the Swiss Franc EMTNs, the "**Swiss Franc Notes**") or dematerialised Notes designated as "**Finnish EMTNs**" or "**Finnish Covered Bonds**" (together with the Finnish EMTNs, the "**Finnish Notes**") in the applicable Final Terms or Pricing Supplement (as defined below). 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 €25,000,000,000 (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.

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

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Directive (as defined herein). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European law pursuant to the Prospectus Directive. Such approval relates only to Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC on Markets in Financial Instruments ("**MiFID**") and/or which are to be offered to the public in any Member State of the European Economic Area.

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

Application has been made to the Irish Stock Exchange for Notes issued under the Programme (other than Exempt Notes (as defined herein)) to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**").

An application will also be made to the United Kingdom Financial Conduct Authority (the "**FCA**") and London Stock Exchange plc (the "**London Stock Exchange**") for Notes issued under the Programme (other than Exempt Notes) to be admitted to listing on the official list of the FCA and to trading on the regulated market of the London Stock Exchange during the period of 12 months after the date hereof.

The Central Bank has been requested by the Issuer to provide the FCA with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive so that the Notes issued under the Programme may be admitted to the official list of the FCA and to trading on the regulated market of the London Stock Exchange. The Main Securities Market and the regulated market of the London Stock Exchange are regulated markets for the purposes of MiFID.

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

The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer (including the SIX Swiss Exchange, in the case of Swiss Franc Notes).

Notice of the aggregate principal amount of, interest (if any) payable in respect of and the issue price of each Tranche (as defined below) of Notes will be set forth in a final terms (the **Final Terms**") or, in the case of Exempt Notes only, a pricing supplement (the "**Pricing Supplement**") and in addition, in the case of Exempt Notes only, any other terms and conditions not contained herein which are applicable to each Tranche (as defined below) of Notes will be set forth in the relevant Pricing Supplement.

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 15 June 2015

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 or Pricing Supplement.

Copies of each Final Terms or each Pricing Supplement 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*" 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"* or the *"Terms and Conditions of the Covered Bonds"* herein, in which case a drawdown prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes. In the case of Exempt Notes, the relevant provisions relating to such Notes will be included in the relevant Pricing Supplement.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus (including for this purpose, each relevant Final Terms or Pricing Supplement) 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 the Final Terms or Pricing Supplement for each Tranche of Notes and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

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

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

Neither the delivery of this Base Prospectus nor any Final Terms nor any Pricing Supplement 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 or Pricing Supplement 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 or Pricing Supplement 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*".

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 (Rating under review, unchanged or down)
Standard & Poor's Credit Market Services Europe Limited	AA- (Negative outlook)
Fitch Ratings Limited	AA-

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

Rating Agency	Rating
Moody's Investors Service 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**"), and are, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (http://www.esma.europa.eu/page/list-registered-and-certified-CRAs) in accordance with 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 or Pricing Supplement. 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 or Pricing Supplement.

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

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended) unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation (and such endorsement action has not been withdrawn or suspended) or (2) the rating is provided by a credit rating agency not established in the EEA, but which is certified under the CRA Regulation (and such certification has not been withdrawn or suspended).

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

Neither this Base Prospectus nor any Final Terms nor any Pricing Supplement 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 or Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms or Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

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

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

In this Base Prospectus, references to the "**EU**" are to the European Union and references to "**Relevant Member State**" are to a Member State of the EEA which has implemented the Prospectus Directive. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, "**2010 PD Amending Directive**" means Directive 2010/73/EU and the expression "**EU Savings Directive**" means EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments. References to "**U.S.$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**Euro**", "**euro**", "**EUR**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro as amended, references to "**Swiss Francs**", "**Swiss francs**" or "**CHF**" are to Swiss Francs, references to "**sterling**" are to Pounds Sterling, references to "**Yen**" are to Japanese Yen, references to "**SEK**" are to Swedish Krona, references to "**NOK**" are to Norwegian Kroner, references to "**DKK**" are to Danish Krone and references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan) (the "**PRC**").

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**".

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OVERVIEW OF THE BASE PROSPECTUS

This overview 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 and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms or Pricing Supplement. Each decision to invest in any Notes should be based on an assessment of the entire Base Prospectus.

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 overview.

Issuer:	Nordea Bank Finland Plc ("**Nordea Bank 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, domiciled and engaged in banking operations in Finland. The Issuer has branches in New York, Singapore and Cayman Islands. 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 Danmark 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 EMTNs or Covered Bonds.
Fiscal Agent:	Citibank, N.A., London Branch
Registrar:	Citigroup Global Markets Deutschland AG
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 €25,000,000,000 (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, Swiss Francs, Renminbi 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.
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:	The Notes will be issued on a fully-paid basis and may be issued at any price, as specified in the applicable Final Terms or Pricing Supplement.
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). 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 or Pricing Supplement. 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 or Pricing Supplement 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 or Pricing Supplement. 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 or Pricing Supplement 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 or zero coupon as provided in the relevant Final Terms or Pricing Supplement.

Redemption: Notes may be redeemable at par or, in the case of Exempt Notes only, at such other redemption amount as may be specified in the relevant Pricing Supplement.

Early redemption of EMTNs or Covered Bonds will be permitted for taxation reasons as mentioned in Condition 5(b) (*Early Redemption for Taxation Reasons*) of the EMTNs and Condition 5(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 or Pricing Supplement. 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 or Pricing Supplement 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 or Pricing Supplement 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 or Pricing Supplement. 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 or Pricing Supplement.

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 or Pricing Supplement on each Interest Payment Date after the Maturity Date at the rate specified in the applicable Final Terms or Pricing Supplement.

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, 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 or floating rate 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 or Pricing Supplement.

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 or Pricing Supplement, subject to (i) a minimum denomination of €100,000 (or its equivalent in any other currency) for each Note admitted to trading on a regulated market within the EEA; 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 7 (*Taxation*) of the EMTNs and Condition 6 (*Taxation*) of the Covered Bonds, respectively.

Ratings: The Covered Bonds to be issued under the Programme are expected to be assigned a rating of "Aaa" by Moody's. The EMTNs issued under the Programme will not be rated unless otherwise indicated in the Final Terms or Pricing Supplement 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 or Pricing Supplement, along with the details of the credit rating agency issuing such rating.

Listing: Each Series may be admitted to listing on (i) the Official List of the Irish Stock Exchange and to trading on its Main Securities Market or (ii) the Official List of the FCA and to trading on the London Stock Exchange's Regulated Market. Each Series of Exempt Notes may be admitted to listing on a market that is not a regulated market for the purposes of MiFID as agreed between the Issuer and the relevant Dealer and as specified in the relevant Pricing Supplement.

In addition, it is expected that an application will be made to register the Programme on the SIX Swiss Exchange Ltd. Upon specific request, Notes issued under the Programme may then be listed on the SIX Swiss Exchange Ltd.

Unlisted Notes may also be issued pursuant to a Pricing Supplement.

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 or Pricing Supplement. The Conditions applicable to each Tranche of EMTNs or Covered Bonds will be those set out in this Base Prospectus, as completed by the relevant Final Terms or as set out in the relevant Pricing Supplement.

Events of Default and Cross The EMTNs will provide for events of default entitling Holders to

Default:	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 15 June 2015 (as amended and/or restated and/or replaced from time to time) and by their arrangements with Euroclear and/or Clearstream, Luxembourg (together, the "**ICSDs**") 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 EEA, the United Kingdom, Japan, the PRC, Hong Kong, Singapore, Finland, Denmark, Sweden, Norway, Australia, New Zealand and Canada. 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 "*Summary of Finnish Legislation Regarding Covered Bonds and Relevant to Mortgage Lending*" on pages 122 to 127.
Clearing Systems:	Euroclear and Clearstream, Luxembourg, Euroclear Finland and the SIX SIS AG, Olten Switzerland in respect of Swiss Franc Notes 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 7 to 28.

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 Bank 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 Bank Finland's parent company Nordea Bank AB (publ) ("**Nordea Bank AB**") 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 Bank Finland's management is not currently aware or deems immaterial, may also potentially have an adverse effect on the Nordea Bank 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

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

The Nordea Group's performance is significantly influenced by the general economic condition in the countries in which it operates, in particular the Nordic markets (Denmark, Finland, Norway and Sweden) and, to a lesser degree, in Russia and the Baltic countries. Following the weakened economic environment and the turmoil in the global financial markets in 2008 and 2009, which was reflected in declining economic growth, increasing rates of unemployment as well as decreasing asset values in these countries, the economic conditions in the Nordic region have, in general, developed more favorably relative to the rest of Europe, benefiting from generally sound public finances. However, there have been differences between countries within the region. For example, in 2012, Norway maintained strong growth and the Swedish economy also grew, albeit at a slower pace compared to previous years, while Finland experienced negative growth. Denmark, which was more deeply affected by the financial turmoil and economic slowdown than the other Nordic economies, followed many euro area countries into a recession. In 2013, Norway and Sweden experienced slow growth and, although the recession in Denmark ended with a gradual improvement and stabilising house prices, growth in Denmark was lower compared to Norway and Sweden. Following the more mixed developments in the euro area, the Finnish economy did not grow in 2013. In 2014, the Nordic economies, in general, developed positively, with stronger growth experienced in Sweden and Norway, albeit, in the case of Norway, with concerns about the effects of lower oil prices on the local economy. The growth in Denmark remained at a lower level while growth in Finland was subdued in 2014 and followed the more mixed picture seen in the euro area. The Russian economy has been negatively impacted by the crisis in the region of Crimea and eastern Ukraine. Adverse economic developments have affected and may continue to affect the Nordea Group's business in a number of ways, including, among others, the income, wealth, liquidity, business and/or financial condition of the Nordea Group's customers, which, in turn, could further reduce the Nordea Group's credit quality and demand for the Nordea Group's financial products and services. As a result, any or all of the conditions described above could continue to have a material adverse effect on the Nordea Group's business, financial condition and results of operations, and measures implemented by the Nordea Group might not be satisfactory to reduce any credit, market and liquidity risks.

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

From August 2007 through the early part of 2009, the global financial system experienced unprecedented credit and liquidity conditions and disruptions leading to a reduction in liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency in money and capital markets interest rates. Following a period of stabilisation in 2010 and the first half of 2011, the recovery was adversely affected by turmoil and disruptions in the capital markets that were triggered by high sovereign budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain. Despite rescue packages provided to certain of these countries during the past years, uncertainty over the outcome of these measures and worries about sovereign finances continued to persist, which, together with concerns about the overall stability and sustainability of the euro area, resulted in further volatility in the global credit and liquidity markets. Reflecting these concerns, Standard & Poor's, Moody's and Fitch downgraded the credit ratings of several EU countries in the beginning of 2012. Market concerns over the direct and indirect exposure of European banks and insurers to these countries as well as to each other also resulted in a widening of credit spreads, increased costs of funding and negative credit ratings outlook for some European financial institutions. Even though market conditions improved somewhat in the latter part of 2012, the developments in the financial markets were driven mainly by central bank initiatives and markets remained volatile with uncertainty about future macroeconomic developments. For example, the rescue package offered to Cyprus in March 2013 resulted in increased market volatility and speculation about the stability of the euro area. The continued modest GDP growth and low inflation experienced in Europe has also raised concerns, as evidenced by the quantitative easing programme introduced by the European Central Bank in January 2015, and the uncertainty over the stability of the euro area, including Greece's ability to comply with the terms of its bailout programme and remain a member of the euro area, has continued. The market conditions have also been, and are likely to continue to be, affected by concerns over increased geopolitical tensions, including those related to the crisis in the region of Crimea and eastern Ukraine, which commenced in early 2014, and the effects of the recent significant reduction in global oil prices. There can be no assurances that a potential tightening of liquidity conditions in the future as a result of, for example, further deterioration of public finances of certain European countries will not lead to new funding uncertainty, resulting in increased volatility and widening credit spreads. Risks related to the economic development in Europe have also had and, despite the recent periods of moderate stabilisation, may continue to have, a negative impact on global economic activity and the financial markets. If these conditions continue to persist, or should there be any further turbulence in these or other markets, this could have a material adverse effect on the Nordea Group's ability to access capital and liquidity on financial terms acceptable to the Nordea Group. Further, any of the foregoing factors could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

Risks Relating to the Nordea Group's Credit Portfolio

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

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Nordea Group's businesses. The Nordea Group makes provisions for loan losses in accordance with IFRS. However, the provisions made are based on available information, estimates and assumptions and are subject to uncertainty, and there can be no assurances that the provisions will be sufficient to cover the amount of loan losses as they occur. Adverse changes in the credit quality of the Nordea Group's borrowers and counterparties or a decrease in collateral values, are likely to affect the recoverability and value of the Nordea Group's assets and require an increase in the Nordea Group's individual provisions and potentially in collective provisions for impaired loans, which in turn would adversely affect the Nordea Group's financial performance. In particular, the Nordea Group's exposure to corporate customers is subject to adverse changes in credit quality should the economic environment in the Nordea Group's markets deteriorate. For example, the prolonged difficult economic environment also negatively affected the shipping and offshore sector and certain customer groups in Denmark in each of 2012, 2013 and, to a certain extent, also 2014. The ability of the Nordea Group's borrowers in Russia, Latvia and Lithuania to repay their loans may also be indirectly affected by foreign exchange risk as loans to customers in these countries typically are denominated in the euro or U.S. dollars, though customers typically derive their main income in local currencies. Further, actual loan losses vary over the business cycle. A significant increase in the size of the Nordea Group's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

The Nordea Group is exposed to counterparty credit risk

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

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

Risks Relating to Market Exposure

The Nordea Group is exposed to market price risk

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

The Nordea Group is exposed to structural market risk

Structural Interest Rate Risk

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

Structural Foreign Exchange Risk

The Nordea Group is exposed to currency translation risk primarily as a result of its Swedish and Norwegian banking businesses, as it prepares its consolidated financial statements in its functional currency, the euro. The Nordea Group's functional currency for its Danish banking business is the Danish krone, which is pegged to the euro. Because the Nordea Group shows translation differences between the local currency denominated equity positions of its fully consolidated subsidiaries, the euro effects arising from currency translation may reduce equity. In addition, because some of the Nordea Group's consolidated risk exposure amount ("**REA**"), 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

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

Local regulators, 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 concerns over global and local 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, such as changes in risk weights assigned to asset classes, fluctuations in foreign exchange rates, decreases in collateral ratios as a consequence of the deterioration of the market value of underlying assets, or deterioration of the economic environment, among other things, could result in an increase in the Nordea Group's REA, which potentially may reduce the Nordea Group's capital adequacy ratios. If the Nordea Group were to experience a reduction in its capital adequacy ratios, and could not raise further capital, it would have to reduce its lending or investments in other operations.

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 AB 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 AB or one of its principal subsidiaries may increase its funding costs, limit access to the capital markets and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. Therefore, a reduction in credit ratings could adversely affect the Nordea Group's access to liquidity and its competitive position and, thus, have a material adverse effect on its business, financial condition and results of operations.

Other Risks Relating to the Nordea Group's Business

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

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

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

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

The Nordea Group's operations in Russia and the Baltic countries present various risks that do not apply, or apply to a lesser degree, to its businesses in the Nordic markets. Some of these markets are typically more volatile and less developed economically and politically than markets in Western Europe and North America. The Nordea Group faces economic and political risk, including economic volatility, recession, inflationary pressure, exchange rate fluctuation risk and interruption of business, as well as civil unrest, moratorium, imposition of exchange controls, sanctions relating to specific countries, expropriation, nationalisation, renegotiation or nullification of existing contracts, sovereign default and changes in law or tax policy. For example, the crisis in the region of Crimea and eastern Ukraine that commenced in early 2014 and related events, such as the sanctions imposed by the United States and the EU against Russia, have had an adverse effect on the economic climate in Russia. Should the crisis in these regions continue or new or escalated tensions between Russia and Ukraine or other countries emerge, or should additional economic or other sanctions in response to such crises or tensions be imposed, this could have a further adverse effect on the economies in the region, including the Russian economy. In the Baltic region, the local economies experienced recession in 2008 and 2009 and questions were raised about the ability of the Baltic countries to react to the weakened economic conditions and the ability of such countries and their residents to continue to perform on their respective obligations. Risks related to operating in Russia and the Baltic countries could impact the ability or obligations of the Nordea Group's borrowers to repay their loans and the ability of the Nordea Group to utilise collateral held as security and affect interest rates and foreign exchange rates, and could produce social instability and adversely impact levels of economic activity, which would have a material adverse effect on the Nordea Group's business, financial condition and results of operations in these countries.

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

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

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

The Nordea Group's performance is, to a large extent, dependent on the talents and efforts of highly skilled individuals, and the continued ability of the Nordea Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. Competition from within the financial services industry, including from other financial institutions, as well as from businesses outside the financial services industry for key employees is intense. New regulatory restrictions, such as the recently introduced limits on certain types of remuneration paid by credit institutions and investment firms set forth in CRD IV, could adversely affect the Nordea Group's ability to attract new employees and retain and motivate existing employees. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future could have an adverse effect on the Nordea Group's business.

The Nordea Group faces competition in all markets

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

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

The Nordea Group is subject to 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, Russia, Estonia, Latvia, Lithuania, China, Germany, Luxembourg, Singapore, the United Kingdom 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, 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 unfavorable political, military or diplomatic developments, in particular in Russia and the Baltic countries, producing legal uncertainty, which, in turn, may affect demand for the Nordea Group's products and services.

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

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

CRD IV sets higher capital and liquidity requirements on banks, including, among other things, that they hold more common equity tier 1 ("**CET1**") capital. Further, the Swedish Ministry of Finance, the SFSA and the Central Bank of Sweden ("**Riksbanken**") announced in November 2011 that higher capital standards than those set forth in the Basel III framework would be required from systemically important banks, which include the Nordea Group. These higher standards have been applicable from 1 January 2015. The higher capital requirements, continuing regulatory developments and higher demands on liquidity will likely result in the Nordea Group, similar to other financial institutions, incurring substantial costs in monitoring and complying with these new requirements, which may also adversely affect the business environment in the financial sector. Furthermore, the EU has introduced a recovery and resolution framework for credit institutions and investment firms, which includes a so-called "bail-in" system, as well as a single supervisory mechanism and a full banking union in the euro area. These new requirements, other proposals and supervisory structures may impact existing business models.

Recent regulatory proposals, if implemented, may affect the Nordea Group's funding needs

FSB Proposals for Total Loss-Absorbing Capacity

In November 2014, the Financial Stability Board (the "**FSB**") published a consultation document on policy proposals intended to enhance the loss-absorbing capacity of global systemically important banks ("**G-SIBs**") in resolution. The FSB proposals seek to ensure that G-SIBs will have sufficient loss-absorbing capacity available in a resolution of such an entity in order to minimise any impact on financial stability, ensure the continuity of critical functions and avoid exposing taxpayers to loss. The FSB's proposals also include a specific term sheet for total loss-absorbency capacity ("**TLAC**") which attempts to define an internationally agreed standard. The FSB's proposals were endorsed at the Group of Twenty's (G20) Brisbane conference in November 2014.

The FSB's proposals would, if implemented, require all G-SIBs to meet a minimum pillar 1 TLAC within the range of 16 per cent. to 20 per cent. of risk-weighted assets (including minimum regulatory capital requirements), and at least twice the Basel III leverage requirement, with effect not before 1 January 2019. The proposals also suggest that G-SIBs will be required to pre-position some of such loss-absorbing capacity amongst material subsidiaries on an intra-group basis. The FSB has also proposed that the minimum TLAC requirement should be satisfied before any surplus common equity is available to satisfy CRD IV buffers, and the consultation document provides the possibility for local regulators to impose a pillar 1 TLAC requirement over and above the pillar 1 minimum. Based on the most recently updated FSB list of G-SIBs published in November 2014, Nordea Bank AB constitutes a G-SIB, and is therefore likely to be subject to the TLAC requirement once implemented under national law.

According to the consultation document, TLAC may comprise tier 1 and tier 2 capital instruments (for the purposes of CRD IV), along with other TLAC-eligible liabilities which can be effectively written down or converted into equity during the resolution of the G-SIB. All TLAC is required to be subordinated to "excluded liabilities," which includes insured deposits and any other liabilities that cannot be effectively written down or converted to equity by the relevant resolution authority. To help ensure that there are sufficient resources available in resolution, the FSB requires that at least 33 per cent. of the minimum Pillar 1 TLAC requirement is met by instruments classified as liabilities.

EBA Consultation Paper on the Minimum Requirement for Own Funds and Eligible Liabilities under BRRD

In November 2014, the European Banking Authority (the "**EBA**") published a consultation paper setting out draft regulatory technical standards ("**RTS**") on the criteria for determining the minimum requirement for own funds and eligible liabilities ("**MREL**") under the directive providing for the establishment of a European-wide framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**"). In order to ensure the effectiveness of bail-in and other resolution tools introduced by BRRD, BRRD requires that all institutions must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities, with effect from 1 January 2016 (or if earlier, the date of national implementation of BRRD). The draft RTS provide for resolution authorities to allow institutions a transitional period of up to four years to reach the applicable MREL requirements.

The RTS do not set a minimum EU-wide level of MREL, and the MREL requirement applies to all credit institutions, not just to those identified as being of a particular size or of systemic importance. Each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution.

The MREL requirement for each institution will be determined based on a number of key elements, including the required loss-absorbing capacity of the institution (which will, as a minimum, equate to the institution's capital requirements under CRD IV, including applicable buffers and pillar 2 requirements) and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Other factors to be taken into consideration by resolution authorities when setting the MREL requirement include the extent to which an institution has in issue liabilities that are excluded from contributing to loss absorption or recapitalisation, the risk profile of the institution, the systemic importance of the institution and the contribution to any resolution that may be made by deposit guarantee schemes and resolution financing arrangements.

Items eligible for inclusion in MREL will include an institution's own funds (within the meaning of CRD IV), along with "eligible liabilities," meaning liabilities which, among other things, are issued and fully paid up, have a residual maturity of at least one year (or do not give the investor a right to repayment within one year), and do not arise from derivatives. The MREL requirement may also have to be met partially through the issuance of contractual bail-in instruments, being instruments containing a contractual term providing that the instrument will absorb losses before other eligible liabilities where the resolution authority decides to apply the built-in tool.

Even though there are a number of similarities between the MREL requirements and the FSB's proposals on TLAC, there are also certain differences, including the express requirement that TLAC be subordinated to insured deposits (which is not specifically the case for MREL eligible liabilities), and the timescales for implementation. The EBA consultation paper suggests that the MREL requirements can nevertheless be implemented for G-SIBs in a manner that is "consistent with" the international framework, and contemplates a possible increase in the MREL requirement over time in order to provide for an adequate transition to compliance with the TLAC requirements that are currently projected to apply from January 2019.

Risks Relating to the FSB and EBA Proposals

Both the FSB's and the EBA's proposals are in draft form and are therefore subject to change. As a result, there can be no assurances as to the ultimate scope and nature of any resulting obligations, or the impact that they will have on the Nordea Group once implemented. However, if the FSB's and EBA's proposals are implemented in their current form, it is possible that the Nordea Group may have to issue additional TLAC and MREL eligible liabilities in order to meet the new requirements within the required timeframes. If the Nordea Group were to experience difficulties in raising TLAC or MREL eligible liabilities, it may have to reduce its lending or investments in other operations.

Bank Structural Reform

A high-level expert group established by the European Commission suggested in 2012 a mandatory separation of proprietary trading and other high-risk trading activities from normal banking activities. The main purpose of this proposed reform is to separate certain particularly risky parts of financial activities from deposit taking activities within a banking group. Risky financial activities include proprietary trading and all assets or derivative positions incurred in the process of market-making (other than certain exempt activities) as well as exposures towards hedge funds, private equity investments and structured investment vehicles. The European Commission adopted a proposal based on the expert group's final report in January 2014. The separation proposal, if implemented, could affect the funding needs of the Nordea Group.

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

In the ordinary course of its business, the Nordea Group is subject to regulatory oversight and liability risk. The Nordea Group carries out operations through a number of legal entities in a number of jurisdictions and is subject to regulation in each such jurisdiction. Regulations and regulatory requirements are continuously amended and new requirements are imposed on the Nordea Group, including, but not limited to, regulations on conduct of business, anti-money laundering, payments, consumer credits, capital requirements, reporting and corporate governance. There can be no assurances that breaches of regulations by the Nordea Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred. The Nordea Group is involved in a variety of claims, disputes, legal proceedings and investigations in jurisdictions where it is active. These types of claims and proceedings expose the Nordea Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licenses or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on its businesses, all of which could have a material adverse effect on the Nordea Group's business, financial condition and results of operations. Adverse regulatory actions against the Nordea Group or adverse judgments in litigation to which the Nordea Group is party could result in restrictions or limitations on the Nordea Group's operations or result in a material adverse effect on the Nordea Group's business, financial condition and results of operations.

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

The Nordea Group's activities are subject to tax at various rates around the world computed in accordance with local legislation and practice. The Nordea Group's business, including intra-group transactions, is conducted in accordance with the Nordea Group's interpretation of applicable laws, tax treaties, regulations and requirements of the tax authorities in the relevant countries. Nordea Bank AB has obtained advice from independent tax advisors in this respect. However, there can be no assurances that its interpretation of applicable laws, tax treaties, regulations or other rules or administrative practice is correct, or that such rules or practice are not changed, possibly with retroactive effect. For example, in June 2014, the Swedish Committee on Corporate Taxation (the "**Corporate Taxation Committee**") presented a proposal for a new corporate income tax system in Sweden with the stated goal of increasing the neutrality in the tax treatment of equity and debt. As part of the financing of the reform, the Corporate Taxation Committee has proposed that the deductibility of interest expenses related to certain subordinated debt instruments and other capital instruments issued by banks should be abolished. The new rules related to the reform, which remain subject to amendment during the legislative process, are proposed to enter into force on 1 January 2016. Legislative changes or decisions by tax authorities may impair the tax position of the Nordea Group.

Capital Adequacy Regulatory Framework

Basel III and CRD IV

CRD IV entered into force in Finland on 1 January 2014. CRD IV has been implemented into Finnish legislation and regulation by, among others, the Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta* 610/2014) which came into force on 15 August 2014 and the regulations and guidelines of the Finnish Ministry of Finance and the Finnish Financial Supervisory Authority (the "**FIN-FSA**").

CRD IV introduces significant changes in the prudential regulatory regime applicable to banks including: increased minimum capital ratios; changes to the definition of capital and the calculation of risk weighted assets; and the introduction of new measures relating to leverage, liquidity and funding. CRD IV permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the CRD IV leverage ratio, which are not expected to be finally implemented until 2018. Minimum capital requirements came into force from 1 January 2014 without transitional measures. According to the Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta* 610/2014), as amended, capital conservation buffer will be applied from 1 January 2015, countercyclical capital buffer may be set as of January 2015 and O-SII buffer will be applied from 1 January 2016 onwards.

CRD IV requirements adopted in Finland may change, whether as a result of further changes to CRD IV agreed by EU legislators, binding regulatory technical standards to be developed by the EBA or changes to the way in which the European Central Bank interprets and applies these requirements to banks. This may result in a need for further management actions to meet the changed requirements. Until fully implemented, the Issuer cannot predict the precise effects of the changes that result from the implementation of Basel III and CRD IV 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 and CRD IV.

Bank Recovery and Resolution Directive

The BRRD entered into force in July 2014. The stated aim of the BRRD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. The BRRD requires that the majority of its measures be implemented into national law by 1 January 2015, with the bail-in tool to apply from 1 January 2016, at the latest.

The powers granted to the authorities designated by member states of the European Union to apply the resolution tools and exercise the resolution powers set forth in the BRRD ("**resolution authorities**") include the introduction of a statutory "write-down and conversion power" with respect to capital instruments and a "bail-in power", which will give the relevant resolution authority the power to cancel all or a portion of the principal amount of, or interest on, certain other eligible liabilities (which could include the EMTNs), whether unsubordinated or subordinated, of a failing financial institution and/or to convert certain debt claims (which could include the EMTNs) into another security, including ordinary shares of the surviving Group entity, if any, which may itself be written down. Certain liabilities are excluded from the scope of bail-in powers, including liabilities to the extent that they are secured (such as the rights of holders of the Covered Bonds to the extent they are secured). The bail-in power can be used to recapitalise an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. The write-down and conversion power can be used to ensure that tier 1 and tier 2 capital instruments fully absorb losses at the point of non-viability of an institution and before any other resolution action is taken.

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

The majority of measures set out in the BRRD (including the write-down and conversion powers relating to tier 1 capital instruments and tier 2 capital instruments) will need to be implemented with effect from 1 January 2015, with the bail-in power for other eligible liabilities to apply from 1 January 2016 at the latest. In accordance with the Finnish implementation of the BRRD, the bail-in powers of the national authorities were implemented with effect from 1 January 2015 by a new legislation package that was passed on 19 December 2014, including, *inter alia*, the new Finnish Act on Crisis Resolution of Credit

Institutions and Investment Service Companies (*Laki luottolaitosten ja sijoituspalveluyritysten kriisinratkaisusta 1192/*2014).

Although the bail-in powers are not intended to apply to secured debt (such as the rights of holders of the Covered Bonds to the extent they are secured), there remains significant uncertainty regarding the ultimate nature and scope of these powers and how they would affect the Issuer, the Nordea Group and the holders of the Covered Bonds.

Until fully implemented, it is not possible to assess the full impact of the BRRD on the Issuer, the Nordea Group and the Noteholders and there can be no assurance that, once it is implemented, the manner in which it is implemented or the taking of any actions contemplated in the BRRD would not adversely affect the price or value of an investment in Notes and/or the ability of the Issuer to satisfy its obligations under such Notes. However, the exercise of any such actions or any suggestion of such exercise could materially adversely affect the value of any Notes and could lead to the holders of the Notes losing some or all of their investment in the Notes. Prospective investors in the Notes should consult their own advisors as to the consequences of the implementation of the BRRD.

Depositor Preference

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

Risks Relating to the Issuer

Credit risk of Nordea Bank Finland

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

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 "*Summary of Finnish Legislation Regarding Covered Bonds and Relevant to Mortgage Lending*" on pages 122 to 127.

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 "*Summary of Finnish Legislation Regarding Covered Bonds and Relevant to Mortgage Lending*" below)) have the benefit of priority to the Cover Pool, upon liquidation or bankruptcy of Nordea Bank Finland. The assets in the Cover Pool are owned by Nordea Bank Finland but will in Nordea Bank 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 "*Summary of Finnish Legislation Regarding Covered Bonds and Relevant to Mortgage Lending*" 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 Bank 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 Bank Finland bankruptcy*" below and "*Summary of Finnish Legislation Regarding Covered Bonds and Relevant to Mortgage Lending*" on pages 122 to 127.

The EMTNs have no such priority and are not secured by any specific assets of Nordea Bank 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 Bank 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 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 "*Summary of Finnish Legislation Regarding Covered Bonds and Relevant to Mortgage Lending—Quality of the cover pool assets—Requirements for matching cover*" on page 124 and "*Summary of Finnish Legislation Regarding Covered Bonds and Relevant to Mortgage Lending—Management of cover pool assets during the liquidation or bankruptcy of the issuer*" on page 126.

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 "*Summary of Finnish Legislation Regarding Covered Bonds and Relevant to Mortgage Lending—Management of cover pool assets during the liquidation or bankruptcy of the issuer*" on page 126.

No market for collateral in Finland after an insolvency of Nordea Bank 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 Bank 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. Nordea Bank Finland is obliged to ensure the Cover Pool fulfils the requirements of the CBA.

Limited description of the assets in the Cover Pool

Save for any Cover Pool data Nordea Bank Finland makes available on its website, investors will not receive information in relation to the mortgage loans and other assets included in the Cover Pool. 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 Bank 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

The Notes may not be a suitable investment for all investors

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

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

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

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

(d) understand thoroughly the terms of the relevant Notes and the behaviour of any relevant financial markets; and

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

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

The Notes may not be freely transferred

Nordea Bank Finland has not registered, and will not register, the Notes under the Securities Act or any other securities laws. Accordingly, the Notes are subject to certain restrictions on resale and other transfer thereof as set forth in the section entitled "*Subscription and Sale*." As a result of these restrictions, Nordea Bank Finland cannot be certain of the existence of a secondary market for the Notes or the liquidity of such a market if one develops. Consequently, a Holder of Notes and an owner of beneficial interests in those Notes must be able to bear the economic risk of their investment in the Notes for the terms of the Notes.

There is no active trading market for the Notes

The Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Series of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

Although applications have been made for the Notes issued under the Programme to be admitted (i) to listing on the Official List of the Irish Stock Exchange and to trading on its Main Securities Market; and (ii) to listing on the official list of the FCA and to trading on the regulated market of the London Stock Exchange and it is expected that an application will be made for the registration of the Programme on the SIX Swiss Exchange, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

Noteholders are subject to market volatility

Holders of Notes should be aware that, in view of the prevailing and widely reported global credit market conditions (which, to a certain extent, continue as of the date of this Base Prospectus), the secondary market for the Notes and instruments of this kind may be illiquid. The Issuer cannot predict when these circumstances will change.

Credit ratings are subject to revision, suspension or withdrawal at any time, and a change in the credit ratings of the Notes, or a new unsolicited credit rating assigned on the Notes, could affect the market value and reduce the liquidity of the Notes.

A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal by the relevant rating agency at any time. There can be no assurance that a rating assigned to a series of Notes will remain for any given period of time or that a rating will not be lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances in the future so warrant. In the event that a rating assigned to the Notes is subsequently lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes, and the market value and liquidity of the Notes may be adversely affected. Notes that are subject to a ratings downgrade may also be more susceptible to price volatility than higher-rated securities. In addition, the Issuer's credit ratings do not always mirror the risk related to individual Notes issued under the Programme. Real or anticipated changes in the Issuer's credit ratings generally will also affect the market value of the Notes.

Ratings agencies also regularly reassess the methodologies they employ to measure the creditworthiness of companies and securities. Any updates to these methodologies could affect the credit ratings issued by the agencies. For example, on 18 September 2014, Standard & Poor's published its revised criteria for determining issue credit ratings on bank and prudentially regulated finance company hybrid capital instruments in order to reflect the changes in the regulatory framework for such instruments. The application of this revised criteria resulted in Standard & Poor's lowering the credit ratings assigned to certain of the Issuer's capital and subordinated debt instruments. In addition, on 16 March 2015, Moody's announced that it had updated several rating methodologies for structured finance instruments to incorporate a new counterparty risk (CR) assessment (the "**CR Assessment**") that it has introduced for banks as part of its revised bank rating methodology. The CR Assessment will be finalised over the course of the next few months and as at the date of this Base Prospectus there is a degree of uncertainty as to how the outcome of the CR Assessment will impact the Issuer and the Programme.

To the extent permitted by a rating agency hired by the Issuer, the Issuer may decline a rating (which may include a non-investment grade rating) assigned by the hired rating agency to a Tranche of Notes, which would typically delay the publication of that rating by such rating agency for a period of 12 months. In addition to ratings assigned by any hired rating agencies, rating agencies not hired by the Issuer to rate a Tranche of Notes may assign unsolicited ratings. If any non-hired rating agency assigns an unsolicited rating to any Notes, there can be no assurance that such rating will not differ from, or be lower than, the ratings provided by a hired rating agency. The decision to decline a rating assigned by a hired rating agency, the delayed publication of such rating or the assignment of a non-solicited rating by a rating agency not hired by the Issuer could adversely affect the market value and liquidity of the Notes.

Fixed rate Notes are subject to interest rate risks

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

Interest on floating rate Notes may fall below the margin

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

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

Under the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of the Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. The *PRC Enterprise Income Tax Law* levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise Holder from the transfer of the Notes, but its implementation rules have reduced the enterprise income tax rate to 10 per cent. The *PRC Individual Income Tax Law* levies IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident individual Holder from the transfer of the Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong for avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if non-PRC enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of the Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of the Notes reside that reduces or exempts the relevant EIT or IIT (however, qualified holders may not enjoy the treaty benefit automatically but through a successful application with the PRC tax authorities), the value of their investment in the Notes may be materially and adversely affected.

Risks relating to fixed/floating rate Notes

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

The Notes may be issued at a substantial discount or premium

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

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

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

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

The Notes may be redeemed early

Unless in the case of any particular Tranche of Notes the relevant Final Terms or Pricing Supplement 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 or Pricing Supplement 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.

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

Under CRD IV, institutions are required to hold a minimum amount of regulatory capital of 8.0 per cent. of risk exposure amount. In addition to this minimum requirement under CRD IV, supervisors may add extra capital to cover other risks (thereby increasing the regulatory minimum required under CRD IV) and the Nordea Group may also decide to hold an additional amount of capital. CRD IV also introduces capital buffer requirements that are in addition to the minimum capital requirement and required to be met with CET1 capital. The Nordea Group is subject to a capital conservation buffer of 2.5 per cent. in CET1 capital, a systemic risk buffer of 3.0 per cent. in CET1 capital and a further 2.0 per cent. CET1 capital requirement for systemic risk applied within the framework of the SFSA's supervisory review process (pillar 2). A countercyclical capital buffer will also be applicable for the Nordea Group where the rate is dependent on the different buffer rates in the different countries where Nordea has exposures. For exposures in Norway and Sweden, a buffer rate of 1.0 per cent. will be applicable from 30 June 2015 and 13 September 2015, respectively.

Under Article 141 (Restrictions on distributions) of the CRD IV Directive, member states of the European Union must require that institutions that fail to meet the "combined buffer requirement" (broadly, the combination of the capital conservation buffer, the institution-specific countercyclical buffer and the higher of (depending on the institution), the systemic risk buffer, the global systemically important institutions buffer and the other systemically important institution buffer, in each case as applicable to the institution) will be subject to restricted "discretionary payments" (which are defined broadly by CRD IV as payments relating to CET1, variable remuneration and payments on additional tier 1 instruments).

The restrictions will be scaled according to the extent of the breach of the "combined buffer requirement" and calculated as a percentage of the profits of the institution generated since the most recent decision on the distribution of profits or "discretionary payment" made. Such calculation will result in a "maximum distributable amount" in each relevant period. As an example, the scaling is such that if the level of a bank's total CET1 capital falls within the bottom quartile of the "combined buffer requirement," no "discretionary distributions" will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments.

The SFSA has implemented the supervisory review and evaluation process within pillar 2, (that is, the assessment of the individual capital requirement of banks), such that a capital requirement under pillar 2 is always additional to the capital requirements according to the general capital requirements under pillar 1. The SFSA has also stated that, under normal circumstances, there will be no formal decision on pillar 2. The pillar 2 requirement will, therefore, not affect the level where the automatic restrictions on distributions linked to the “combined buffer requirement” come into effect. However, should the SFSA adopt a formal decision on the capital requirement under pillar 2, such requirements would be included in the minimum capital requirements and, therefore, affect the level at which automatic restrictions on distributions linked to the “combined buffer requirement” come into effect.

Meetings of Holders

The Terms and Conditions of the EMTNs and the Terms and Conditions of the Covered Bonds and the Fiscal Agency Agreement 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.

The Terms and Conditions of the Notes may be changed

The Terms and Conditions applicable to each Series will be as agreed between the Issuer and the relevant Dealer at or prior to the time of issuance of such Series, and will be specified in the relevant Final Terms or Pricing Supplement. The Terms and Conditions applicable to each Series will therefore be those set out in this Base Prospectus, subject to being completed by the relevant Final Terms in relation to each Series or (in the case of Exempt Notes only) as completed, amended and/or replaced by the relevant Pricing Supplement(s) in relation to each Series.

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.

The Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples

In relation to any issue of Notes which have a denomination consisting of a minimum Specified Denomination (as defined in the Final Terms or Pricing Supplement) 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 Holder 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.

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

The aggregate principal amount of Notes to be issued under the Programme is subject to increase or decrease as provided in the Dealership Agreement (as defined herein).

EU Savings Directive

Under EU Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of certain payments of interest or other similar income paid or secured by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity (called "**Residual Entities**" within the meaning of article 4.2 of the EU Savings Directive) established in that other Member State. However, for a transitional period, Austria may instead (unless during that period it elects otherwise) apply 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 to the EU Savings Directive.

The Council of the European Union formally adopted a Council Directive amending the EU Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described in the first paragraph of this section above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and such legislation is required to apply from 1 January 2017. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or secured for, certain other entities and legal arrangements (including certain trusts) and may apply in some cases where the person, entity or arrangement is established or effectively managed outside of the European Union. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

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 pursuant to the terms and conditions of the Notes be required to pay additional amounts as a result of the imposition of such withholding tax. The Issuer is required to maintain paying agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive. Investors who are in any doubt as to their position should consult their professional advisers.

The European Commission has published a proposal to repeal the EU Savings Directive from 1 January 2016 (subject to transitional arrangements so that certain obligations under the EU Savings Directive will continue to apply until 5 October 2016 and 31 December 2016 (and 30 June 2017 in the case of Austria), or until those obligations have been fulfilled) to prevent overlap with Council Directive 2011/16/EU on

Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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

With respect to (i) Notes issued the date that is six months after the date the term "foreign passthru payment" is defined in regulations published in the U.S. Federal Register (the "**Grandfather Date**") or (ii) Notes issued on or before the Grandfather Date but materially modified after such date, the Issuer may, under certain circumstances, be required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder ("**FATCA**") to withhold U.S. tax at a rate of 30 per cent. on all or a portion of payments of principal and interest which are treated as "foreign passthru payments" made on or after 1 January 2017, at the earliest, to an investor or any other financial institution through which payment on the Notes is made that is a non-U.S. financial institution that is not in compliance with FATCA. As of the date of this Base Prospectus, regulations defining the term "foreign passthru payment" have not yet been published. 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 the Grandfather Date pursuant to a reopening of a Series of Notes that was created on or before the Grandfather Date (the "**original Notes**") and such further Notes are not fungible with the original Notes for U.S. federal income tax purposes, payments on such further Notes may be subject to withholding under FATCA and, should the original Notes and the further Notes be indistinguishable for non-tax purposes, payments on the original Notes may also become subject to withholding under FATCA.

Because the Global Notes are held by or on behalf of clearing systems, investors will have to rely on the relevant clearing system's procedures for transfer, payment and communication with the Issuer

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

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary, or as the case may be a common safekeeper for the relevant clearing system(s) or a nominee thereof for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system(s) to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

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

Investors will have to rely on 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.

Extendable obligations under the Covered Bonds

The applicable Final Terms or Pricing Supplement 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 or Pricing Supplement.

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 or Pricing Supplement.

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.

Risks Relating to Renminbi Notes

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

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

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

There is no assurance that the PRC Government will continue to liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Renminbi Notes.

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

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the People's Bank of China ("**PBoC**") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

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

Investment in the Renminbi Notes is subject to exchange rate risks

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The Issuer will make all payments of interest and principal with respect to the Renminbi Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

Investment in the Renminbi Notes is subject to currency risk

If the Issuer is not able to satisfy its obligation to pay interest and principal on the Renminbi Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled, on giving notice no later than 10 a.m. (Hong Kong time) on the Rate Calculation Date (as defined in the Conditions) to the Calculation Agent, Paying Agents and the Holders in accordance with Condition 13 (*Notices*) of the EMTNs and Condition 12 (*Notices*) of the Covered Bonds, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

Investment in the Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by Global Notes held with the common depositary or common safekeeper, as the case may be, for Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Final Terms or Pricing Supplement, or (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Final terms or Pricing Supplement in accordance with prevailing rules and regulations. Other then described in the Conditions, the Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Remittance of proceeds in Renminbi into or out of the PRC

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC Government will continue to liberalise the control over cross-border Renminbi remittances in the future, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

INFORMATION INCORPORATED BY REFERENCE

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

(a) the terms and conditions of the EMTNs and the Covered Bonds contained in pages 59 to 86 (inclusive) and pages 87 to 115 (inclusive), respectively, of the base prospectus dated 13 June 2014, relating to the Programme (https://www.nordea.com/sitemod/upload/root/www.nordea.com%20-%20uk/investorrelations/BP_NBF_EMTN_Covered_2014.pdf);

(b) the terms and conditions of the EMTNs and the Covered Bonds contained in pages 56 to 83 (inclusive) and pages 84 to 112 (inclusive), respectively, of the base prospectus dated 17 June 2013, relating to the Programme (*https://www.nordea.com/sitemod/upload/root/www.nordea.com%20-%20uk/investorrelations/BP_NBF_EMTN_Covered_2013.pdf*);

(c) the terms and conditions of the EMTNs and the Covered Bonds contained in pages 50 to 74 (inclusive) and pages 75 to 100 (inclusive), respectively, of the base prospectus dated 27 June 2012, relating to the Programme (*http://www.nordea.com/sitemod/upload/root/www.nordea.com%20-%20uk/investorrelations/BaseProspectus.pdf*);

(d) 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, relating to the Programme (*http://www.nordea.com/sitemod/upload/root/www.nordea.com%20-%20uk/Investorrelations/EMTNCB_Prospectus_111027.pdf*); and

(e) 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, relating to the Programme (http://www.nordea.com/sitemod/upload/root/www.nordea.com%20-%20se/Investorrelations/EMTNCB_Prospectus_101029.pdf).

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 reports of the Issuer which are set out in the Annexes to this Base Prospectus can be downloaded at http://www.nordea.com/en/investor-relations/reports-and-presentations/index.html?fCat=tcm%3A33-19244-1024&fSubCat=tcm%3A33-19328-1024&fYear= .

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.

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 or Pricing Supplement. Notes in bearer form will not be exchangeable for Notes in registered form and Notes in registered form will not be exchangeable for Notes in bearer form.

Form of Bearer Notes

Notes of each Tranche of each Series to be issued in bearer form ("**Bearer Notes**" comprising a "**Bearer Series**") (except Swiss Franc Notes) will initially be represented by a temporary global note in bearer form (each a "**Temporary Global Note**"), without interest coupons ("**Coupons**") or talons for further Coupons ("**Talons**"). Notes may be issued in Classic Global Note ("**Classic Global Note**" or "**CGN**") or New Global Note ("**New Global Note**" or "**NGN**") form, as specified in the relevant Final Terms or Pricing Supplement. Each Temporary Global Note which is not intended to be issued in a new global note ("**NGN**") form, as specified in the relevant Final Terms or Pricing Supplement, will be deposited with a common depositary on behalf of Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank SA/NV ("**Euroclear**") on the relevant Issue Date. Each Temporary Global Note which is intended to be issued in New Global Note form, as specified in the relevant Final Terms or Pricing Supplement, will be deposited with a common safekeeper for Euroclear and/or Clearstream, Luxembourg on the relevant Issue Date.

The NGN form has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

Interests in a Temporary Global Note will be exchangeable for interests in a permanent global note in bearer form (each, a "**Permanent Global Note**"), without Coupons or Talons, on or after the date 40 days after the later of the relevant Issue Date and the completion of distribution of all Notes of a Tranche of a Bearer Series (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership. Each Permanent Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms or Pricing Supplement, will be deposited with a common depositary on behalf of Clearstream, Luxembourg and Euroclear or any other relevant clearing system(s) on the relevant Exchange Date. Each Permanent Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms or Pricing Supplement, will be deposited with a common safekeeper for Euroclear and/or Clearstream, Luxembourg on the relevant Exchange Date.

The Permanent Global Note will be exchangeable in whole (but not in part) for definitive Bearer Notes in the limited circumstances more fully described herein.

In the case of Bearer Notes (or any Tranche thereof) having a maturity of more than 1 year from the Issue Date, the Permanent Global Note, the definitive Bearer Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

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

The sections referred to in such legend provide that a United States person who holds a Bearer Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or exercise or redemption of such Bearer Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or exercise or redemption will be treated as ordinary income.

If any interest payment on the Notes of a particular Series falls due whilst any of the Notes of that Series are represented by a Temporary Global Note, the related interest payment will be made on such Temporary Global Note only to the extent that certification as to non-US beneficial ownership has been received by Euroclear or Clearstream, Luxembourg or any other relevant clearing system(s) in accordance with the terms of such Temporary Global Note. Payments of amounts due in respect of a Permanent Global Note will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system(s) without any requirement for certification.

The applicable Final Terms or Pricing Supplement will specify that a Permanent Global Note will be exchangeable, in whole but not in part, for definitive Bearer Notes ("**Definitive Bearer Notes**") upon (i) the expiry of such period of notice as may be specified in the relevant Final Terms or Pricing Supplement; (ii) at any time, if so specified in the relevant Final Terms or Pricing Supplement; or (iii) if the relevant Final Terms or Pricing Supplement specifies "in the limited circumstances specified in the Permanent Global Note ", then only upon the occurrence of an Exchange Event. Notes for which the applicable Final Terms or Pricing Supplement permit trading in the Clearing Systems in Tradable Amounts which are not a Specified Denomination will only be exchangeable for Definitive Bearer Notes upon an Exchange Event. For these purposes, "**Exchange Event**" means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Fiscal Agent is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 of the "*Terms and Conditions of the EMTNs*" or Condition 12 of the *"Terms and Conditions of the Covered Bonds*" if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Fiscal Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent. Definitive Bearer Notes will, if interest bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Form of Registered Notes

Each Tranche of Registered Notes will be in registered form represented by either individual Registered Note certificates in registered form ("**Individual Note Certificates**") or a global Note in registered form (a "**Global Registered Note**"), as specified in the relevant Final Terms or Pricing Supplement. Each Registered Note represented by a Global Registered Note will either be: (a) in the case of a Global Registered Note 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 Global Registered Note will be deposited on or about the issue date with the common depositary; or (b) in the case of a Global Registered Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

The NSS form has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

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

If the relevant Final Terms or Pricing Supplement specifies the form of Notes as being "Global Registered Notes exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates upon (i) the expiry of such period of notice as may be specified in the relevant Final Terms or Pricing Supplement; (ii) at any time, if so specified in the relevant Final Terms or Pricing Supplement; or (iii) if the relevant Final Terms or Pricing Supplement specifies "in the limited circumstances specified in the Global Registered Note", then only upon the occurrence of an Exchange Event.

The Issuer will promptly give notice to Noteholders in accordance with Condition 13 of the "*Terms and Conditions of the EMTNs*" or Condition 12 of the *"Terms and Conditions of the Covered Bonds*" if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or

Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Registered Note) may give notice to the Fiscal Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent.

Form of Finnish Notes

Each Tranche of Finnish Notes will be issued in uncertificated and dematerialised book-entry form in accordance with the Finnish Act on the Book-Entry Securities System and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), 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 or Pricing Supplement to the Paying Agent, with copies sent to the Fiscal Agent and Finnish Issuing Agent.

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

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

Form of Swiss Franc Notes

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

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

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

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

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

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Each Temporary Global Note, Permanent Global Note (except in relation to Swiss Franc Notes) and Global Registered Note, each a "**Global Note** " 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 Notes set out herein. Set out in this section is a summary of certain of those provisions.

Payments in respect of Bearer Notes

Payments of principal, interest and any additional amounts pursuant to Condition 8 (*Payments*) of the EMTNs or Condition 7 (*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 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. In respect of Notes in CGN form, 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. In respect of Notes in NGN form, the Fiscal Agent will arrange for a record of each payment so made to be entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments in respect of Registered Notes

Payments of principal, interest and any additional amounts pursuant to Condition 8 (*Payments*) of the EMTNs or Condition 7 (*Payments*) of the Covered Bonds, if any, in respect of the Registered Notes when represented by a Global Registered Note will be made against presentation and surrender of the relevant Global Registered Note at the specified office of the Registrar.

Notices

So long as the Notes of any Series are represented by a Global Note, notices to holders of Notes may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or any other relevant clearing system(s) for communication by them to entitled account holders in substitution for publication as required by the Conditions **provided that**, in the case of Notes listed with any listing authority(ies) or any stock exchange, the requirements (if any) of such listing authority(ies) or stock exchange(s) have been complied with.

Meetings

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

Cancellation

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

Issuer's Option

No drawing of Notes will be required under Condition 5(c) (*Optional Early Redemption (Call)*) in the event that the Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a Temporary Global Note, Permanent Global Note or Global Registered Note, as the case may be. In such event standard procedures of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or, as the case may be, such other relevant clearing system(s) shall operate to determine which interests in such Global Notes, are to be subject to such option.

Holder's Option

For so long as the Notes of any Series are represented by either a Temporary Global Note, a Permanent Global Note or Global Registered Note, as the case may be, the owner of a beneficial interest therein may exercise its option to redeem under Condition 5(e) (*Optional Early Redemption (Put)*) of the Terms and Conditions of the EMTNs or under Condition 5(e) *(Optional Early Redemption (Put))* of the Terms and Conditions of the Covered Bonds (where such put option is specified in the relevant Final Terms or Pricing Supplement as being applicable) by depositing the redemption notice with any Agent, together with an authority to Euroclear, Clearstream, Luxembourg or any other relevant clearing system(s) to effect redemption (in accordance with its operating procedures and rules) of the portion of the Temporary Global Note, Permanent Global Note or Global Registered Note, as the case may be, which represents the Notes then being redeemed.

Conditions apply

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

Record Date

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

Business Day

Notwithstanding the definition of "Business Day" in Condition 8(6)(c)(i) of the Terms and Conditions of the EMTNs or Condition 7(6)(c)(i) of the Terms and Conditions of the Covered Bonds, while all the EMTNs / Covered Bonds are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is deposited with a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "**Business Day**" means:

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

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

CLEARING AND SETTLEMENT

*The information set out below is subject to changes in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg, Euroclear Finland or SIS (the "**Clearing Systems**") from time to time. Investors wishing to use the facilities of any Clearing System must check the rules, regulations and procedures of the relevant Clearing System which are in effect at the relevant time.*

General

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

Euroclear

The Euroclear System was created in 1968 to hold securities for participants in Euroclear ("**Euroclear Participants**") and to effect transactions between Euroclear Participants through simultaneous book entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfer of securities and cash. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

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

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

Distributions with respect to interests in Temporary Global Notes, Permanent Global Notes or Definitive Bearer Notes held through Euroclear will be credited to the Euroclear cash accounts of Euroclear Participants to the extent received by Euroclear's depositary, in accordance with the Euroclear Terms and Conditions. Euroclear will take any other action permitted to be taken by a holder of any such Temporary Global Notes, Permanent Global Notes or Definitive Bearer Notes on behalf of a Euroclear Participant only in accordance with the Euroclear Terms and Conditions.

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

Clearstream, Luxembourg

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

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions by book entry transfers between their accounts. Clearstream, Luxembourg provides various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in several countries through established depository and custodial relationships. Over 300,000 domestic and internationally traded bonds, equities and investment funds are currently deposited with Clearstream. Currently, Clearstream, Luxembourg has approximately 2,500 customers in over 110 countries. Indirect access to Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg.

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

Euroclear Finland

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

Settlement of sale and purchase transactions in respect of Notes in Euroclear Finland will take place three Helsinki business days after the date of the relevant transaction. Notes in Euroclear Finland may be transferred between accountholders at Euroclear Finland in accordance with the procedures and regulations, for the time being, of Euroclear Finland. A transfer of Notes which are held in Euroclear Finland through Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to Euroclear Finland.

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

SIS

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

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

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

FORM OF FINAL TERMS

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

IMPORTANT NOTICE

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

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

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

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

NORDEA BANK FINLAND PLC

Issue of
[Aggregate Nominal Amount of Tranche]
[Title of EMTNs/Covered Bonds]
Issued under the
€25,000,000,000 Euro Medium Term Note Programme and Covered Bond Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the "**Conditions**") set forth in the base prospectus dated 15 June 2015 [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] and the Final Terms are available for viewing and copies may be obtained during normal business hours at the registered address of the Issuer and the Principal Paying Agent and at www.ise.ie.

[The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State) and includes any relevant implementing 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 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 [13 June 2014/17 June 2013/27 June 2012/27

October 2011/28 October 2010], which are incorporated by reference in the Base Prospectus dated 15 June 2015 [and the base prospectus supplement[s] dated [•]]. 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 15 June 2015 [and the base prospectus supplement[s] dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Base Prospectus] dated [•] and the base prospectus supplement[s] dated [•].

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 Prospectuses dated 15 June 2015 and [•] [and the base prospectus supplement[s] dated [•]].The Base Prospectuses [and the base prospectus supplement[s] and the Final Terms are available for viewing and copies may be obtained during normal business hours at the registered office of the Issuer and the Principal Paying Agent.

[The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State) and includes any relevant implementing 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 15 June 2015 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.*]

1.	Issuer:		Nordea Bank Finland Plc
2.	(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the EMTNs/Covered Bonds become fungible:	Not Applicable / The EMTNs/Covered Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [the Issue Date/exchange of the Temporary Global EMTNs/Covered Bonds for interests in the Permanent Global EMTNs/Covered Bonds, as described in these Final Terms [which is expected to occur on or about [•]]
3.	Specified Currency:		[•]
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:	[•] [*Where multiple denominations of EUR 100,000 and higher (or its equivalent in any other currency) are being used and EMTNs/Covered Bonds are not being issued in*

			registered form, the following sample wording should be followed: So long as the EMTNs/Covered Bonds are represented by a Temporary Global EMTN/Covered Bond or a Permanent Global EMTN/Covered Bond and the relevant clearing systems so permit, the EMTNs/Covered Bonds 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 EMTNs/Covered Bonds 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:	[•] / Interest Payment Date falling in or nearest to [•] *(in the case of Floating Rate [EMTNs/ Covered Bonds])*
	(ii)	Extended Maturity Date:	[Applicable/Not Applicable] [*If not applicable, delete the remaining sections of this subparagraph*] The Extended Maturity Date is [[•]/Interest Payment Date falling in or nearest to [•] (*in the case of Floating Rate EMTNs/Covered Bonds]*. [*If applicable, complete relevant sections regarding interest, etc.*]
9.	Interest Basis:		[•] per cent. Fixed Rate / [*insert period of time e.g. 3 month*] LIBOR/ EURIBOR/ BBSW/ BKBM/ CDOR/ CIBOR/ HIBOR/ JIBAR/ MOSPRIME/ NIBOR/ SHIBOR/ STIBOR/ TIBOR/ TIIE/ TRLIBOR/ WIBOR] ± [•] per cent. Floating Rate / Zero Coupon
10.	Redemption:		EMTNs/Covered Bonds may be redeemable at par, subject to any purchase and cancellation or early redemption
11.	Put/Call Options:		Not Applicable / Investor Put / Issuer Call
12.	Authorisation:		Not Applicable / The issuance of the EMTNs/Covered Bonds was authorised by a decision of [•] dated [•]

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

13.	**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] in arrear
	(ii)	Interest Payment Date(s):	[•] in each year[, adjusted [for payment purposes only] in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/, not adjusted] [*Insert the following option for Renminbi EMTNs/Covered Bonds if Interest Payment Dates are to be modified:* Interest Payment Dates will be adjusted for calculation of interest and for payment purposes in accordance with the Modified Following Business Day Convention]
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	[Party responsible for calculating the Fixed Coupon Amount(s):	[*Include this item for Renminbi EMTNs/Covered Bonds only:* The Fiscal Agent/[•] shall be the Calculation Agent]
	(v)	Broken Amount(s):	Not Applicable / *Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*
	(vi)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA) *[Actual/365 (Fixed) to be used for Renminbi EMTNs/Covered Bonds]*
	(vii)	Determination Date(s):	[●] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long and short first or last coupon*] (*NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration*). (*NB: Only relevant where Day Count Fraction is Actual/Actual* (*ICMA*)).
14.	**Floating Rate [EMTNs/Covered Bonds] Provisions**		[Applicable/Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Dates:	[•] in each year commencing on [•] up to and including [•]

			[No adjustments will be made to the Interest Amounts [except for the Broken Amount for the [first/last] Interest Payment Date on [•]]]
	(ii)	Business Day Convention:	Following Business Day Convention / Modified Following Business Day Convention / Modified Business Day Convention / Preceding Business Day Convention / FRN Convention / Floating Rate Convention / Eurodollar Convention / No Adjustment
	(iii)	Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination / ISDA Determination
	(iv)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent):	[•]
	(v)	Screen Rate Determination:	[•]
		— Reference Rate:	[*insert period of time e.g. 3 month*] LIBOR/ EURIBOR/ BBSW/ BKBM/ CDOR/ CIBOR/ HIBOR/ JIBAR/ MOSPRIME/ NIBOR/ SHIBOR/ STIBOR/ TIBOR/ TIIE/ TRLIBOR/ WIBOR
		— Interest Determination Date(s):	[•]
		— Relevant Screen Page:	[•]
		— Relevant Time:	As set out in Condition 4(2)(d) / [•]
	(vi)	ISDA Determination:	[•]
		— Floating Rate Option:	[•]
		— Designated Maturity:	[•]
		— Reset Date:	[•]
	(vii)	Margin(s):	[±][•] per cent. per annum
	(viii)	Minimum Rate of Interest:	[•] per cent. per annum
	(ix)	Maximum Rate of Interest:	[•] per cent. per annum
	(x)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)
15.	**Zero Coupon [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

	(iv)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)

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

16.	**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 [annually / semi-annually / quarterly / monthly] in arrear
	(ii)	Interest Payment Date(s):	[•] in each year[, adjusted [for payment purposes only] in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/, not adjusted] [*Insert the following option for Renminbi EMTNs / Covered Bonds if Interest Payment Dates are to be modified:* Interest Payment Dates will be adjusted for calculation of interest and for payment purposes in accordance with the Modified Following Business Day Convention]
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	[Party responsible for calculating the Fixed Coupon Amount(s):	[*Include this item for Renminbi EMTNs / Covered Bonds only:* The Fiscal Agent/[•] shall be the Calculation Agent]
	(v)	Broken Amount(s):	Not Applicable / *Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*
	(vi)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA) *[Actual/365 (Fixed) to be used for Renminbi Covered Bonds]*
	(vii)	Determination Date(s):	[•] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long and short first or last coupon*] (*NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration*). (*NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)*).

17.	**Floating Rate Covered Bonds Provisions**		[Applicable/Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Dates:	[•] in each year commencing on [•] up to and including [•] [No adjustments will be made to the Interest Amounts [except for the Broken Amount for the [first/last] Interest Payment Date on [•]]]
	(ii)	Business Day Convention:	Following Business Day Convention / Modified Following Business Day Convention / Modified Business Day Convention / Preceding Business Day Convention / FRN Convention / Floating Rate Convention / Eurodollar Convention / No Adjustment
	(iii)	Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination / ISDA Determination
	(iv)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent):	[•]
	(v)	Screen Rate Determination:	[•]
		— Reference Rate:	[*insert period of time e.g. 3 month*] LIBOR/ EURIBOR/ BBSW/ BKBM/ CDOR/ CIBOR/ HIBOR/ JIBAR/ MOSPRIME/ NIBOR/ SHIBOR/ STIBOR/ TIBOR/ TIIE/ TRLIBOR/ WIBOR
		— Interest Determination Date(s):	[•]
		— Relevant Screen Page:	[•]
		— Relevant Time:	As set out in Condition 4(2)(d) / [•]
	(vi)	ISDA Determination:	[•]
		— Floating Rate Option:	[•]
		— Designated Maturity:	[•]
		— Reset Date:	[•]
	(vii)	Margin(s):	[±][•] per cent. per annum
	(viii)	Minimum Rate of Interest:	[•] per cent. per annum
	(ix)	Maximum Rate of Interest:	[•] per cent. per annum
	(x)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)

PROVISIONS RELATING TO REDEMPTION

18.	**Call Option**	Applicable/Not Applicable (*If not applicable, delete the remaining sub paragraphs of this paragraph*)

	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s):	[•] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[•] per Calculation Amount
		(b) Maximum Redemption Amount:	[•] per Calculation Amount
	(iv)	Notice period:	[•]
19.	**Put Option**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph).*
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each [EMTN/Covered Bond] and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	Notice period:	[•]
20.	**Final Redemption Amount**		Par
21.	**Early Redemption Amount**		[•]
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:		Condition 5[(b)/(c)/(e)] of EMTNs / Covered Bonds applies]

GENERAL PROVISIONS APPLICABLE TO THE EMTNs/COVERED BONDS

22.	**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: Individual EMTN/Covered Bond Certificates / Global Registered Note [exchangeable for

		Individual EMTN/Covered Bond Certificates on [•] days' notice/at any time/in the limited circumstances specified in the Global Registered EMTN/Covered Bond]] [Finnish [EMTNs/Covered Bonds]: [The [EMTNs/Covered Bonds] are [Finnish [EMTNs/Covered Bonds]] in uncertificated and dematerialised book-entry form.] *(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the EMTNs/Covered Bonds 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 EMTNs/Covered Bonds which is to be represented on issue by a Temporary Global EMTN/Covered Bond exchangeable for Definitive EMTNs/Covered Bonds)*
23.	[New Global [EMTNs/Covered Bonds]]/New Safekeeping Structure]:	[Yes/No/Not Applicable]
24.	[CNY Settlement Centre(s)]	[•]
25.	Additional cities for the purposes of the definition of Relevant Financial Centre	Not Applicable / *Give details*
26.	Talons for future Coupons to be attached to Definitive [EMTNs/Covered Bonds] (and dates on which such Talons mature):	Yes. The Talons mature on [•] / No

Signed on behalf of 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/London Stock Exchange] for the EMTNs/Covered Bonds to be admitted to the Official List and to trading on its regulated market with effect from [•] (*Where documenting a fungible issue need to indicate that original securities are already admitted to trading.*)

2. **RATINGS**

Ratings:	The issuance of EMTNs / Covered Bonds itself has not been assigned any ratings solicited by the Issuer / The issuance of EMTNs/Covered Bonds itself is expected to be rated: Moody's Investors Service Limited: [•] Standard & Poor's Credit Market Services Europe Limited: [•] Fitch Ratings Limited: [•]

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

Save as discussed in "Subscription and Sale" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the [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:	The net proceeds of the issue of the EMTNs / Covered Bonds will be used for the general banking and other corporate purposes of Nordea Bank Finland Plc / *Other*
(ii)	Estimated net proceeds:	[•]
(iii)	Estimated total expenses in relation to admission to trading:	[•]

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

Indication of yield	[•] per cent. 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**

Details of the historic Reference Rate can be obtained from [Reuters / [•]].]

7. **[THIRD PARTY INFORMATION**

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

8. . **DISTRIBUTION**

If syndicated:

(i) Names of Managers and underwriting commitments: Not Applicable / *Give names and underwriting commitments*

(ii) Date of Subscription Agreement: [•]

(iii) Stabilising Manager(s) (if any): Not Applicable / *Give Name*

If non-syndicated, name of Dealer: Not Applicable / *Give Name*

[Total commission and concession:] [[•] per cent. Of the Aggregate Nominal Amount]

U.S. Selling Restriction: Regulation S Category 2

(In the case of Bearer EMTNs/Covered Bonds) - TEFRA D/TEFRA C/TEFRA Not Applicable

(In the case of Registered EMTNs/Covered Bonds/Finnish EMTNs/Covered Bonds) - TEFRA Not Applicable

9. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

[Swiss Security Number: [•]]

New Global EMTN/Covered Bond intended to be held in a manner which would allow Eurosystem eligibility or global Registered EMTN/Covered Bond to be held under NSS: Yes / No / Not Applicable *(in the case of EMTNs/Covered Bonds not issued in NGN / NSS form)*

[Note that the designation "yes" means that the EMTNs/Covered Bonds are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] 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 European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [*include this text if "yes" selected in which case the EMTNs / Covered Bonds must be bearer EMTNs/Covered Bonds issued in NGN form or registered EMTNs / Covered Bonds issued in*

	NSS form]
	[Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the EMTNs/Covered Bonds are capable of meeting them the EMTNs/Covered Bonds may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper. Note that this does not necessarily mean that the EMTNs/Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [*this text may be appropriate to include if "no" is selected and the EMTNs/Covered Bonds are bearer EMTNs/Covered Bonds issued in NGN form or registered EMTNs / Covered Bonds issued in NSS form*]
Clearing system(s) [and the relevant identification number(s), if applicable]:	[Euroclear/Clearstream, Luxembourg/ 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 additional Paying Agent(s) (if any):	[•]
[Name and address of Finnish Issuing Agent:]	[*only applicable to Finnish EMTNs/Covered Bonds*]

FORM OF PRICING SUPPLEMENT

A pro forma Pricing Supplement for use in connection with Exempt EMTNs/Covered Bonds issued under the Programme is set out below. This pro forma is subject to completion and amendment to set out the terms upon which each Tranche of Exempt EMTNs/Covered Bonds is to be issued.

IMPORTANT NOTICE

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

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

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

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

Pricing Supplement dated [•]

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC AS AMENDED FOR THIS ISSUE OF [EMTNs / COVERED BONDS].

NORDEA BANK FINLAND PLC

Issue of
[Aggregate Nominal Amount of Tranche]
[Title of EMTNs/Covered Bonds]

Issued under the
€25,000,000,000 Euro Medium Term Note and Covered Bond Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the "**Conditions**") set forth in the base prospectus dated 15 June 2015 [and the base prospectus supplement[s] dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**"). This document constitutes the Pricing Supplement of the EMTNs/Covered Bonds described herein and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the EMTNs/Covered Bonds is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. The Base Prospectus [and the base prospectus supplement[s]] [is] [are] available for viewing during normal business hours at, and copies may be obtained from, the principal office of the Issuer at [address]]

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

[Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the "**Conditions**") set forth in the Base Prospectus dated [13 June 2014/17 June 2013/27 June 2012/27 October 2011/28 October 2010], which are incorporated by reference in the Base Prospectus dated 15 June 2015 [and the base prospectus supplement[s] dated [•]]. This document comprises the Pricing Supplement of the EMTNs/Covered Bonds described herein and must be read in conjunction with the Base Prospectus dated 15 June 2015 [and the base prospectus supplement[s] dated [•]], which [together] constitute[s] a base prospectus, save in respect of the Conditions which are extracted from the [Base Prospectus] dated [•] [and the base prospectus supplement[s] dated [•]]. Full information on the Issuer and the offer of the EMTNs/Covered Bonds is only available on the basis of the combination of this Pricing Supplement and the Base Prospectuses dated 15 June 2015 and [•] [and the base prospectus supplement[s] dated [•]]. The Base Prospectuses [and the base prospectus supplement[s]] [is] [are] available for viewing during normal business hours at, and copies may be obtained from, the principal office of the Issuer at [address].]

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

[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 15 June 2015 executed by the Issuer constituting the [Finnish EMTNs/Finnish Covered Bonds]. [*This paragraph need only be included if the Pricing Supplement relates to Finnish EMTNs/Finnish Covered Bonds.*]

1.	Issuer:		Nordea Bank Finland Plc
2.	(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the EMTNs/Covered Bonds become fungible:	Not Applicable / The EMTNs / Covered Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [the Issue Date/exchange of the Temporary Global EMTN/Covered Bond for interests in the Permanent Global EMTN/Covered Bond, as described in this Pricing Supplement [which is expected to occur on or about [•]]
3.	Specified Currency:		[•]
4.	Aggregate Nominal Amount:		
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
5.	Issue Price:		[•] per cent. of the Tranche [plus accrued interest from [*insert date*] *(in the case of fungible issues only, if applicable)*]

6.	(i)	Specified Denominations:	[•]
			[*Where multiple denominations at or above EUR 100,000 (or equivalent) are being used and EMTNs / Covered Bonds are not being issued in registered form, the following sample wording should be followed:* So long as the EMTNs / Covered Bonds are represented by a Temporary Global EMTN/Covered Bond or a Permanent Global EMTN/Covered Bond and the relevant clearing systems so permit, the EMTNs / Covered Bonds 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 EMTNs / Covered Bonds will be issued with a denomination above [EUR 199,000].]
	(ii)	Calculation Amount:	[•]
			[*If there is more than one Specified Denomination, insert the highest common factor of those Specified Denominations (note: there must be a common factor of two or more Specified Denominations)*]
7.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[•]
8.	(i)	Maturity Date:	[•] / Interest Payment Date falling in or nearest to [•] *(in the case of Floating Rate EMTNs / Covered Bonds)*
	(ii)	Extended Maturity Date	[Applicable/Not Applicable]
			[*If not applicable, delete the remaining sections of this subparagraph*]
			The Extended Maturity Date is [[•]/Interest Payment Date falling in or nearest to [•] (*in the case of Floating Rate EMTNs/Covered Bonds]*.
			[*If applicable, complete relevant sections regarding interest, etc.*]
9.	Interest Basis:		[•] per cent. Fixed Rate / [•] [LIBOR/ EURIBOR/ BBSW/ BKBM/ CDOR/ CIBOR/ HIBOR/ JIBAR/ MOSPRIME/ NIBOR/ SHIBOR/ STIBOR/ TIBOR/ TIIE/ TRLIBOR/ WIBOR/ Other] ± [•] per cent. Floating Rate / Zero Coupon
10.	Redemption:		[Par/[•]] per Calculation Amount (further particulars specified below)
11.	Put/Call Options:		Not Applicable / Investor Put / Issuer Call
12.	Authorisation:		Not Applicable / The issuance of the EMTNs / Covered Bonds was authorised by a decision of [•] dated [•]

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

13.	**Fixed Rate [EMTN/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] in arrear
	(ii)	Interest Payment Date(s):	[•] in each year[, adjusted [for payment purposes only] in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/, not adjusted] [*Insert the following option for Renminbi EMTNs / Covered Bonds if Interest Payment Dates are to be modified:* Interest Payment Dates will be adjusted for calculation of interest and for payment purposes in accordance with the Modified Following Business Day Convention]
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	[Party responsible for calculating the Fixed Coupon Amount(s):	[*Include this item for Renminbi EMTNs / Covered Bonds only:* The Fiscal Agent/[•] shall be the Calculation Agent]
	(v)	Broken Amount(s):	[*Not Applicable/Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]
	(vi)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA) / *Other* *[Actual/365 (Fixed) to be used for Renminbi EMTNs/Covered Bonds]* (*NB: Actual/Actual (ICMA) is normally only appropriate for Fixed Rate EMTNs / Covered Bonds denominated in euro*)
	(vii)	Determination Date(s):	[•] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long and short first or last coupon*] (*NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration*). (*NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)*).

14.	**Floating Rate [EMTN/Covered Bonds] Provisions**		[Applicable / Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Dates:	[•] in each year commencing on [•] up to and including [•] [No adjustments will be made to the Interest Amounts [except for the Broken Amount for the [first/last] Interest Payment Date on [•]]]
	(ii)	Business Day Convention:	Following Business Day Convention / Modified Following Business Day Convention / Modified Business Day Convention / Preceding Business Day Convention / FRN Convention / Floating Rate Convention / Eurodollar Convention / No Adjustment/ *Other*
	(iii)	Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination / ISDA Determination
	(iv)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):	Agent / [•]
	(v)	Screen Rate Determination:	
		• Reference Rate:	[•] [LIBOR/ EURIBOR/ BBSW/ BKBM/ CDOR/ CIBOR/ HIBOR/ JIBAR/ MOSPRIME/ NIBOR/ SHIBOR/ STIBOR/ TIBOR/ TIIE/ TRLIBOR/ WIBOR/ *Other*]
		• Interest Determination Date(s):	[•]
		• Relevant Screen Page:	[•]
		• Relevant Time:	As set out in Condition 4(2)(d) / [•]
	(vi)	ISDA Determination:	
		• Floating Rate Option:	[•]
		• Designated Maturity:	[•]
		• Reset Date:	[•]
	(vii)	Margin(s):	[±][•] per cent. per annum
	(viii)	Minimum Rate of Interest:	[•] per cent. per annum
	(ix)	Maximum Rate of Interest:	[•] per cent. per annum
	(x)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)/ *Other*

15.	**Zero Coupon [EMTN/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)	Day Count Fraction:	Following Business Day Convention / Modified Following Business Day Convention / Modified Business Day Convention / Preceding Business Day Convention / FRN Convention / Floating Rate Convention / Eurodollar Convention / No Adjustment/ *Other*

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

16.	**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 [annually / semi-annually / quarterly / monthly/ *Other*] in arrear
(ii)	Interest Payment Date(s):	[•] in each year[, adjusted [for payment purposes only] in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/, not adjusted]
		[*Insert the following option for Renminbi EMTNs / Covered Bonds if Interest Payment Dates are to be modified:* Interest Payment Dates will be adjusted for calculation of interest and for payment purposes in accordance with the Modified Following Business Day Convention]
(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
(iv)	[Party responsible for calculating the Fixed Coupon Amount(s):	[*Include this item for Renminbi EMTNs / Covered Bonds only:* The Fiscal Agent/[•] shall be the Calculation Agent]
(iv)	Broken Amount(s):	Not Applicable / *Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*
(v)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)/ *Other*
		[Actual/365 (Fixed) to be used for Renminbi Covered Bonds]
(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)*).
17.	**Floating Rate Covered Bonds Provisions**		[Applicable/Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Dates:	[•] in each year commencing on [•] up to and including [•] [No adjustments will be made to the Interest Amounts [except for the Broken Amount for the [first/last] Interest Payment Date on [•]]]
	(ii)	Business Day Convention:	Following Business Day Convention / Modified Following Business Day Convention / Modified Business Day Convention / Preceding Business Day Convention / FRN Convention / Floating Rate Convention / Eurodollar Convention / No Adjustment / *Other*
	(iii)	Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination / ISDA Determination
	(iv)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent):	[•]
	(v)	Screen Rate Determination:	[•]
		— Reference Rate:	[•] [LIBOR/ EURIBOR/ BBSW/ BKBM/ CDOR/ CIBOR/ HIBOR/ JIBAR/ MOSPRIME/ NIBOR/ SHIBOR/ STIBOR/ TIBOR/ TIIE/ TRLIBOR/ WIBOR/ *Other*]
		— Interest Determination Date(s):	[•]
		— Relevant Screen Page:	[•]
		— Relevant Time:	As set out in Condition 4(2)(d) / [•]
	(vi)	ISDA Determination:	[•]
		— Floating Rate Option:	[•]
		— Designated Maturity:	[•]
		— Reset Date:	[•]
	(vii)	Margin(s):	[±][•] per cent. per annum
	(viii)	Minimum Rate of Interest:	[•] per cent. per annum
	(ix)	Maximum Rate of Interest:	[•] per cent. per annum

	(x)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)/ *Other*

PROVISIONS RELATING TO REDEMPTION

18.	**Call Option**		[Applicable / Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[•] per Calculation Amount
		(b) Maximum Redemption Amount:	[•] per Calculation Amount
	(iv)	Notice period:	[•]
19.	**Put Option**		[Applicable / Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each EMTN/Covered Bond and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	Notice period:	[•]
20.	**Final Redemption Amount**		[Par/[•]] per Calculation Amount
21.	**Early Redemption Amount**		[•]
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption 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 5[(b)/(c)/(e)] of EMTNs/Covered Bonds applies

GENERAL PROVISIONS APPLICABLE TO THE EMTNs/COVERED BONDS

22.	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: Individual EMTN/Covered Bond Certificates / Global Registered EMTN/Covered Bond [exchangeable for Individual EMTN/Covered Bond Certificates on [•] days' notice/at any time/in the limited circumstances specified in the Global Registered EMTN/Covered Bond]] [Finnish [EMTNs/Covered Bonds]: [The [EMTNs/Covered Bonds] are [Finnish [EMTNs/Covered Bonds]] in uncertificated and dematerialised book-entry form.] *(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the EMTNs/Covered Bonds 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 EMTNs/Covered Bonds which is to be represented on issue by a Temporary Global EMTN/Covered Bond exchangeable for Definitive EMTNs/Covered Bonds)*
23.	[New Global [EMTNs / Covered Bonds]] / New Safekeeping Structure]:	[Yes/No/Not Applicable]
24.	[CNY Settlement Centre(s)]	[•]
25.	Additional cities for the purposes of the definition of Relevant Financial Centre:	Not Applicable/ *Give details*
26.	Talons for future Coupons to be attached to Definitive EMTNs/Covered Bonds (and dates on which such Talons	Yes. The Talons mature on [•] / No

mature):

27.	Other terms and conditions:	Not Applicable / *Give details*

RESPONSIBILITY

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

SIGNATURE

Signed on behalf of Nordea Bank Finland Plc:

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

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

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

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

2. **RATINGS**

The issuance of EMTNs/Covered Bonds itself has not been assigned any ratings solicited by the Issuer / The issuance of EMTNs/Covered Bonds itself is expected to be rated:

[Moody's Investors Service Limited:	[•]]
[Standard & Poor's Credit Market Services Europe Limited:	[•]]
[Fitch Ratings Limited:	[•]]

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

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

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

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

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

Indication of yield:	[•] per cent.
	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**

Details of the historic Reference Rate can be obtained from [Reuters / [•]].]

7. **[THIRD PARTY INFORMATION**

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

8. **DISTRIBUTION**

If syndicated:

(i) Names of Managers and underwriting commitments:	Not Applicable / *Give names and underwriting commitments*
(ii) Date of Subscription Agreement:	[•]
(iii) Stabilising Manager(s) (if any):	Not Applicable / *Give Name*
If non-syndicated, name of Dealer:	Not Applicable / *Give Name*
[Total commission and concession:]	[[•] per cent. Of the Aggregate Nominal Amount]
U.S. Selling Restriction:	Regulation S Category 2 *(In the case of Bearer EMTNs/Covered Bonds)* - TEFRA D/TEFRA C/TEFRA Not Applicable *(In the case of Registered EMTNs/Covered Bonds/Finnish EMTNs/Covered Bonds)* -TEFRA Not Applicable
Other Selling Restrictions:	[•]/Not Applicable

9. **OPERATIONAL INFORMATION**

ISIN Code:	[•]
Common Code:	[•]
[Swiss Security Number:	[•]]
New Global EMTN/Covered Bond intended to be held in a manner which would allow Eurosystem eligibility:	Yes / No / Not Applicable *(in the case of EMTNs/Covered Bonds not issued in NGN / NSS form)* [Note that the designation "yes" means that the EMTNs/Covered Bonds are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] 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 European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [*include this text if "yes" selected in which case the EMTNs / Covered Bonds must be bearer EMTNs/Covered Bonds issued in NGN form or registered EMTNs / Covered Bonds issued in NSS form*] [Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the EMTNs/Covered Bonds are capable of meeting them the EMTNs/Covered

	Bonds may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper. Note that this does not necessarily mean that the EMTNs/Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [*this text may be appropriate to include if "no" is selected and the EMTNs/Covered Bonds are bearer EMTNs/Covered Bonds issued in NGN form or registered EMTNs / Covered Bonds issued in NSS form*]
Clearing system(s) [and identification number, if applicable]:	Euroclear / Clearstream, Luxembourg / SIX SIS Ltd, Olten, Switzerland) / 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 additional Paying Agent(s) / Swiss Paying Agent(s) (if any):	Not Applicable / *Give name and address*
[Name and address of Finnish Issuing Agent:]	[*only applicable to Finnish EMTNs/Covered Bonds*]

10. [***Swiss Franc EMTNs/Covered Bonds only*** **- DOCUMENTS AVAILABLE**

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

11. [***Swiss Franc EMTNs/Covered Bonds only*** **- REPRESENTATIVE**

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

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

Except as disclosed in the Base Prospectus, there has been no material adverse change in the financial condition or operations of the Issuer since [31 December 2014], which would materially affect its ability to carry out its obligations under the EMTNs/Covered Bonds.]

13. [***Swiss Franc EMTNs/Covered Bonds only*** **- LAW AND JURISDICTION**

English law, courts of England (see Condition [●] of the "*Terms and Conditions of the EMTNs*" or Condition [●] of the "*Terms and Conditions of the Covered Bonds*").]

TERMS AND CONDITIONS OF THE EMTNS

The following are the Terms and Conditions of the EMTNs which as completed by the relevant Final Terms or (in the case of Exempt EMTNs only) as completed, amended and/or replaced by the relevant Pricing Supplement, will be applicable to each 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 15 June 2015 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), Citigroup Global Markets Deutschland AG as registrar (the "**Registrar**" in relation to any Series of EMTNs except Finnish EMTNs, which expression shall include any successor to Citigroup Global Markets Deutschland AG 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 EMTNs (the "**Finnish Issuing Agent**"). The EMTNs have the benefit of a deed of covenant (the "**Deed of Covenant**") dated 15 June 2015 (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.

References herein to "**Exempt EMTNs**" are to EMTNs for which no prospectus is required to be published under Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the "**Prospectus Directive**").

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 a "**Final Terms**") or, in the case of Exempt EMTNs, a pricing supplement (the "**Pricing Supplement**") which, in either case, completes and (in the case of Exempt EMTNs only) completes, amends and/or replaces these Terms and Conditions (the "**Conditions**").

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

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

EMTNs may also be cleared through the Finnish Central Securities Depository, Euroclear Finland Ltd (the "**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 and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), 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.

As the Finnish EMTNs will be registered on behalf of the Holder on a securities account pursuant to the Finnish Act on the Book-Entry Securities System and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), as amended, and the Finnish Securities Accounts Act (827/1991), no physical securities will be issued. A request for a registration measure regarding Finnish EMTNs shall be addressed to the account operator (the "**Account Operator**") pursuant to the Finnish Act on the Book-Entry Securities System and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), as amended, and the regulations of Euroclear Finland.

References in these Conditions to EMTNs are to EMTNs of the relevant Series and any references to Coupons, as defined below, are to Coupons 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 or Pricing Supplement 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 and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), as amended.

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

EMTNs issued in bearer form ("**Bearer EMTNs**"), other than Swiss Franc 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 or Pricing Supplement, 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 Pricing Supplement, be exchangeable at the cost and expense of the Issuer, in whole (but not in part), at the option of the Holder of such Permanent Global 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 6 (*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 or Pricing Supplement), 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 or Pricing Supplement, 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 or Pricing Supplement, 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.

(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. Each Tranche of registered EMTNs will be in the form of either individual EMTN Certificates ("**Individual EMTN Certificates**") or a global registered EMTN (a "**Global Registered EMTN**"), in each case as specified in the relevant Final Terms or Pricing Supplement. Global Registered EMTNs may be exchangeable for Individual EMTN Certificates in accordance with its terms. Registered EMTNs will not be exchangeable for Bearer EMTNs.

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

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

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

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

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

(e) ***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.

(f) ***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 or Pricing Supplement. Bearer EMTNs of one denomination may not be exchanged for Bearer EMTNs of any other denomination.

(g) ***Denomination of Registered EMTNs***

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

(h) ***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 or Pricing Supplement. Finnish EMTNs of one denomination may not be exchanged for Finnish EMTNs of any other denomination.

(i) ***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 Conditions, references to EMTNs shall, as the context may require, be deemed to be Temporary Global EMTNs, Permanent Global EMTNs, Definitive EMTNs, Registered EMTNs, or Finnish EMTNs, as the case may be.

2. **Title**

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

Title to the Bearer EMTNs (excluding Swiss Franc EMTNs) and Coupons passes by delivery. References herein to the "**EMTN Holders**" or "**Holders**" of Bearer EMTNs or of Coupons signify the bearers of such Bearer EMTNs or such Coupons.

Title to the Registered EMTNs passes by registration in the register which is kept by the Registrar. 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 and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), 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 and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), 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 or Pricing Supplement) 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 EMTN 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) ***Swiss Franc EMTNs***

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

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 or Pricing Supplement. In the case of non-interest bearing EMTNs, a reference price and yield will, unless otherwise agreed, be specified in the relevant Final Terms or Pricing Supplement. The Final Terms or Pricing Supplement in relation to each Series of interest bearing EMTNs shall specify which 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 Pricing Supplement.

(1) ***Interest—Fixed Rate***

EMTNs in relation to which this Condition 4(1) is specified in the relevant Final Terms or Pricing Supplement as being applicable shall bear interest on its outstanding nominal amount 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 or Pricing Supplement) at the rate or rates per annum specified in the relevant Final Terms or Pricing Supplement, **provided that** in the case of Finnish EMTNs, such Finnish EMTNs shall bear interest on its outstanding nominal amount 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 or Pricing Supplement) at the rate or rates specified in the relevant Final Terms or Pricing Supplement. Interest will be payable in arrear on such dates as are specified in the relevant Final Terms or Pricing Supplement 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 or Pricing Supplement 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 Pricing Supplement.

(2) ***Interest—Floating Rate***

(a) EMTNs in relation to which this Condition 4(2) is specified in the relevant Final Terms or Pricing Supplement as being applicable shall bear interest on its outstanding nominal amount 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 or Pricing Supplement), **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 or Pricing Supplement). 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 or Pricing Supplement 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 or Pricing Supplement 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 or Pricing Supplement 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 or Pricing Supplement (the "**Determination Agent**") on the following basis:

(i) where the Reference Rate is based on the London interbank 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 the Relevant Time on the Interest Determination Date;

(ii) where the Reference Rate is based on the Euro zone interbank 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 deposits) in euro for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(iii) where the Reference Rate is based on the Australian bank bill swap rate ("**BBSW**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Australian Dollars for a period of the duration of the relevant Interest Period on the

Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(iv) where the Reference Rate is based on the New Zealand bank bill rate ("**BKBM**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in New Zealand Dollars for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(v) where the Reference Rate is based on the Canadian dealer offer rate ("**CDOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Canadian Dollars for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(vi) where the Reference Rate is based on the Copenhagen interbank offered rate ("**CIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Danish Krone for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(vii) where the Reference Rate is based on the Hong Kong interbank offered rate ("**HIBOR**") 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 the Relevant Time on the Interest Determination Date;

(viii) where the Reference Rate is based on the Johannesburg interbank agreed rate ("**JIBAR**") 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 the Relevant Time on the Interest Determination Date;

(ix) where the Reference Rate is based on the Moscow prime offered rate ("**MOSPRIME**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Russian Roubles for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(x) where the Reference Rate is based on the Oslo interbank offered rate ("**NIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Norwegian Kroner for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xi) where the Reference Rate is based on the Shanghai interbank offered rate ("**SHIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Chinese Renminbi for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xii) where the Reference Rate is based on the Stockholm interbank offered rate ("**STIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Swedish Krona for a period of the duration of the relevant Interest Period on the

Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xiii) where the Reference Rate is based on the Tokyo interbank offered rate ("**TIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Japanese Yen for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xiv) where the Reference Rate is based on the Mexican interbank equilibrium interest rate ("**TIIE**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Mexican Peso for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xv) where the Reference Rate is based on the Turkish Lira interbank offer rate ("**TRLIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Turkish Lira for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xvi) where the Reference Rate is based on the Warsaw interbank offered rate ("**WIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Polish Zloty for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xvii) where the Reference Rate is based on the interbank offered rate in a Relevant Financial Centre specified in the relevant Pricing Supplement, 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 the Relevant Time on the Interest Determination Date;

(xviii) 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 Relevant Financial Centre at approximately the Relevant Time on the first day of the relevant Interest Period to prime banks in the interbank market of the Relevant Financial Centre in each such case 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

(xix) if fewer than two rates are so quoted, the Determination Agent will determine the arithmetic mean of the rates quoted by major banks in the Relevant Financial Centre, selected by the Determination Agent at approximately the Relevant Time on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks 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 or Pricing Supplement 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, and as used in this Condition 4 (*Interest*), "**business day**" means a day on which commercial banks and foreign exchange markets settle payments in the financial centre(s) specified for each Interest Determination Date; "**Interest Determination Date**" means the date specified as such in the Final Terms or Pricing Supplement or if none is so specified, means (i) in the case of LIBOR, the second London Banking Day before the first day of the relevant Interest Period, or in the case of EMTNs denominated in Pounds Sterling, the first London Banking day of the relevant Interest Period or in the case of euro-LIBOR, the second TARGET2 Settlement Day before the first day of the relevant Interest Period, (ii) in the case of EURIBOR, the second TARGET2 Settlement Day before the first day of the relevant Interest Period, (iii) in the case of BBSW, the first Sydney business day of the relevant Interest Period, (iv) in the case of BKBM, the first Auckland and Wellington business day of the relevant Interest Period, (v) in the case of CDOR, the second Toronto business day prior to the first day of the relevant Interest Period, (vi) in the case of CIBOR, the second Copenhagen business day prior to the first day of the relevant Interest Period, (vii) in the case of HIBOR, the first Hong Kong business day of the relevant Interest Period, (viii) in the case of JIBAR, the first Johannesburg business day of the relevant Interest Period; (ix) in the case of MOSPRIME, the first Moscow business day before the first day of the relevant Interest Period, (x) in the case of NIBOR, the second Oslo business day before the first day of the relevant Interest Period, (xi) in the case of SHIBOR, the second Shanghai business day before the first day of the relevant Interest Period, (xii) in the case of STIBOR, the second Stockholm business day before the first day of the relevant interest period, (xiii) in the case of TIBOR, the second Tokyo business day before the first day of the relevant Interest Period, (xiv) in the case of TIIE, the first Mexico City business day before the first day of the relevant Interest Period, (xv) in the case of TRLIBOR, the second Istanbul business day before the first day of the relevant Interest Period, (xvi) in the case of WIBOR, the first Warsaw business day of the relevant Interest Period, or, in the case of Exempt EMTNs, such other Interest Determination Date as shall be specified in the applicable Pricing Supplement; "**Reference Rate**" means (i) LIBOR; (ii) EURIBOR; (iii) BBSW, (iv) BKBM, (v) CDOR, (vi) CIBOR, (vii) HIBOR, (viii) JIBAR, (ix) MOSPRIME, (x) NIBOR, (xi) SHIBOR, (xii) STIBOR, (xiii) TIBOR, (xiv) TIIE, (xv) TRLIBOR,(xvi) WIBOR, in each case for the relevant Interest Period, as specified in the applicable Final Terms or Pricing Supplement, or, in the case of Exempt EMTNs, such other Reference Rate as shall be specified in the applicable Final Terms or Pricing Supplement; "**Relevant Financial Centre**" has the meaning given to such term in Condition 8(6)(c)(ii) and "**Relevant Time**" means the time specified as such in the Final Terms or Pricing Supplement or if none is so specified, means (i) in the case of LIBOR, 11.00 a.m. London time, (ii) in the case of EURIBOR, 11.00 a.m. Brussels time, (iii) in the case of BBSW, 10.00 a.m. Sydney time, (iv) in the case of BKBM, 11.00 a.m. Wellington time, (v) in the case of CDOR, 10.00 a.m. Toronto time, (vi) in the case of CIBOR, 11.00 a.m. Copenhagen time, (vii) in the case of HIBOR, 11.00 a.m. Hong Kong time, (viii) in the case of JIBAR, 12.00 p.m. Johannesburg time, (ix) in the case of MOSPRIME, 12.30 p.m. Moscow time, (x) in the case of NIBOR, 12.00 p.m. Oslo time, (xi) in the case of SHIBOR, 11.30 a.m. Beijing time, (xii) in the case of STIBOR, 11.00 a.m. Stockholm time, (xiii) in the case of TIBOR, 11.00 a.m. Tokyo time, (xiv) in the case of TIIE, 2.30 p.m. Mexico City time, (xv) in the case of TRLIBOR, 11.15 a.m. Istanbul time, (xvi) in the case of WIBOR, 11.00 a.m. Warsaw time or, in the case of Exempt EMTNs, such other time as shall be specified in the applicable Pricing Supplement.

(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 or Pricing Supplement 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 or Pricing Supplement, 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 EMTN comprises more than one Calculation Amount, the Interest Amount payable in respect of such EMTN 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 or Pricing Supplement 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 or Pricing Supplement), **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 or Pricing Supplement). 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 or Pricing Supplement.

(4) ***Interest—Other Rates***

EMTNs in relation to which this Condition 4(4) is specified in the relevant Pricing Supplement 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 Pricing Supplement.

(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 or Pricing Supplement as being applicable and Condition 4(5)(c) shall be applicable in relation to all interest bearing 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 any other rate of interest or interest 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 or the London Stock Exchange (as the case may be) and to trading on its regulated market, cause each such Rate of Interest, floating rate, Interest Amount or floating 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 and amounts of interest for the purposes of this Condition 4 shall, in the absence of manifest error, be final and binding on all parties.

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

If any principal 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 the Final Terms or Pricing Supplement or at such other rate as may be specified for this purpose in the Pricing Supplement 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 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 or Pricing Supplement.

(7) ***Interest—Supplemental Provision for Renminbi EMTNs***

This Condition 4(6) shall apply to Fixed Rate EMTNs denominated in Renminbi (the "**Renminbi EMTNs**") only where the Final Terms or Pricing Supplement for the relevant Renminbi EMTNs specify that the Interest Payment Dates are subject to adjustment.

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

(8) ***Interest – Definitions***

For the purposes of these Conditions:

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

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

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

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

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

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

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

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

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

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

"**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 Pricing Supplement and:

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

(1) 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

(2) 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;

(B) 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);

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

(D) 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;

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

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

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

where:

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

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

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

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

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case 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 D1 is greater than 29, in which case D_2 will be 30";

(G) 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

(H) 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;

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

"**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.

5. **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 Pricing Supplement)) 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 or Pricing Supplement.

(b) ***Early Redemption for Taxation Reasons***

If, in relation to any Series of EMTNs, and if specified in the relevant Final Terms or Pricing Supplement as being applicable, as a result of any change in the laws of any Taxing Jurisdiction or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issue of such EMTNs or any earlier date specified in the relevant Final Terms or Pricing Supplement 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 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 EMTNs 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 in whole (but not, unless and to the extent that the relevant Final Terms or Pricing Supplement 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 Pricing Supplement or at the redemption amount referred to in Condition 5(f) (*Early Redemption of non interest bearing EMTNs*), together with accrued but unpaid interest ("**Accrued Interest**") (if any) thereon.

"**Taxing Jurisdiction**" means Finland or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof, having power to tax in which the Issuer is treated as having a permanent establishment, under the income tax laws of such jurisdiction;

(c) ***Optional Early Redemption (Call)***

If this Condition 5(c) is specified in the relevant Final Terms or Pricing Supplement as being applicable, then the Issuer may, upon the expiry of the appropriate notice, redeem in whole (but not, unless and to the extent that the relevant Final Terms or Pricing Supplement 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 Pricing Supplement), together with Accrued Interest (if any) thereon. EMTNs denominated in Pounds Sterling may not be redeemed prior to one year and one day from the date of issue.

The appropriate notice referred to in this Condition 5(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 (as more particularly specified in the relevant Final Terms or Pricing Supplement) 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 or Pricing Supplement) 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 5(c) (*Optional Early Redemption (Call)*):

(i) in the case of Bearer EMTNs, the EMTNs shall be redeemed *pro rata* to their principal amount by being 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) on 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

(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 5(e) is specified in the relevant Final Terms or Pricing Supplement 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 or Pricing Supplement at its principal amount (or such other redemption amount as may be specified in the relevant Final Terms or Pricing Supplement), 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 in the relevant Final Terms or Pricing Supplement, 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 5(b) (*Early Redemption for Taxation Reasons*), or, if applicable Condition 5(c) (*Optional Early Redemption (Call)*) or 5(f) (*Early Redemption of non interest bearing EMTNs*) or upon it becoming due and payable as provided in Condition 6 (*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 or Pricing Supplement 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 or Pricing Supplement 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 Pricing Supplement.

(ii) If the redemption amount payable in respect of any such EMTN upon its redemption pursuant to Condition 5(b) (*Early Redemption for Taxation Reasons*), or, if applicable Condition 5(c) (*Optional Early Redemption (Call)*) or 5(f) (*Early Redemption of non interest bearing EMTNs*) or upon it becoming due and payable as provided in Condition 6 (*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 the 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 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 5 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 5 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 owners.

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

Any redemption of the Finnish EMTNs pursuant to this Condition 5 shall be in accordance with, in the case of the Finnish EMTNs, the Euroclear Finland Rules.

6. **Events of Default**

(a) 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 5(g) (*Purchase of EMTNs*) or such other amount as may be specified in the relevant Pricing Supplement) 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 5(g) (*Purchase of EMTNs*) or such other amount as may be specified in the relevant Pricing Supplement) 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.

7. **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 with respect to payment in respect of any Bearer EMTN 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 or Coupon by reason of such Holder having some connection with Finland other than the mere holding of such Bearer EMTN 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 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 (or, in respect of Swiss Franc EMTNs only, the Swiss Paying Agent) on or prior to such due date, it means the first date on which the full amount of such moneys has been so received and notice to that effect shall have been duly given to the Holders of the EMTNs 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 EMTNs shall be deemed also to refer to any additional amounts which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition thereto or in substitution therefore.

(d) Notwithstanding anything in this Condition 7 (*Taxation*) or in Condition 8 (*Payments*) to the contrary, none of the Issuer, any paying agent or any other person shall be required to pay any additional amounts with respect to any withholding or deduction imposed on or in respect of any EMTN pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any treaty, law, regulation, intergovernmental agreement implementing legislation or other official guidance enacted in any jurisdiction implementing FATCA, or any agreement between the Issuer or any other person making payments on behalf of the Issuer and the United States or any authority thereof implementing FATCA.

8. Payments

(1) *Payments—Bearer EMTNs*

(a) This Condition 8(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, surrender of the relevant Bearer EMTNs to or to the order of any of the Paying Agents.

(c) 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 attached thereto should be surrendered for final redemption together with all unmatured Coupons 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.

(2) ***Payments—Registered EMTNs***

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

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

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

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

(4) ***Payments—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.

(5) ***Payments – Renminbi EMTNs***

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

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

(c) Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of Renminbi EMTNs when due in Renminbi, the Issuer may settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi amount. Upon the determination that a condition of Inconvertibility, Non-transferability or Illiquidity prevails, the Issuer shall no later than 10:00 a.m. (local time at the applicable CNY Settlement Centre(s)) on the Rate Calculation Date, (i) notify the Calculation Agent and the Paying Agents, and (ii) notify the Holders in accordance with Condition 13 (*Notices*) of such determination.

Any payment made in the U.S. Dollar Equivalent of a Renminbi amount under this Condition 8(5)(c) will constitute valid payment, and will not constitute a default in respect of the Renminbi EMTNs.

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

For this purpose:

(A) "**Governmental Authority**" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the CNY Settlement Centres;

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

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

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

(E) "**PRC**" means the People's Republic of China, which, for the purpose of these Terms and Conditions, shall exclude the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

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

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

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

(I) "**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in the CNY Settlement Centre(s); and

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

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

(6) ***Payments — General Provisions***

(a) Save as otherwise specified herein, this Condition 8(6) is applicable in relation to EMTNs whether in bearer or in registered form.

(b) Subject to Condition 8(5) (*Payments- Renminbi EMTNs*), 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 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 or Pricing Supplement) 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;
- in relation to Finnish EMTNs, Helsinki;
- in relation to EMTNs denominated in Renminbi, any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the CNY Settlement Centre(s);
- 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.

(ii) "**CNY Settlement Centre**" means the financial centre(s) specified as such in the applicable Final Terms or Pricing Supplement in accordance with applicable laws and regulations. If no CNY Settlement Centre is specified in the relevant Final Terms or Pricing Supplement, the CNY Settlement Centre shall be deemed to be Hong Kong.

(iii) "**Relevant Financial Centre**" means, unless otherwise specified in the Final Terms or Pricing Supplement:

- in relation to EMTNs denominated in Australian Dollars, Sydney;
- in relation to EMTNs denominated in Canadian Dollars, Toronto;
- in relation to EMTNs denominated in Chinese Renminbi, Hong Kong or Beijing as specified in the Final Terms or Pricing Supplement;
- in relation to EMTNs denominated in Danish Krone, Copenhagen;
- in relation to EMTNs denominated in Hong Kong Dollars, Hong Kong;

- in relation to EMTNs denominated in Japanese Yen, Tokyo;
- in relation to EMTNs denominated in Polish Zloty, Warsaw;
- in relation to EMTNs denominated in Pounds Sterling, London;
- in relation to EMTNs denominated in Mexican Pesos, Mexico City;
- in relation to EMTNs denominated in New Zealand Dollars, Wellington and Auckland;
- in relation to EMTNs denominated in Norwegian Kroner, Oslo;
- in relation to EMTNs denominated in Russian Roubles, Moscow;
- in relation to EMTNs denominated in South African Rand, Johannesburg;
- in relation to EMTNs denominated in Swedish Krona, Stockholm;
- in relation to EMTNs denominated in Swiss francs, Zurich;
- in relation to EMTNs denominated in United States dollars, New York City; 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. or as specified in the relevant Final Terms or Pricing Supplement.

9. **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 8(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.

10. **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, (v) so long as any Finnish EMTNs are cleared through Euroclear Finland, an Issuing Agent with a specified office in Finland, and (vi) in respect of the Swiss Franc EMTNs, a Paying Agent having its specified office in Switzerland and at no time maintain a Paying Agent having its specified office outside of Switzerland. 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 EMTNs**

If any EMTN 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 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 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.

13. **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 Pricing Supplement, 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 13 and will be deemed to have been validly given at the opening of business on the next day on which the Issuer's principal office is open for business.

(d) ***Notices in respect of Swiss Franc EMTNs***

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

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

(e) ***Notices in respect of 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.

14. 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 EMTNs 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.

15. *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 and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), 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 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 of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law. The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Nordea Bank AB, London Branch at its registered address in London from time to time, being presently at 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.

(c) Notwithstanding that, under the Finnish Act on the Book-Entry Securities System and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), 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 17(b), and in this limited respect only, a Registered Holder of Finnish EMTNs may therefore not take concurrent Proceedings in Finland.

16. Third Parties Rights

No person shall have any right to enforce any 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 as completed by the relevant Final Terms or (in the case of Exempt Covered Bonds only) as completed, amended and/or replaced by the relevant Pricing Supplement, will be applicable to each 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 15 June 2015 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), Citigroup Global Markets Deutschland AG as registrar (the "**Registrar**" in relation to any Series of Covered Bonds except Finnish Covered Bonds, which expression shall include any successor to Citigroup Global Markets Deutschland AG 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 Covered Bonds (the "**Finnish Issuing Agent**"). The Covered Bonds have the benefit of a deed of covenant (the "**Deed of Covenant**") dated 15 June 2015 (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.

References herein to "**Exempt Covered Bonds**" are to Covered Bonds for which no prospectus is required to be published under Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the "**Prospectus Directive**").

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 a "**Final Terms**") or, in the case of Exempt Covered Bonds, a pricing supplement (the "**Pricing Supplement**") which, in either case, completes and (in the case of Exempt Covered Bonds only) completes, amends and/or replaces these Terms and Conditions (the "**Conditions**").

Covered Bonds may be denominated in Swiss Francs and cleared through SIX SIS AG, Olten Switzerland ("**Swiss Franc Covered Bonds**" and "**SIS**" respectively).

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

Covered Bonds may also be cleared through the Finnish Central Securities Depository, Euroclear Finland Ltd (the "**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 and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), 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.

As the Finnish Covered Bonds will be registered on behalf of the Holder on a securities account pursuant to the Finnish Act on the Book-Entry Securities System and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), as amended, and the Finnish Securities Accounts Act (827/1991), no physical securities will be issued. A request for a registration measure regarding Finnish Covered Bonds shall be addressed to the account operator (the "**Account Operator**") pursuant to the Finnish Act on the Book-Entry Securities System and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), as amended, and the regulations of Euroclear Finland.

References in these Conditions to Covered Bonds are to Covered Bonds of the relevant Series and any references to Coupons as defined below, are to Coupons relating to Covered Bonds of the relevant Series. References to "**Exempt Covered Bonds**" are to Covered Bonds for which no prospectus is required to be published under the Prospectus Directive.

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 or Pricing Supplement 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 and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), as amended.

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

Covered Bonds issued in bearer form ("**Bearer Covered Bonds**"), other than Swiss Franc Covered Bonds, 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 or Pricing Supplement, definitive Covered Bonds ("**Definitive Covered Bonds**") 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 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 S.A./N.V ("**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 Clearstream, Luxembourg without any requirement for certification.

Interests in the Permanent Global Covered Bond will, unless the contrary is specified in the relevant Pricing Supplement, be exchangeable at the cost and expense of the Issuer, in whole (but not in part), at the option of the Holder of such Permanent Global 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 or Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Permanent Global Covered Bond to the Holder of the 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 Bond 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 or Pricing Supplement, have attached thereto at the time of their 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 or Pricing Supplement, 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.

(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. Each Tranche of registered Covered Bonds will be in the form of either individual Covered Bond Certificates ("**Individual Covered Bond Certificates**") or a global registered Covered Bond (a "**Global Registered Covered Bond**"), in each case as specified in the relevant Final Terms or Pricing Supplement. Global Registered Covered Bonds may be exchangeable for Individual Covered Bond Certificates in accordance with its terms. Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds.

(d) ***Form of Swiss Franc Covered Bonds***

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

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

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

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

(e) ***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.

(f) ***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 or Pricing Supplement. Bearer Covered Bonds of one denomination may not be exchanged for Bearer Covered Bonds of any other denomination.

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

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

(h) ***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 or Pricing Supplement. Finnish Covered Bonds of one denomination may not be exchanged for Finnish Covered Bonds of any other denomination.

(i) ***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 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, Registered Covered Bonds, or Finnish Covered Bonds, as the case may be.

2. **Title**

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

Title to the Bearer Covered Bonds (excluding Swiss Franc Covered Bonds) and Coupons passes by delivery. References herein to the "**Covered Bond Holders**" or "**Holders**" of Bearer Covered Bonds or Coupons signify the bearers of such Bearer Covered Bonds or such Coupons.

Title to the Registered Covered Bonds passes by registration in the register which is kept by the Registrar. 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 and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), 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. References herein to the "**Covered Bond Holders**" or "**Holders**" of Finnish Covered Bonds signify the persons in whose names such Covered Bonds are so registered.

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 and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), 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 or Pricing Supplement) 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 of 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 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 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 Covered Bond 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) ***Swiss Franc Covered Bonds***

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

3. Status

The Covered Bonds of each Series 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 or Pricing Supplement. In the case of non-interest bearing Covered Bonds, a reference price and yield will, unless otherwise agreed, be specified in the relevant Final Terms or Pricing Supplement. The Final Terms or Pricing Supplement in relation to each Series of interest bearing

Covered Bonds shall specify which 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 5(j) (*Extension of maturity up to Extended Maturity Date*) is specified as being applicable in the relevant Final Terms or Pricing Supplement, save, in each case, to the extent inconsistent with the relevant Pricing Supplement.

(1) ***Interest—Fixed Rate***

Covered Bonds in relation to which this Condition 4(1) is specified in the relevant Final Terms or Pricing Supplement as being applicable shall bear interest on its outstanding nominal amount 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 or Pricing Supplement) at the rate or rates per annum specified in the relevant Final Terms or Pricing Supplement, **provided that** in the case of Finnish Covered Bonds, such Finnish Covered Bonds shall bear interest on its outstanding nominal amount 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 or Pricing Supplement) at the rate or rates specified in the relevant Final Terms or Pricing Supplement. Interest will be payable in arrear on such dates as are specified in the relevant Final Terms or Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement.

(2) ***Interest—Floating Rate***

(a) Covered Bonds in relation to which this Condition 4(2) is specified in the relevant Final Terms or Pricing Supplement as being applicable shall bear interest on its outstanding nominal amount 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 or Pricing Supplement), **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 or Pricing Supplement). 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 or Pricing Supplement 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 7 (*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 or Pricing Supplement 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 or Pricing Supplement 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 or Pricing Supplement (the "**Determination Agent**") on the following basis:

(i) where the Reference Rate is based on the London interbank 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 the Relevant Time on the Interest Determination Date;

(ii) where the Reference Rate is based on the Euro zone interbank 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 deposits) in euro for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(iii) where the Reference Rate is based on the Australian bank bill swap rate ("**BBSW**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Australian Dollars for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(iv) where the Reference Rate is based on the New Zealand bank bill rate ("**BKBM**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in New Zealand Dollars for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(v) where the Reference Rate is based on the Canadian dealer offer rate ("**CDOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Canadian Dollars for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(vi) where the Reference Rate is based on the Copenhagen interbank offered rate ("**CIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Danish Krone for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(vii) where the Reference Rate is based on the Hong Kong interbank offered rate ("**HIBOR**") 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 the Relevant Time on the Interest Determination Date;

(viii) where the Reference Rate is based on the Johannesburg interbank agreed rate ("**JIBAR**") 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 the Relevant Time on the Interest Determination Date;

(ix) where the Reference Rate is based on the Moscow prime offered rate ("**MOSPRIME**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Russian Roubles for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(x) where the Reference Rate is based on the Oslo interbank offered rate ("**NIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Norwegian Kroner for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xi) where the Reference Rate is based on the Shanghai interbank offered rate ("**SHIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Chinese Renminbi for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xii) where the Reference Rate is based on the Stockholm interbank offered rate ("**STIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Swedish Krona for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xiii) where the Reference Rate is based on the Tokyo interbank offered rate ("**TIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Japanese Yen for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xiv) where the Reference Rate is based on the Mexican interbank equilibrium interest rate ("**TIIE**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Mexican Peso for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xv) where the Reference Rate is based on the Turkish Lira interbank offer rate ("**TRLIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Turkish Lira for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xvi) where the Reference Rate is based on the Warsaw interbank offered rate ("**WIBOR**") the Determination Agent will determine the rate for deposits (or, as the case may require, the arithmetic mean of the rates for deposits) in Polish

Zloty for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date;

(xvii) where the Reference Rate is based on the interbank offered rate in a Relevant Financial Centre specified in the relevant Pricing Supplement, 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 the Relevant Time on the Interest Determination Date;

(xviii) 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 Relevant Financial Centre at approximately the Relevant Time on the first day of the relevant Interest Period to prime banks in the interbank market of the Relevant Financial Centre in each such case 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

(xix) if fewer than two rates are so quoted, the Determination Agent will determine the arithmetic mean of the rates quoted by major banks in the Relevant Financial Centre, selected by the Determination Agent at approximately the Relevant Time on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks 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 or Pricing Supplement 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, and as used in this Condition 4 (*Interest*), "**business day**" means a day on which commercial banks and foreign exchange markets settle payments in the financial centre(s) specified for each Interest Determination Date; "**Interest Determination Date**" means the date specified as such in the Final Terms or Pricing Supplement or if none is so specified, means (i) in the case of LIBOR, the second London Banking Day before the first day of the relevant Interest Period, or in the case of Covered Bonds denominated in Pounds Sterling, the first London Banking Day of the relevant Interest Period or in the case of euro-LIBOR, the second TARGET2 Settlement Day before the first day of the relevant Interest Period, (ii) in the case of EURIBOR, the second TARGET2 Settlement Day before the first day of the relevant Interest Period, (iii) in the case of BBSW, the first Sydney business day of the relevant Interest Period, (iv) in the case of BKBM, the first Auckland and Wellington business day of the relevant Interest Period, (v) in the case of CDOR, the second Toronto business day prior to the first day of the relevant Interest Period, (vi) in the case of CIBOR, the second Copenhagen business day prior to the first day of the relevant Interest Period, (vii) in the case of HIBOR, the first Hong Kong business day of the relevant Interest Period, (viii) in the case of JIBAR, the first Johannesburg business day of the relevant Interest Period; (ix) in the case of MOSPRIME, the first Moscow business day before the first day of the relevant Interest Period, (x) in the case of NIBOR, the second Oslo business day before the first day of the relevant Interest Period, (xi) in the case of SHIBOR, the second Shanghai business day before the first day of the relevant Interest

Period, (xii) in the case of STIBOR, the second Stockholm business day before the first day of the relevant interest period, (xiii) in the case of TIBOR, the second Tokyo business day before the first day of the relevant Interest Period, (xiv) in the case of TIIE, the first Mexico City business day before the first day of the relevant Interest Period, (xv) in the case of TRLIBOR, the second Istanbul business day before the first day of the relevant Interest Period, (xvi) in the case of WIBOR, the first Warsaw business day of the relevant Interest Period, or, in the case of Exempt Covered Bonds, such other Interest Determination Date as shall be specified in the applicable Pricing Supplement; "**Reference Rate**" means (i) LIBOR; (ii) EURIBOR; (iii) BBSW, (iv) BKBM, (v) CDOR, (vi) CIBOR, (vii) HIBOR, (viii) JIBAR, (ix) MOSPRIME, (x) NIBOR, (xi) SHIBOR, (xii) STIBOR, (xiii) TIBOR, (xiv) TIIE, (xv) TRLIBOR,(xvi) WIBOR, in each case for the relevant Interest Period, as specified in the applicable Final Terms or Pricing Supplement, or, in the case of Exempt Covered Bonds, such other Reference Rate as shall be specified in the applicable Pricing Supplement; "**Relevant Financial Centre**" has the meaning given to such term in Condition 8(7)(d)(ii) and "**Relevant Time**" means the time specified as such in the Final Terms or Pricing Supplement or if none is so specified, means (i) in the case of LIBOR, 11.00 a.m. London time, (ii) in the case of EURIBOR, 11.00 a.m. Brussels time, (iii) in the case of BBSW, 10.00 a.m. Sydney time, (iv) in the case of BKBM, 11.00 a.m. Wellington time, (v) in the case of CDOR, 10.00 a.m. Toronto time, (vi) in the case of CIBOR, 11.00 a.m. Copenhagen time, (vii) in the case of HIBOR, 11.00 a.m. Hong Kong time, (viii) in the case of JIBAR, 12.00 p.m. Johannesburg time, (ix) in the case of MOSPRIME, 12.30 p.m. Moscow time, (x) in the case of NIBOR, 12.00 p.m. Oslo time, (xi) in the case of SHIBOR, 11.30 a.m. Beijing time, (xii) in the case of STIBOR, 11.00 a.m. Stockholm time, (xiii) in the case of TIBOR, 11.00 a.m. Tokyo time, (xiv) in the case of TIIE, 2.30 p.m. Mexico City time, (xv) in the case of TRLIBOR, 11.15 a.m. Istanbul time, (xvi) in the case of WIBOR, 11.00 a.m. Warsaw time or, in the case of Exempt Covered Bonds, such other time as shall be specified in the applicable Pricing Supplement.

(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 or Pricing Supplement 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 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 or Pricing Supplement, 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. Where the Specified Denomination of such a Covered Bond comprises more than one Calculation Amount, the Interest Amount payable in respect of such Covered Bond 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) Covered Bonds in relation to which this Condition 4(3) is specified in the relevant Final Terms or Pricing Supplement 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 or Pricing Supplement), **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 as specified in the relevant

Final Terms or Pricing Supplement). 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 or Pricing Supplement.

(4) ***Interest—Other Rates***

Covered Bonds in relation to which this Condition 4(4) is specified in the relevant Pricing Supplement 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 Pricing Supplement.

(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 Covered Bonds in relation to which Condition 4(2) (*Interest—Floating Rate*) is specified in the relevant Final Terms or Pricing Supplement as being applicable and Condition 4(5)(c) shall be applicable in relation to all interest bearing 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 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 the listing on the Official List of the Irish Stock Exchange or the London Stock Exchange (as the case may be) and to trading on its regulated market, cause each such Rate of Interest, floating rate, Interest Amount or floating 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 and amounts of interest for the purposes of this Condition 4 shall, in the absence of manifest error, be final and binding on all parties.

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

If any principal 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 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 the Final Terms or Pricing Supplement or at such other rate as may be specified for this purpose in the Final Terms or Pricing Supplement 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 pre-condition 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 12 (*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 or Pricing Supplement.

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

If an Extended Maturity Date is specified in the applicable Final Terms or Pricing Supplement 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 5(j) (*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. Interest shall be payable on the Covered Bonds at the rate specified in the applicable Final Terms or Pricing Supplement 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 or Pricing Supplement. 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 or Pricing Supplement and, where applicable, determined by the Fiscal Agent or, where the applicable Final Terms or Pricing Supplement 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 or Pricing Supplement; 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.

(8) ***Interest—Supplemental Provision for Renminbi Covered Bonds***

This Condition 4(8) shall apply to Fixed Rate Covered Bonds denominated in Renminbi (the "**Renminbi Covered Bonds**") only where the Final Terms or Pricing Supplement for the relevant Renminbi Covered Bonds specify that the Interest Payment Dates are subject to adjustment.

For such Covered Bonds, the relevant Fixed Coupon Amount shall be calculated by the Calculation Agent by multiplying the product of the relevant Rate of Interest and the Calculation Amount by the relevant Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards. The Calculation Agent shall cause any Fixed Coupon Amount so calculated and the relevant Interest Payment Date to be notified to the Fiscal Agent, the Issuer, the Holders in accordance with Condition 12 (*Notices*) and, if the Covered Bonds admitted to listing and/or trading on any stock exchange and the rules of such exchange so require, the relevant stock exchange as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange.

(9) ***Interest - Definitions***

For the purposes of these Conditions:

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

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

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

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

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

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

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

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

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

"**Calculation Amount**" has the meaning given in the relevant Final Terms or Pricing Supplement

"**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 Pricing Supplement and:

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

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

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

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

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

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

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

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

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

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

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

where:

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

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

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

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

"**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:

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

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

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

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

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless 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, 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:

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

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

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

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

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case 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 (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;

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

"**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.

5. **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 Pricing Supplement) on the date or dates (or, in the case of Covered Bonds 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 or Pricing Supplement.

(b) ***Early Redemption for Taxation Reasons***

If, in relation to any Series of Covered Bonds and if specified in the relevant Final Terms or Pricing Supplement as being applicable, as a result of any change in the laws of any Taxing Jurisdiction or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issue of such Covered Bonds or any earlier date specified in the relevant Final Terms or Pricing Supplement 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 6 (*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 12 (*Notices*) (which notice shall be irrevocable) redeem in whole (but not, unless and to the extent that the relevant Final Terms or Pricing Supplement 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 or Pricing

Supplement or at the redemption amount referred to in Condition 5(f) (*Early Redemption of non interest bearing Covered Bonds*), together with accrued but unpaid interest ("**Accrued Interest**") (if any) thereon.

"**Taxing Jurisdiction**" means Finland or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof, having power to tax in which the Issuer is treated as having a permanent establishment, under the income tax laws of such jurisdiction;

(c) ***Optional Early Redemption (Call)***

If this Condition 5(c) is specified in the relevant Final Terms or Pricing Supplement as being applicable, then the Issuer may, upon the expiry of the appropriate notice, redeem in whole (but not, unless and to the extent that the relevant Final Terms or Pricing Supplement 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 or Pricing Supplement), 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.

The appropriate notice referred to in this Condition 5(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 (as more particularly specified in the relevant Final Terms or Pricing Supplement) 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 or Pricing Supplement) 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.

(d) ***Partial Redemption***

If the Covered Bonds of a Series are to be redeemed in part only on any date in accordance with Condition 5(c) (*Optional Early Redemption (Call)*):

(i) in the case of Bearer Covered Bonds, the Covered Bonds shall be redeemed *pro rata* to their principal amount by being 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) on 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

(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.

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

If this Condition 5(e) is specified in the relevant Final Terms or Pricing Supplement 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 or Pricing Supplement at its principal amount (or such other redemption amount as may be specified in the relevant Final Terms or Pricing Supplement), together with Accrued Interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty five days before the date so specified (as more particularly specified in the relevant Final Terms or Pricing Supplement), 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.

(f) ***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 5(b) (*Early Redemption for Taxation Reasons)*, or, if applicable Condition 5(c) (*Optional Early Redemption (Call)*) or 5(e) (*Optional Early Redemption (Put)*) shall be the Amortised Face Amount (calculated as provided below) of such Covered Bonds or such other calculation basis as may be specified in the relevant Pricing Supplement.

(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 or Pricing Supplement 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 or Pricing Supplement compounded annually and the Reference Price. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of a 360 day year consisting of 12 months of 30 days each.

(ii) If the redemption amount payable in respect of any such Covered Bond upon its redemption pursuant to Condition 5(b) (*Early Redemption for Taxation Reasons*), or, if applicable Condition 5(c) (*Optional Early Redemption (Call)*) or 5(e) (*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.

(g) ***Purchase of the 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 Coupons appertaining thereto are purchased therewith. Such purchased Covered Bonds may be cancelled, reissued or resold.

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

All Covered Bonds redeemed or purchased for cancellation in accordance with this Condition 5 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 5 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 owners.

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

Any redemption of the Finnish Covered Bonds pursuant to this Condition 5 shall be in accordance with, in the case of the Finnish Covered Bonds, the Euroclear Finland Rules.

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

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

(ii) If an Extended Maturity Date is specified in the applicable Final Terms or Pricing Supplement 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 or Pricing Supplement. 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 or Pricing Supplement. The Issuer shall give notice to the Covered Bond Holders (in accordance with Condition 12 (*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 or Pricing Supplement, for the purposes of this Condition 5(j) 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 5(j) shall be irrevocable. Where this Condition 5(j) applies, any failure to redeem the Covered Bonds on the Maturity Date or any extension of the maturity of Covered Bonds under this Condition 5(j), 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 Bond Holder 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 5(j), 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 or Pricing Supplement and Condition 4(6) (*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 5(j), subject as otherwise provided for in the applicable Pricing Supplement, 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.

6. 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 with respect to 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 or Coupon by reason of such Holder having some connection with Finland other than the mere holding of such Bearer Covered Bond 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 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 (or, in respect of Swiss Franc Covered Bonds only, the Swiss Paying Agent) on or prior to such due date, it means the first date on which the full amount of such moneys has been so received and notice to that effect shall have been duly given to the Holders of the Covered Bonds of the relevant Series in accordance with Condition 12 (*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 this Condition 6 or any undertaking given in addition thereto or in substitution therefore.

(d) Notwithstanding anything in this Condition 6 (*Taxation*) or in Condition 7 (*Payments*) to the contrary, none of the Issuer, any paying agent or any other person shall be required to pay any additional amounts with respect to any withholding or deduction imposed on or in respect of any Covered Bond pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any treaty, law, regulation, intergovernmental agreement implementing legislation or other official guidance enacted in any jurisdiction implementing FATCA, or any agreement between the Issuer or any other person making payments on behalf of the Issuer and the United States or any authority thereof implementing FATCA.

7. Payments

(1) *Payments—Bearer Covered Bonds*

(a) This Condition 7(1) is applicable in relation to Bearer Covered Bonds.

(b) 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, surrender of the relevant Bearer Covered Bonds to or to the order of any of the Paying Agents.

(c) 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;

(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 of 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.

(d) 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.

(e) Each Definitive Covered Bond initially delivered with Coupons attached thereto should be surrendered for final redemption together with all unmatured Coupons 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.

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

(a) This Condition 7(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 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 7(6)(b), payments of interest 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—Swiss Franc Covered Bonds***

This Condition 7(3) is applicable in relation to Swiss Franc Covered Bonds.

Payment of principal and/or interest shall be made in freely disposable Swiss francs without collection costs in Switzerland to the Holders of the Covered Bonds and/or Holders of the Coupons, without any restrictions, whatever the circumstances may be, irrespective of nationality, domicile or residence of the Holders of the Covered Bonds and/or Holders of the

Coupons and without requiring any certification, affidavit or the fulfilment of any other formality.

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

(4) ***Payments—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.

(5) **Payments – Renminbi Covered Bonds**

(a) This Condition 7(5) is applicable in relation to Renminbi Covered Bonds.

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

(c) Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of Renminbi Covered Bonds when due in Renminbi, the Issuer may settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi amount. Upon the determination that a condition of Inconvertibility, Non-transferability or Illiquidity prevails, the Issuer shall no later than 10:00 a.m. (local time at the applicable CNY Settlement Centre(s)) on the Rate Calculation Date, (i) notify the Calculation Agent and the Paying Agents, and (ii) notify the Holders in accordance with Condition 12 of such determination.

Any payment made in the U.S. Dollar Equivalent of a Renminbi amount under this Condition 7(5) will constitute valid payment, and will not constitute a default in respect of the Renminbi Covered Bonds.

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

For this purpose:

(A) "**Governmental Authority**" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the CNY Settlement Centre(s);

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

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

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

(E) "**PRC**" means the People's Republic of China which, for the purpose of these Terms and Conditions, shall exclude the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

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

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

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

(I) "**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in the CNY Settlement Centre(s); and

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

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

(6) ***Payments — General Provisions***

(a) Save as otherwise specified herein, this Condition 7(6) is applicable in relation to Covered Bonds whether in bearer or in registered form.

(b) Subject to Condition 7(5) (*Payments— Renminbi Covered Bonds*), 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 an 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 6 (*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 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;
- in relation to Finnish Covered Bonds, Helsinki;
- in relation to Covered Bonds denominated in Renminbi, any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the CNY Settlement Centre(s);
- 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;

(ii) "**CNY Settlement Centre**" means the financial centre(s) specified as such in the applicable Final Terms or Pricing Supplement in accordance with applicable laws and regulations. If no CNY Settlement Centre is specified in the relevant Final Terms or Pricing Supplement, the CNY Settlement Centre shall be deemed to be Hong Kong.

(iii) "**Relevant Financial Centre**" means, unless otherwise specified in the Final Terms or Pricing Supplement:

- in relation to Covered Bonds denominated in Australian Dollars, Sydney;
- in relation to Covered Bonds denominated in Canadian Dollars, Toronto;
- in relation to Covered Bonds denominated in Chinese Renminbi, Hong Kong or Beijing as specified in the Final Terms or Pricing Supplement;
- in relation to Covered Bonds denominated in Danish Krone, Copenhagen;
- in relation to Covered Bonds denominated in Hong Kong Dollars, Hong Kong;
- in relation to Covered Bonds denominated in Japanese Yen, Tokyo;
- in relation to Covered Bonds denominated in Polish Zloty, Warsaw;
- in relation to Covered Bonds denominated in Pounds Sterling, London;
- in relation to Covered Bonds denominated in Mexican Pesos, Mexico City;
- in relation to Covered Bonds denominated in New Zealand Dollars, Wellington and Auckland;
- in relation to Covered Bonds denominated in Norwegian Kroner, Oslo;
- in relation to Covered Bonds denominated in Russian Roubles, Moscow;
- in relation to Covered Bonds denominated in South African Rand, Johannesburg;
- in relation to Covered Bonds denominated in Swedish Krona, Stockholm;
- in relation to Covered Bonds denominated in Swiss francs, Zurich;
- in relation to Covered Bonds denominated in United States dollars, New York City; 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 Derivatives Association, Inc. or as specified in the relevant Pricing Supplement.

8. **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 7(1)(e), 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.

9. **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, (v) so long as any Finnish Covered Bonds are cleared through Euroclear Finland, an Issuing Agent with a specified office in Finland, and (vi) in respect of the Swiss Franc Covered Bonds, a Paying Agent having its specified office in Switzerland and at no time maintain a Paying Agent having its specified office outside of Switzerland. 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.

10. **Replacement of Covered Bonds**

If any Covered Bond 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 and Coupons must be surrendered before replacements will be delivered.

11. **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.

12. **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 Pricing Supplement, 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 (12) and will be deemed to have been validly given at the opening of business on the next day on which the Issuer's principal office is open for business.

(d) ***Notices in respect of Swiss Franc Covered Bonds***

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

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

(e) ***Notices in respect of 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.

13. Further Issues

Subject to Condition 5(j) (*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.

14. *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. In addition the Covered Bonds must comply with the CBA. Finnish law and jurisdiction will be applicable with regard to the registration of such Finnish Covered Bonds in Euroclear Finland and the Finnish Covered Bonds must comply with the Finnish Act on the Book-Entry Securities System and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), as amended.

(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 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 of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law. The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Nordea Bank AB, London Branch at its registered address in London from time to time, being presently at 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.

(c) Notwithstanding that, under the Finnish Act on the Book-Entry Securities System and Clearing Activity (*Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 749/2012), 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 14(b), and in this limited respect only, a Registered Holder of Finnish Covered Bonds may therefore not take concurrent Proceedings in Finland.

15. Third Parties Rights

No person shall have any right to enforce any 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.

SUMMARY OF FINNISH LEGISLATION REGARDING COVERED BONDS AND RELEVANT TO MORTGAGE LENDING

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 7 to 28 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 calculating prudential requirements set out in Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) 648/2012 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 or Pricing Supplement.

THE NORDEA GROUP

Overview

The Nordea Group (Nordea Bank AB and its subsidiaries, the "**Nordea Group**" or the "**Group**") is a large financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income, with additional operations in Russia, Estonia, Latvia, Lithuania and Luxembourg, as well as branches in a number of other international locations.

The Nordea Group's parent company, Nordea Bank AB, is a public Swedish limited liability company incorporated under Swedish law. Nordea Bank AB'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 2014, the Nordea Group's assets totalled EUR 669.3 billion and tier 1 capital EUR 25.6 billion. As of the same date, the Nordea Group had approximately 11 million customers across the markets in which it operates, of which approximately 10.2 million are household customers in customer programmes and 0.59 million are corporate and institutional customers.

As of 31 December 2014, the Nordea Group had approximately 700 branch office locations. In addition, the Group has a very large number of telephone and Internet customers.

In addition, the Nordea Group acts as an asset manager within the Nordic region with EUR 262.2 billion in assets under management as per 31 December 2014. The Nordea Group also provides life insurance products.

The Formation of the Nordea Group

The Nordea Group was created through international mergers among four large Nordic financial institutions which gradually resulted in the creation of a single unit. Nordea's predecessors were Nordea Bank Sverige AB (publ) (formerly Nordbanken AB (publ)) in Sweden ("**Nordea Bank Sverige**"), which, on 1 March 2004, merged with the Group's parent company and underwent a change of name to Nordea Bank AB (publ); Nordea Bank Danmark A/S (formerly Unibank A/S) in Denmark ("**Nordea Bank Danmark**"); Nordea Bank Finland Plc (formerly Merita Bank Abp) in Finland ("**Nordea Bank Finland**"); and Nordea Bank Norge ASA (formerly Christiania Bank og Kreditkasse ASA) in Norway ("**Nordea Bank Norge**").

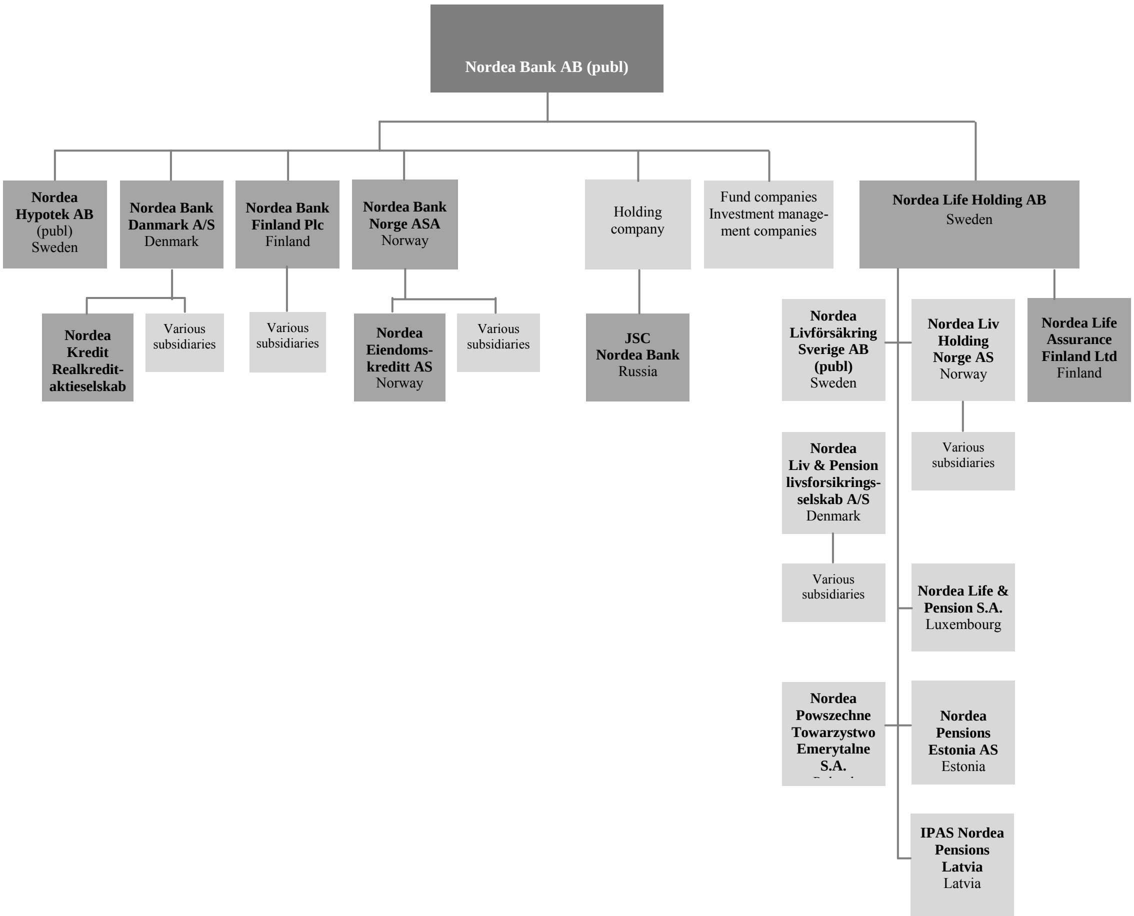
After the Group's parent company had adopted the name Nordea AB (publ) at the end of 2000, the name "Nordea" was gradually introduced within the Group and, by December 2001, the banks and branch offices within the Group had adopted the name Nordea.

Legal Structure

To improve operating capacity, reduce risk exposure and enhance capital efficiency, Nordea's Board of Directors initiated a change in the Group's legal structure in June 2003. The internal restructuring commenced in 2003 when Nordea AB (publ), the parent company of the Nordea Group, acquired Nordea Bank Sverige AB (publ) (Nordea Bank Sweden), Nordea Bank Danmark A/S (Nordea Bank Denmark) and Nordea Bank Norge ASA (Nordea Bank Norway) from Nordea Bank Finland Plc (Nordea Bank Finland). At the same time, Nordea AB (publ) also acquired Nordea North America, Inc. from Nordea Bank Finland. Following these transactions, Nordea AB (publ) was established as a bank and its name was changed to Nordea Bank AB (publ). Thereafter, Nordea Bank Sweden merged with Nordea Bank AB (publ). The merger was registered with the Swedish Patent and Registration Office (currently the Swedish Companies Registration Office) on 1 March 2004.

The Nordea Group aims at continuous simplification of its legal structure and, as regards the Nordic banks, the aim is that Nordea Bank AB (publ) will be converted into a European company. The conversion is conditional on, among other things, Nordea Bank AB obtaining necessary approvals from the relevant authorities. The final regulatory response to the financial crisis is yet to be fully seen and evaluated. Nordea Bank AB is following up and analysing the changes in process which are not expected to be finalised during 2015.

The following chart sets forth the general legal structure of the Nordea Group as of 31 December 2014.



Nordea Bank AB (the parent of the Nordea Group) has foreign branches in Norway, Finland, Denmark, the Baltic countries, Poland, China, Germany and the United Kingdom.

The Nordea Group's Organisation

Overview

The Nordea Group's organisational structure, which was originally implemented in June 2011 and amended in February and July 2013, is built around three main business areas: Retail Banking, Wholesale Banking and Wealth Management. In addition to the business areas, the Nordea Group's organisation includes the following two Group functions: Group Corporate Centre and Group Risk Management.

In the Nordea Group's organisation, all parts of the value chains, namely customer responsibility, support, products, staff and IT development, have been incorporated into the 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, Nordea Bank AB 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. 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.

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 countries. Retail Banking is responsible for segmentation (customer groups) as well as value propositions (customer programmes), cross-border customer strategies and sales processes. To enable more focused household and corporate value propositions and to provide Retail Banking's customers with the best digital customer experience, the Retail Banking organisation was changed in August 2014. The

Retail Banking business is operated through Banking Denmark, Banking Finland & Baltics, Banking Norway, Banking Sweden and Nordea Finance.

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 and institutional customers. Wholesale Banking launched a simplified organisation structure in September 2014. The Wholesale Banking business area includes the business units Corporate & Institutions, which includes the local CIB units, Shipping, Offshore & Oil Services, Segment CIB and International Units, Nordea Markets, Investment Banking, Equities and Transaction Products.

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.

Group Corporate Centre is a Group function providing strategic and financial frameworks and processes as well as professional services and advice within their area of expertise. The business unit Group Operations and Other Lines of Business was moved into Group Corporate Centre as of 1 July 2013. Group Corporate Centre includes Group Finance & Reporting, Group Treasury, Group Capital, Group IT, Group Processes, Group Strategy and Business Control, Group Workplace Management, Investor relations and IT Group Functions.

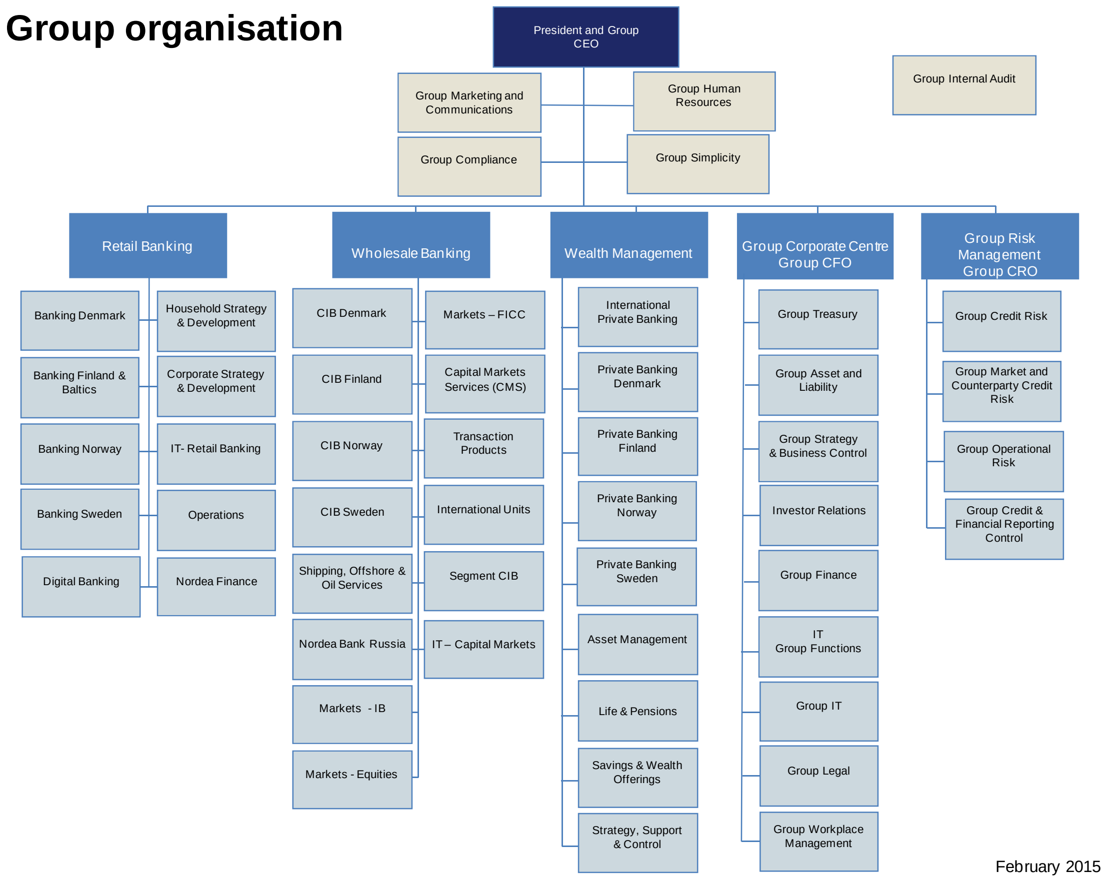
Group Risk Management is a Group function that manages and monitors all aspects of risks, be it credit, market or operational risk. Group Risk Management includes Group Credit Control, Group Credit Risk, Group Legal, Group Market and Counterparty Credit Risk and Group Operational Risk and Compliance.

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. 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 countries. 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 & Baltics, Banking Norway, Banking Sweden, Nordea Finance and Digital Banking.

Within Retail Banking, the Nordea Group operates through a multitude of channels in the household customer segment to ensure that household customers can access the bank when and how it suits them. To cater for the changing customer needs and preferences, the Nordea Group is continuously strengthening its online offerings. The Nordea Group's goal is to build broad and deep relationships with its customers online. The ambition is to create online solutions for those personal and corporate customers who want a full-service solution. In addition, the Nordea Group is working to simplify and digitise the key processes and products. Through the Nordea Group's common customer relationship system, the multitude of channels is integrated so that customer interaction in one channel is simultaneously recorded in all other channels. The Nordea Group divides household customers in each of the Nordic markets into four segments, based on their business with the Nordea Group. The four segments are: Bronze, Silver, Gold and Premium and Private Banking. The core philosophy of this strategy is to provide the best service, advice and product solutions to customers – thus ensuring loyalty, brand value and increasing business and income.

In the Nordic markets, Retail Banking divides its corporate customers further into four segments, based on their business potential and the complexity of their banking needs. The four segments are Small, Medium, Large and Wholesale Banking. For each segment, Nordea have developed a distinct value proposition – including contract policy, service level and product solutions – to provide comprehensive offerings and ensure "house bank" relationships.

Wholesale Banking

Wholesale Banking provides financial solutions to large Nordic and international corporate and institutional customers. The offering includes a diverse range of financing, cash management and payment services, investment banking, capital markets products and securities services. The mission of the Wholesale Banking business area is to provide strong relationship and product offerings to the largest Nordic corporate and institutional customers in Nordea Bank AB. In addition, Nordea Bank Russia became part of Wholesale Banking from 1 February 2013. The business area aims to ensure integration of the value chain from customer units through product, support and IT units.

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

Currently, the Wholesale Banking business area includes the units Corporate & Institutions, which includes the local CIB units, Shipping, Offshore & Oil Services, Segment CIB and International Units, Markets – Equities, FICC and Investment Banking, and Transaction Products.

Corporate & Institutions

Corporate & Institutions is a customer responsible organisation serving the largest corporate and institutional customers. Corporate & Institutions consist of four individual divisions, covering each of the Nordic countries (CIB Denmark, CIB Finland, CIB Norway and CIB Sweden), Segment CIB, Shipping, Offshore & Oil Services and International Units (five branches located in New York, London, Frankfurt, Shanghai and Singapore and two representative offices located in Sao Paolo and Beijing). The CIB divisions serve corporate and institutional customers with strong emphasis on the revised Wholesale Banking Customer Service Model.

In the Wholesale Banking Customer Service Model, the customer units and product units have joint ownership and responsibility for maintaining and developing profitable customer relationships. The customer responsible unit has the overall responsibility for the customer relationship, including customer profitability and credit risk. Product units are responsible for the sales, delivery, profitability and inherent (operational) risks of their products. Corporate & Institutions customers are offered tailored solutions and the full range of financial services by the Nordea Group, such as loans, deposits, cash management services, project finance, export and trade finance, corporate finance and capital markets products. In addition to Nordic corporate and institutional customers, Corporate & Institutions is also responsible for the corporate part of the Nordea Group's international business.

Shipping, Offshore & Oil Services

Shipping, Offshore & Oil Services is the customer unit responsible for serving customers in the shipping, offshore, oil services, and cruise and ferries industries worldwide. Nordea Bank AB believes that the Nordea Group is a leading bank to the global shipping and offshore sector with strong brand recognition and a world-leading loan syndication franchise.

Shipping, Offshore & Oil Services has the following business sub-units: Shipping Europe, Asia and Middle East, Shipping Norway, Global Offshore & Oil Services and Global Syndication. Employees within the sub-units are located in Nordea Bank Norway, Nordea Bank Denmark, Nordea Bank AB (including the branch of Nordea Bank AB in London) and Nordea Bank Finland (including the branches of Nordea Bank Finland in New York and Singapore). The competence centre for Shipping, Offshore & Oil Services is in Oslo, Norway, as part of Nordea Bank Norway.

Nordea Bank Russia

Nordea Bank Russia offers a full range of bank services to corporate and private customers. Corporate customers of Nordea Bank Russia include leading Russian, Scandinavian and international companies operating in Russia. Nordea Bank Russia offers account and cash services, cash management, lending, trade and project finance, leasing and factoring, deposit taking and bank card services. The primary business focus is on large global companies and core Nordic customers. A dominant portion of the business is conducted from the offices in Moscow and St. Petersburg, where a vast majority of the employees is located.

Markets – Equities, FICC and Investment Banking

The Nordea Group runs what it believes is the leading capital markets and investment banking operation in the Nordic region. Capital Markets is responsible for handling trading, research and sales within areas such as foreign exchange, fixed income, equities, structured products, commodities, debt capital markets and corporate finance, offering its products to all Nordea customer segments.

Capital Markets is a customer driven franchise where the trading activities are driven by the management of the risk inherent in customer transactions, with no proprietary trading. Capital Markets consist of three main divisions: Fixed Income, Currency & Commodities ("FICC"), Investment Banking and Equity located primarily in the Nordic capitals. Markets FICC offers risk management products but also intermediation of credit and capital through, among other things, repos and securities lending. Debt Capital Markets within Markets Investment Banking offers advisory services in relation to intermediation of credit and capital but does not have an independent access to allocation of capital.

Transaction Products

Transaction Products consists of three main areas, namely Cash Management, Trade Finance and Financial Anti-Crime. Cash Management offers payment solutions and cash pool services. Trade Finance assists exporting and importing customers with payment, financing and risk management services through, among other things, guarantees, documentary credits and collections. The main objective of Financial Anti-Crime is to operate an efficient support organisation against financial crime.

Wealth Management

Wealth Management provides investment, savings and risk management products, manages the Nordea Group's customers' assets and advises affluent and high-net-worth individuals as well as institutional investors on their financial situation. The goal of Wealth Management is to become the leading wealth manager in the Nordic region, with global reach and global capabilities and will do so by ensuring that it provides its customers with high-quality advice, a high standard of service and a broad and deep offering of high-quality products through a cost and capital-efficient model. The business area consists of three primary areas, Asset Management, Life & Pensions and Private Banking, as well as Saving & Wealth Offerings that is responsible for the savings product offering to all of the Nordea Group's and the support unit Strategy, Support & Control.

Asset Management is responsible for investment management and investment funds within the Nordea Group and also for serving institutional clients and third-party distributors with investment products. The products are delivered to both household customers and corporate customers, including institutional clients. The product range comprises investment funds and discretionary mandates within all asset classes but with the majority within equity, fixed income and balanced products.

Life & Pensions provides life insurance, pension products and services for both individuals and corporate segments and operates in 10 countries in Europe. The operations are conducted in legal entities wholly owned by Nordea Life Holding AB while the customers are served through banking branches, Life & Pensions' own sales force or via tied agents, brokers and to a small extent other financial institutions.

Private Banking advises wealthier customers of Nordea Group on all aspects of their financial situation. The Nordea Group operates its Private Banking business through an integrated model with Retail Banking. In addition to its Nordic Private Banking operations, the Nordea Group engages in international Private Banking operations that are targeted to both customers of a Nordic origin domiciled outside the Nordic region and international customers of non-Nordic origin.

Savings & Wealth Offerings is responsible for the savings product offering to all of the Nordea Group's segments including asset allocation, portfolio planning, equity trading and sales support to distribution. Strategy, Support and Control manages and aligns business support functions for all Wealth Management's units.

Group Risk Management and Group Corporate Centre

Within the Nordea Group, two units, Group Risk Management and Group Corporate Centre, are responsible for risk, capital, liquidity and balance sheet management.

Group Corporate Centre

Group Corporate Centre is responsible for delivering selected fundamental building blocks required for the banking activities within each of the Nordea Group's business areas. Group Corporate Centre aims to ensure that Nordea Bank AB operates with an adequate strategy and portfolio composition. Group Corporate Centre is also responsible for the measurement and analysis relating to performance as well as capital and liquidity management of the Nordea Group. Group Corporate Centre directly contributes to the Nordea Group's results by providing capital and funding, proprietary trading and tax optimisation. In addition, Group Corporate Centre is responsible for securing adequate processes relating to financial reporting.

Group Risk Management

Group Risk Management manages and monitors all aspects of risk, be it credit, market or operational risk. Group Risk Management develops risk models, credit policies, credit processes and IT tools that support business areas and other business units within the Nordea Group together with efficient processes and prudent risk management. See also "*Risk Management—Management Principles and Control*."

Strategy

The Nordea Group is a universal banking group with a relationship strategy centered on its customers and advisory capabilities. The Nordea Group's strategic direction is primarily driven by, and reflective of, the needs of its customers and the challenging macroeconomic and regulatory environment in which the Nordea Group and its customers operate. The Nordea Group strives to provide excellent customer experiences and holistic financial solutions in a low-risk, efficient and diversified manner. In operational terms, during the past four years, the Nordea Group has had a clear focus on constantly improving its cost and capital efficiency in order to maintain a sustainable operating model, secure competitive offerings and remain a solid banking institution. By servicing the customers and fine-tuning its business, Nordea Bank AB believes that the Nordea Group can continue to be able to lend to the real economy, while maintaining access to funding at competitive price levels and delivering on its return on equity target. In order to continue to evolve its banking model, the Nordea Group will maintain its focus on five main areas:

- ***balanced customer focus***, building on a customer-centric organisational design, in which Nordea strive to deliver the right products are delivered in the right manner at the right price.
- ***people focus***, clear values and principles are reflected in the objectives and incentives that are set within the Nordea Group, and how managers lead, develop and support people; values and leadership are the strongest drivers of performance and corporate culture.
- ***value chain optimisation***, the Nordea Group's three main business areas' value chains are designed to support the focused relationship strategy and Nordea Bank AB believes that having one operating model and business area ownership of the end-to-end value chain ensures a comprehensive view, accountability and congruity, and it also safeguards operational efficiency by improving the quality of customer relationships, increasing the time spent with customers and reducing the time required to bring new products and services to market.
- ***simplification***, to deliver great customer experiences in the face of digitisation, changing customer behavior and increased operational regulations, Nordea Bank AB believes that the Nordea Group will need to become more agile and realise the full potential of scale while ensuring continued resilience; to do so, the Nordea Group will continue to adopt and develop best practices and strive for transparency and reduced complexity in products and processes; to achieve these goals the Nordea Group has launched a programme and investments to make the transition to a new core banking platform, a new payment platform, and a Group common data warehouse.
- ***trust and responsibility***, continued focus on compliance, and emphasis on implementing new rules and regulation quickly, and thereby making it possible to capture the benefits of the

compliance-related investments, also in the form of a deeper understanding of the Nordea Group's customers and risks.

This focused relationship strategy provides the basis for reaching the Nordea Group's financial target, as further discussed below. Nordea Bank AB believes that the Nordea Group's relationship strategy and leading market positions have created and continue to create significant value for all stakeholders. This has been achieved by focusing efforts on customers' needs in a cost-efficient manner, managing the capital base and continuing to focus on low-risk profile and low earnings volatility. The needs of customers and the Nordea Group's relationship strategy are the starting point for its return on equity target of 13 per cent. at the required CET1 capital ratio, taking prevailing low interest rates into account.

At its annual Capital Markets Day on 27 May 2015, the Nordea Group confirmed that the following financial targets for 2016-2018 had been decided upon by Nordea's Board of Directors: (a) less than 1 per cent. average annual cost increase; (b) a dividend payout ratio of at least 75 per cent.; (c) a return on equity above the Nordic peer average; (d) risk exposure amount to be largely unchanged; and (e) a capital policy that states that the CET1 capital ratio should include a management buffer of 50-150 bps above the regulatory requirement. This is in total expected to imply an annual total dividend growth of more than 10 per cent.

The above financial targets are based on currently known regulatory requirements. The average annual cost increase target excludes any impact of foreign exchange rates and performance related salaries and are also based on a cost base of approximately EUR 4.7 billion in 2015 of which approximately EUR 100 million relates to an unexpected increase in performance related salaries and further costs to meet regulatory requirements in 2015. The target on return on equity is weighted to reflect Nordea's Nordic geographical mix.

Capital Policy

The Nordea Group's current capital policy states that Nordea Group under normal business conditions should have minimum targets for CET1 capital ratio, tier 1 ratio and total capital ratio that exceeds the capital requirements received from the Swedish FSA. In addition, Nordea will hold a minimum management buffer of 0.5 per cent. of the CET1 capital ratio. Nordea's current view is that the Nordea Group should operate with a CET1 capital ratio of approximately 15 per cent., including a management buffer. The ambition regarding dividends is to increase the dividend payout ratio for 2014 and 2015, while maintaining a strong capital base. The long-term target is to be decided once the regulatory regime is clarified.

Key Initiatives and Levers

In order to generate income growth, several key initiatives have been identified, and are being executed, within the Nordea Group. Initiatives, which include repricing of the existing lending stock in all segments, focus on cross-selling with the goal of providing additional services to customers and increasing ancillary income. The Nordea Group is also, as part of the relationship strategy, constantly focusing on acquiring additional relationship customers. Nordea Bank AB believes that the new low-growth environment has accelerated the need for strict cost discipline in order for the Nordea Group to remain competitive in servicing its customers. Nordea Bank AB aims to achieve this by increased efficiency and focus on simplification of the Nordea Group's processes and infrastructure. To this end, the physical distribution is being streamlined, re-directing standardised banking transactions to online/mobile channels and optimising the advisory offering in the branches. Further, initiatives to increase operational efficiency through centralisation of support functions, automation of processes and transformation of premises are worked into the efficiency plan. In parallel, a significant change agenda is ongoing to streamline and simplify the Nordea Group's IT legacy systems and to enhance, among other things, the digitisation of customer documentation.

In total, cost savings initiatives are expected to generate gross savings of approximately EUR 900 million. These savings will enable the Nordea Group to invest in mandatory regulatory projects and IT infrastructure as well as in customer related areas, and assist in the Nordea Group obtaining a target cost level in 2015 that is 5 per cent. lower than costs in 2013. To continue servicing its customers' need for financing, Nordea Bank AB believes the Nordea Group will need to operate in a more capital-efficient manner. The Nordea Group will work with its customers to ensure that the most capital-efficient solutions are chosen. This involves optimising the maturity of loans, agreeing on collaterals and choosing off-balance sheet solutions when appropriate. Housekeeping activities (such as correctly registered collaterals), portfolio reviews and development of more advanced risk models, are expected to provide further relief. In total, the capital efficiency initiatives are estimated to reduce the Nordea Group's REA by approximately EUR 4.2 billion in 2015 (a gross REA reduction of EUR 22.6 billion was recorded in 2014).

Simplification

Nordea Bank AB believes that the rapid change in customer preferences towards using online and mobile solutions, as well as the increasing operational regulation, is transforming the banking industry. To enable development of even more personalised and convenient services to the customers in the future, the Nordea Group is currently simplifying parts of its operations. In line with this strategy, the Nordea Group will build new core banking and payment platforms and a Group common data warehouse, with the aim of significantly increasing agility, scale benefit and resilience.

Digitalisation as a Main Driver

Digitalisation is one of the main drivers for change in banking as well as in many other industries. Customer preferences and expectation on accessibility, easiness and personalisation are key reasons behind this development. The Nordea Group has seen customer demand for mobile solutions rapidly increase. For example, the total number of mobile logons amounted to 263 million and net bank logons to 352 million in 2014.

Business Transformation

The simplification programme is also a process of business transformation with several activities in all areas of the organisation, and will consist of three main parts. The first one is initial simplification, which focuses on cleaning up the Nordea Group's product portfolio and customer data. The Nordea Group had, by the end of 2014, closed approximately 37 per cent. of its account and transaction products. Many of the products were old products that very few customers had or products with many small variations that could be replaced by better or similar products. The second part of the programme is to focus all development activities towards supporting simplification, and the third area is to build up new core platforms for the Nordea Group's operations.

Building Up New Banking Platforms

The initial simplification, which is about reducing the complexity in the bank and thereby making the organisation ready for the next step, namely building up new banking platforms. The new platforms will consist of:

- a new core banking platform, for customer information, loans and deposits for all business areas;
- a new payment platform for domestic, international and SEPA (Single European Payments Area) payments for all business areas; and
- a Group common data warehouse that consolidates the existing data warehouses into one.

The simplification programme will be implemented gradually with ongoing deliveries over the next four to five years. The new platforms are implemented starting from 2015 with the first deliveries in the payments area, continuing to the core banking platform. The investments in new platforms are expected to result in an increase in the average annual IT investments of approximately 30 per cent. to 35 per cent. over the coming four to five years. In 2014, the Nordea Group recorded a charge of EUR 344 million related to the replacement of some of the Nordea Group's current IT systems in connection with the introduction of the new platforms.

Household and Corporate Relationships

The Nordea Group's relationship strategies are divided into a household relationship strategy and a corporate relationship strategy.

Household Relationship Strategy

Household customers are divided into four segments based on their business with the Nordea Group. For each segment, the Nordea Group has developed a value proposition, including contact policy, service level, pricing and product solutions. The core philosophy of this strategy is to provide the best service, advice and product solutions to customers and thereby to ensure loyalty, brand value and increase business and income. The Nordea Group's household pricing is transparent and generally non-negotiable. Nordea Bank AB believes that the Nordea Group has a broad and competitive product range and strong distribution power. Product development is geared at reducing complexity and developing products with a low capital requirement in order to meet both the demands of customers and regulatory requirements. The Nordea Group's savings product offering is designed to take account of customers' wealth, their level of involvement, stage of life and risk appetite.

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

Corporate Relationship Strategy

Corporate customers comprise four segments based on their business potential and the complexity of their banking needs. For each segment, the Nordea Group has developed a value proposition including contact policy, service level and product solutions to provide comprehensive financial solutions and ensure "house bank" relationships. Relationship managers take a holistic view of the customer's situation and targets and organise the relationship accordingly. Nordea Bank AB believes that the Nordea Group's strength and size as a banking group enable it to offer highly competitive solutions to the benefit of corporate customers. Nordea Bank AB believes that its strategy for the largest corporate customers has proven robust during the ongoing transformation of the banking industry. The Nordea Group is committed to its goal of becoming the leading bank in the wholesale segment in all its Nordic markets.

Capital Adequacy

The Nordea Group uses a variety of capital measurements and capital ratios to manage its capital. The Nordea Group calculates its regulatory capital requirements under the CRD IV framework.

The Nordea Group is approved by the financial supervisory authorities to use the internal ratings-based ("**IRB**") approach when calculating the capital requirements for the main part of its credit portfolio. The Nordea Group uses the Advanced IRB approach for the corporate exposure classes, the Foundational IRB approach for institutional customers and the Retail IRB approach for the retail exposure classes in the main banks and the mortgage companies in Denmark, Finland, Norway and Sweden. Furthermore, the Nordea Group is approved to use the Foundational IRB approach for the corporate and institutions exposure classes in the finance companies in Denmark, Finland, Norway and Sweden, as well as in Nordea Bank Russia, the Baltic branches in Estonia, Latvia and Lithuania and the International Units. In addition, the Nordea Group is approved to use the Retail IRB approach for retail exposure classes in Nordea Finance Finland. Other legal entities and exposure classes are reported according to the standardised approach. Acquisitions of new portfolios are treated under the standardised approach until they are approved for the IRB approach by the relevant financial supervisory authority.

Nordea Bank AB aims to continue the roll-out of the IRB approaches. The Nordea Group is also approved to use its own internal VaR models to calculate capital requirements for the major parts of the market risk in the trading books. For operational risk, the standardised approach is applied.

The Nordea Group's current capital policy states that Nordea Group under normal business conditions should have minimum targets for CET1 capital ratio, tier 1 ratio and total capital ratio that exceeds the capital requirements received from the Swedish FSA. In addition, Nordea will hold a minimum management buffer of 0.5 per cent. of the CET1 capital ratio. Nordea's current view is that the Nordea Group should operate with a CET1 capital ratio of approximately 15 per cent., including a management buffer. The ambition regarding dividends is to increase the dividend payout ratio for 2014 and 2015, while maintaining a strong capital base. The long-term target is to be decided once the regulatory regime is clarified.

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

As of 31 December 2014, the Nordea Group's CET1 capital, tier 1 capital and own funds exceeded the regulatory minimum requirements outlined in the CRD IV. Considering results of capital adequacy stress testing, capital forecasting and growth expectations, the Nordea Group assesses that the buffers held for current regulatory capital purposes are sufficient.

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

The Nordea Group uses a "pillar 1 plus pillar 2" approach in order to assess the internal capital requirement. This methodology uses the pillar 1 capital requirement for credit risk, market risk and operational risk as outlined in the CRD IV as the starting point for its risk assessment. For these risks, the risk is measured using only models and processes approved by the financial supervisory authorities for use in the calculation of legal capital requirements. Following this, pillar 2 risks, that is, risks not included in pillar 1, are considered. Pillar 2 risks include interest rate risk in the banking book, risk in the Nordea Group's internal defined benefit plans, real estate risk and concentration risk. The Nordea Group uses its capital models to define the capital requirement for each of these risks.

The Nordea Group uses its economic capital framework to identify and assess pillar 2 risks, and as its primary tool for internal capital allocation considering all risk types. Another important component of assessing capital adequacy is stress testing. The Nordea Group stress tests both pillar 1 and pillar 2 risks and considers the results of such tests when determining the Nordea Group's internal capital requirements. The Nordea Group uses its existing internal capital measurements as the basis for any additional capital buffers, subject to the judgment of the aforementioned third parties.

NORDEA BANK FINLAND PLC

Operational overview

Nordea Bank 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 Bank 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 Bank Finland is a wholly-owned subsidiary of Nordea Bank AB. Nordea Bank Finland was incorporated on 2 January 2002 in accordance with Finnish law. Nordea Bank Finland has its registered office in Helsinki, Finland and is a company with limited liability pursuant to the Finnish Companies Act (*Osakeyhtiölaki*) and holds a licence to conduct banking operations in accordance with the Credit Institutions Act (*Laki luottolaitostoiminnasta*). Nordea Bank Finland's business is supervised by the European Central Bank and its national competent authority is the FIN-FSA All the operations of Nordea Bank Finland are integrated into the operations of the Nordea Group. Nordea Bank Finland is subject to substantial regulation in all markets in which it operates. Nordea Bank Finland is registered in the trade register with business identity code 1680235-8. Nordea Bank Finland has its head office in Helsinki at the following address: Aleksanterinkatu 36 B, 00100 Helsinki, Finland (telephone number +358 9 1651).

Nordea Bank Finland holds a license from the FIN-FSA to issue covered bonds in accordance with the CBA.

Nordea Bank Finland has subsidiaries in Finland and abroad. The most significant subsidiary is Nordea Finance Finland Ltd.

Share Capital

According to article 5 of its Articles of Association, the number of shares in Nordea Bank Finland shall be not less than 500,000,000 and not more than 2,000,000,000. As of the date of this Base Prospectus, Nordea Bank Finland's share capital is EUR 2,319,300,000 consisting of 1,030,800,000 ordinary shares with a carrying amount of EUR 2.25.

Board of Directors

At the date of this Base Prospectus, Nordea Bank Finland's Board of Directors consists of the following members:

Torsten Hagen Jørgensen, chairman

Casper von Koskull, vice chairman

Carl-Johan Granvik

Gunn Waersted

All Board members, except for Carl-Johan Granvik, are employed by the Nordea Group:

Name	Year of birth/ Member since	Position
Torsten Hagen Jørgensen	1965/2013	Executive Vice President, CFO and Head of Group Corporate Centre
Casper von Koskull	1960/2010	Executive Vice President and Head of Wholesale Banking
Carl-Johan Granvik	1949/2012	Former positions in Nordea Group: President and Country Senior Executive of Nordea Bank Finland Plc and Chief Risk Officer and Executive Vice President

Name	Year of birth/ Member since	Position
Gunn Wærsted	1955/2010	Executive Vice President, CEO in Nordea Bank Norge, Head of Wealth Management and Country Senior Executive in Norway

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

Casper von Koskull has been Executive Vice President and a member of Group Executive Management since 2010 and Head of Wholesale Banking since 2011. Mr. von Koskull joined the Nordea Group in 2010 and was Head of Corporate Merchant Banking & Capital Markets from 2010 to 2011. As of the date of this Base Prospectus, Mr. von Koskull is a member of the International Chamber of Commerce ICC Finland.

Carl-Johan Granvik is not employed by the Nordea Group. Former positions in the Nordea Group: President and Country Senior Executive of Nordea Bank Finland and Chief Risk Officer and Executive Vice President. As of the date of this Base Prospectus Mr. Granvik is Chairman of the Board of Technopolis plc, Julius Stjernvalls Donationsfond, William Thurings Foundation and also Emilie and Rudolf Gesellius fund. Mr. Granvik is the Chairman of the Investment Committee of Sponsor fund II Ky. Mr. Granvik is a member of Kelonia Ab plc, Kelonia Placerings Ab plc and Sigrid Juselius Foundation. Mr. Granvik is a member of the Investment Committee of Forum Fastighets Kb. Mr. Granvik is a Supervisory Board member of the Foundation Svenska Handelshögskolan.

Gunn Wærsted has been Executive Vice President, Country Senior Executive in Norway and a member of Group Executive Management since 2007, and Head of Wealth Management since 2011. Ms. Wærsted was Head of Shipping, Private Banking & Savings Products from 2010 to 2011. As of the date of this Base Prospectus, Ms. Wærsted is a member of the Board of Directors of Petoro A/S, Finance Norway (FNO), a member of the Nomination Committee of Schibsted ASA and a member of the Council of Det Norske Veritas (DNV).

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 Bank Finland, no potential conflicts of interest exist between any duties to Nordea Bank 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 Bank 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, 2012, 2013 and 2014 were KPMG Oy Ab of Töölönlahdenkatu 3 A, FI-00100 Helsinki, Finland. Marcus Tötterman was the auditor-in-charge. The Annual General Meeting of the Issuer held on 9 March 2015 approved the election of PricewaterhouseCoopers Oy of Itämerentori 2, FI-00180 Helsinki, Finland as the auditors of the Issuer for 2015. Juha Wahlroos is the auditor-in-charge. PricewaterhouseCoopers Oy and KPMG Oy Ab are members of the Finnish Institute of Authorised Public Accountants.

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. Neither Nordea Bank Finland 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 Nordea Bank Finland is aware of) during the last 12 months that may have, or have had, recent significant effects on Nordea Bank Finland's or the Nordea Group's financial position or profitability.

Dividends

Nordea Bank Finland's annual shareholder general meeting has approved, and Nordea Bank Finland has paid, the following dividends in the last five years:

2014: total dividend payment of EUR 750 million;

2013: total dividend payment of EUR 625 million;

2012: total dividend payment of EUR 3.5 billion;

2011: total dividend payment of EUR 700 million; and

2010: total dividend payment of EUR 600 million.

Articles of Association

The objects of Nordea Bank Finland can be found in article 2 of its Articles of Association. The objects of Nordea Bank Finland are to engage in such deposit banking business as defined in the Credit Institutions Act, offer such investment services as prescribed in Chapter 1, §11 of the Act on Investment Services, and to engage in mortgage credit bank operations, as defined in the Act on mortgage credit bank operations. In its capacity as Group parent company, Nordea Bank Finland also attends to and answers for the centralised functions of the credit and financial institutions and other companies belonging to its group, such as group administration, steering, supervision and risk management.

The Articles of Association were last amended on 28 January 2013.

Material Contracts

There are no material contracts having been entered into outside the ordinary course of Nordea Bank Finland's business and which could result in any Nordea Group member being under an obligation or entitlement that is material to Nordea Bank Finland's ability to meet its obligation to Noteolders in respect of the Notes being issued.

Corporate governance

All the operations of Nordea Bank 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.

Funding

Nordea Bank 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 certificates of deposit and commercial papers issued by the Nordea Bank Finland branch in New York. Long-term funding mainly takes place through issuance of structured notes under Nordea Bank Finland's Structured Note Programme and Nordea Bank Finland's EMTN and Covered Bond Programme. Nordea Bank Finland issued its inaugural covered bond under the revised Finnish covered bond legislation in November 2010. Nordea Bank Finland had outstanding subordinated debenture loans of EUR 0.6 billion at the end of 2014.

The loan portfolio

Nordea Bank 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 Bank 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 Bank Finland's customers in Finland choose interest rates for interest periods of up to 12 months where the interest base is EURIBOR. Nordea Bank Finland's share of the Finnish mortgage market amounted to 30.53 per cent. at the end of the first quarter of 2015.

THE FINNISH HOUSING MORTGAGE MARKET

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.[1] 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 State Treasury of Finland supervises lenders' guarantee operations. A borrower is liable to pay a premium of 1.5 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

[1] Nordea Bank Finland no longer offers interest rates determined as a variable margin over 1-month EURIBOR interest rates to new customers.

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 State Treasury 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 State Treasury 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. As at 31 December 2014, aggregate outstanding loans from mortgage lenders secured on Finnish residential properties totalled approximately €89,718,000 and the principal lenders in the Finnish mortgage market (housing loans) at year-end 2014 were:

- OP-Pohjola Group (which has a market share of approximately 38.1 per cent.);
- Nordea (which has a market share of approximately 30.4 per cent.);
- Danske Bank (which has a market share of approximately 11.9 per cent.); and
- other banks (which have a market share of approximately 19.6 per cent.).

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 "*Summary of Finnish Legislation Regarding Covered Bonds and Relevant to Mortgage Lending*".

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. Mortgage certificates are either physical documents or electronic records in the register of title and mortgages. 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 National Land Survey of Finland (*maanmittauslaitos*) by the owner of the pledged property (or the pledgee, authorised by the owner). The National Land Survey registers the mortgage in the register of title and mortgages and prepares a mortgage certificate, which is then delivered or assigned directly to the pledgee.

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 disbursed 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* 610/2014), 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 European Central Bank pursuant to the Finnish Act on Credit Institutions.

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. Notwithstanding this, the European Central Bank shall have the responsibilities in relation to the tasks defined in Chapters 3 and 6 through 11 of the Act on Credit Institutions for the supervision of the credit institutions which have been conferred to the European Central Bank pursuant to Council Regulation (EU) no 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (such credit institutions including (without limitation) the Issuer). 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 the Finnish Credit Institutions 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, 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 (*Kuluttajansuojalaki* 38/1978), as amended, all consumer credit agreements (*kuluttajaluottosopimus*) 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 12 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 Finnish Competition and Consumer Authority 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, this deduction right has been cut to 50 per cent. of the amount of interests paid as of 2018. The deductible part of the interests is, however, 65 per cent. in 2015, 60 per cent. in 2016 and 55 per cent. in 2017. 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 2.0 per cent. for transfers of shares. The transfer tax base includes also the debts of housing companies in addition to 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 30,000, the tax rate is 33 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 2014, 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* 610/2014), 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.

Selected income statement information

	Group	
	Year ended 31 December	
	2013	2014
	EUR millions	
Operating income		
Interest income	1,849	1,806
Interest expense	-666	-617
Net interest income	**1,183**	**1,189**
Fee and commission income	759	794
Fee and commission expense	-872	-719
Net fee and commission income	**-113**	**75**
Net result from items at fair value	1,114	970
Profit from companies accounted for under the equity method	8	3
Other operating income	32	41
Total operating income	**2,224**	**2,278**
Operating expenses		
General administrative expenses:		
Staff costs	-553	-559
Other expenses	-466	-433
Depreciation, amortisation and impairment charges of tangible and intangible assets	-40	-92
Total operating expenses	**-1,059**	**-1,084**
Profit before loan losses	**1,165**	**1,194**
Net loan losses	-53	-60
Impairment of securities held as financial non-current assets	1	-
Operating profit	**1,113**	**1,134**
Income tax expense	-285	-232
Net profit for the year	**828**	**902**
Attributable to:		
Shareholders of Nordea Bank Finland Plc	828	902
Non-controlling interests	-	-
Total	**828**	**902**

Selected balance sheet information

	Group	
	31 Dec 2013	**31 Dec 2014**
	EUR millions	
Assets		
Cash and balances with central banks	30,904	28,846
Loans to central banks	657	300
Loans to credit institutions	35,110	35,051
Loans to the public	113,779	113,748
Interest-bearing securities	34,246	34.643
Financial instruments pledged as collateral	9,739	11,058
Shares	680	1,918
Derivatives	70,234	105,254
Fair value changes of the hedged items in portfolio hedge of interest rate risk	58	76
Investments in associated undertakings	59	39
Intangible assets	100	47
Property and equipment	94	84
Investment property	113	2
Deferred tax assets	5	43
Current tax assets	1	0
Retirement benefit assets	133	25
Other assets	8,277	14,624
Prepaid expenses and accrued income	572	440
Total assets	**304,761**	**346,198**
Liabilities		
Deposits by credit institutions	79,426	87.368
Deposits and borrowings from the public	80,909	76,879
Debt securities in issue	47,130	48,472
Derivatives	67,109	102,876
Fair value changes of the hedged items in portfolio hedge of interest rate risk	369	773
Current tax liabilities	8	41
Other liabilities	18,855	18,577
Accrued expenses and prepaid income	866	804
Deferred tax liabilities	53	57
Provisions	72	85
Retirement benefit liabilities	21	28
Subordinated liabilities	429	620
Total liabilities	**295,247**	**336,580**
Equity		
Non-controlling interests	1	-
Share capital	2,319	2,319
Share premium reserve	599	599
Other reserves	2,875	2,824
Retained earnings	3,720	3,876
Total equity	**9,514**	**9,618**
Total liabilities and equity	**304,761**	**346,198**
Assets pledged as security for own liabilities	35,061	43,426
Other assets pledged	4,393	5,017
Contingent liabilities	15,836	14,906
Credit commitments	15,882	16,021
Other commitments	721	769

Selected cash flow information

	Group	
	Year ended 31 December	
	2013	2014
	EUR millions	
Operating activities		
Operating profit	1,079	1,164
Operating profit for the period from transferred Baltic operations	34	-30
Adjustments for items not included in cash flow	658	891
Income taxes paid	-282	-218
Cash flow from operating activities before changes in operating assets and liabilities	**1,489**	**1,807**
Changes in operating assets		
Change in loans to central banks	-40	3,378
Change in loans to credit institutions	2,784	-3,662
Change in loans to the public	-13,375	714
Change in interest-bearing securities	1,634	-5,827
Change in financial assets pledged as collateral	-1,661	-1,319
Change in shares	184	-1.243
Change in derivatives, net	-2,067	1,136
Change in investment properties	-9	8
Change in other assets	2,046	-8,009
Changes in operating liabilities		
Change in deposits by credit institutions	6,635	6,876
Change in deposits and borrowings from the public	11,051	-5,042
Change in debt securities in issue	-1,152	-565
Change in other liabilities	-1,833	228
Cash flow from operating activities	**5,686**	**-11,520**
Investing activities		
Acquisition of business operations	0	-
Sale of business operations	1	9
Dividends from associated companies	27	17
Acquisition of associated undertakings	-2	-
Sale of associated undertakings	2	5
Acquisition of property and equipment	-59	-53
Sale of property and equipment	13	6
Acquisition of intangible assets	-11	-21
Sale of intangible assets	0	1
Net of investments in debt securities, held to maturity	114	2,183
Purchase/sale of other financial fixed assets	-	2
Cash flow from investing activities	**85**	**2,149**
Financing activities		
Issued subordinated liabilities	-	191
Amortised subordinated liabilities	-27	-
Dividend paid	-627	-750
Other changes	39	-34
Cash flow from financing activities	**-615**	**-593**
Cash flow for the year	**5,156**	**-9,964**
Cash and cash equivalents at the beginning of year	32,859	36,324
Translation differences	1,691	-3,354
Cash and cash equivalents at the end of year	36,324	29,714
Change	**5,156**	**-9,964**

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

Interest on Notes issued by Nordea Bank Finland to the public in Finland constitutes income pursuant to the act on withholding tax for interest income (*Laki korkotulon lähdeverosta 1341/1990*, as amended) for physical persons that are resident in Finland for tax purposes and for Finnish estates of deceased persons. The withholding tax on interest income is at present 30 per cent. According to the act on withholding tax for interest income, index-linked yield is generally treated as interest income.

Where Notes are sold by a Finnish physical person or Finnish estate of deceased person prior to the due date, any capital gains and payment of accrued interest (Fi. *jälkimarkkinahyvitys*) is taxed in at the tax rate applicable to capital income (30 – 33 per cent.). Correspondingly, the subscriber is generally entitled to deduct the paid accrued interest from the taxable income of the year of subscription. Capital gains arising from a sale of assets are, however, exempted from tax if the total amount of the sales prices of the assets sold by the note holder does not exceed EUR 1,000 in a tax year. Capital losses arising from the transfer of notes are deductible only from capital gains arising from the sale of assets in the same year or during the following five years. The capital losses will not, however, be tax deductible if the total amount of the acquisition prices of the assets sold by the note holder does not exceed EUR 1,000 in a tax year.

If the recipient of the interest paid on the Notes is a corporation further defined in Income Tax Act (*Tuloverolaki 1535/1992*, as amended) residing in Finland for tax purposes, such interest is subject to taxation either as income from business activities (business income source) or from passive assets (other income source) of the recipient corporation. Taxable income of a Finnish corporation is determined separately for business activities and other activities, both of which are taxed at a flat rate of 20 per cent.

Where Notes are sold by a Finnish resident corporation, any sales price is included either in the income from business activities or income from passive assets of the Finnish resident corporation. The acquisition cost of the Notes sold is deductible either from business or other income depending on which assets the Notes belonged to at the time the Notes were sold. In general, a capital loss arising from the transfer of Notes attributable to business activities is deductible from business income. A loss of business activities can be carried forward for ten tax years. Capital losses attributable to other income can only be offset against capital gains arising from the transfer of passive assets and can be carried forward only for five tax years.

Payments of interest in accordance with the Terms and Conditions are not subject to withholding tax in Finland provided that the recipient is not resident in Finland for tax purposes, unless the Notes relate to business carried on in Finland (through a permanent establishment in Finland). The payer is obliged to ascertain that the recipient is a not resident in Finland for tax purposes. The recipient is obliged to disclose his non-resident investor status to the payer. If a recipient fails to provide such information, the Issuer will be entitled to withhold or deduct amounts from a payment in respect of the Notes, if it is required to do so under Finnish law and the Issuer will not be required to pay the recipient any additional amounts. Investors that are not resident in Finland for tax purposes are, furthermore, not subject to Finnish tax on capital gains arising from the transfer of Notes, unless the transfer relates to business carried on in Finland through a permanent establishment.

The Holders are advised to consult their own tax advisers concerning their tax reporting obligations and the overall tax consequences of their ownership of the Notes.

European Union Directive on the Taxation of Savings Income

Under EU Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of certain payments of interest or other similar income paid or secured by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity (called "**Residual Entities**" within the meaning of article 4.2 of the EU Savings Directive) established in that other Member State. However, for a transitional period, Austria may instead (unless during that period it elects otherwise) apply 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 to the EU Savings Directive.

The Council of the European Union formally adopted a Council Directive amending the EU Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described in the first paragraph of this section above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and such legislation is required to apply from 1 January 2017. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or secured for, certain other entities and legal arrangements (including certain trusts) and may apply in some cases where the person, entity or arrangement is established or effectively managed outside of the European Union. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

The European Commission has published a proposal to repeal the EU Savings Directive from 1 January 2016 (subject to transitional arrangements so that certain obligations under the EU Savings Directive will continue to apply until 5 October 2016 and 31 December 2016 (and 30 June 2017 in the case of Austria), or until those obligations have been fulfilled) to prevent overlap with Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Information gathering and sharing

In addition, tax authorities in various jurisdictions have their own information gathering and sharing powers which may be applicable, in addition to those described above.

Swiss Taxation

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

Swiss Federal Withholding Tax

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

On 17 December 2014, the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35 per cent. on any payment of interest in respect of a debt security to an individual resident in Switzerland or to a person resident outside of Switzerland.

EU Savings Directive

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

Final Foreign Withholding Taxes

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

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 Danmark 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 15 June 2015 (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.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the "**Corporations Act**")) in relation to the Notes or the Programme has been, or will be, lodged with or registered by the Australian Securities & Investments Commissions ("**ASIC**") or any other regulatory authority in Australia.

Each Dealer has represented and agreed that it:

(a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of, any Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive offering memorandum, advertisement or other offering material relating to the Programme or any sale of Notes in Australia,

unless:

1. the aggregate consideration payable by each offeree or invitee is at least AUD 500,000 (or equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act and complies with the terms of any authority granted under the Banking Act of 1959 of Australia;

2. the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;

3. such action complies with all applicable laws, regulations and directives; and

4. such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

By applying for Notes under the Base Prospectus, each person to whom Notes are issued (an "**Investor**"):

(a) will be deemed by the Issuer and each of the Dealers to have acknowledged that if any Investor on-sells Notes within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:

 (i) that sale is to an Investor that:

  (A) falls within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act; and

(1) is not a "retail client" within the meaning of section 761G of the Corporations Act,

(2) to whom it is lawful to offer Notes in Australia without a prospectus or other disclosure document lodged with ASIC; or

(B) the sale offer is received outside Australia; and

(b) will be deemed by the Issuer and each of the Dealers to have undertaken not to sell those Notes in any circumstances other than those described in paragraphs (a)(i) and (ii) above for 12 months after the date of issue of such Notes.

This Base Prospectus is not, and under no circumstances is to be construed as, an advertisement or public offering of any Notes in Australia.

Denmark

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Securities Trading etc. Act (*Værdipapirhandelsloven*), as amended from time to time, and Executive Orders issued thereto.

Finland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not publicly offer the Notes or bring the Notes into general circulation in Finland other than in compliance with all applicable provisions of the laws of Finland and especially in compliance with the Finnish Securities Market Act (14 December 2012/746, Fi. *Arvopaperimarkkinalaki* or Sw. *Värdepappersmarknadslag*), as amended and any regulation or rule made thereunder, as supplemented and amended from time to time.

France

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

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

Ireland

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

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

(b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Acts 1963 to 2013 (as amended and/or superseded by the Irish Companies Act 2014, which is expected to be commenced by statutory instrument with effect from 1 June 2015), the Central Bank Acts 1942 to 2013 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; and

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

Republic of Italy

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

Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver any Notes or distribute copies of this Base Prospectus and any other document relating to the Notes in the Republic of Italy except:

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

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

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

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

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

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

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

Provisions relating to the secondary market in the Republic of Italy

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

Latvia

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

Lithuania

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

Luxembourg

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

(a) a prospectus has been duly approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") pursuant to part II of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended (the "**Luxembourg Prospectus Law**"), implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended through Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 (the "**Prospectus Directive**"), if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law; or

(b) if Luxembourg is not the home Member State, the CSSF has been provided by the Central Bank with a certificate of approval attesting that a prospectus in relation to the Notes has been drawn up in accordance with the Prospectus Directive and with a copy of the said prospectus; or

(c) the offer of Notes benefits from an exemption from, or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg Prospectus Law and implementing the Prospectus Directive, as amended.

The Netherlands

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

(a) *Specific Dutch selling restriction for exempt offers*: Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms or Pricing Supplement in relation thereto to the public in The Netherlands and in reliance on Article 3(2) of the Prospectus Directive, unless:

    (i) such offer is made exclusively to persons or legal entities which are qualified investors (as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the

"**FSA**") and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or

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

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

provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions (i) an "**offer of Notes to the public**" in relation to any Notes in The Netherlands and (ii) "**Prospectus Directive**" have the meaning given to them below in the paragraph headed "Public Offer Selling Restriction Under the Prospectus Directive".

(b) *Compliance with Dutch Savings Certificates Act*: Zero Coupon Notes (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam N.V. admitted on one or more systems held or operated by Euronext Amsterdam N.V. in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. As used herein "**Zero Coupon Notes**" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever."

New Zealand

No action has been taken to permit the Notes to be offered or sold to any retail investor, or otherwise under any regulated offer, in terms of the Financial Markets Conduct Act 2013 of New Zealand (“**FMCA**”). In particular, no product disclosure statement under the FMCA has been or will be prepared or lodged in New Zealand in relation to the Notes.

Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made any offer or sold and agrees it will not, directly or indirectly, make any offer, sell or deliver any Notes, Receipts, Coupons and Talons in New Zealand in circumstances that would require disclosure to investors under Part 3 of the FMCA.

Each Dealer has agreed that it will not offer or sell any Notes in New Zealand, or distribute or publish in New Zealand any offering material, information memorandum (including this Base Prospectus), any Final Terms or Pricing Supplement or advertisement in relation to any offer of Notes, Receipts, Coupons or Talons other than to "wholesale investors" as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the FMCA, being a person who is:

(a) an "investment business";

(b) "large"; or

(c) a "government agency",

in each case as defined in Schedule 1 to the FMCA.

For the avoidance of doubt, Notes, Receipts, Coupons and Talons may not be offered or transferred to any "eligible investor" (as defined in clause 41 of Schedule 1 to the FMCA) or to any person who, under clause 3(2)(b) of Schedule 1 to the FMCA, meets the investment activity criteria specified in clause 38 of that Schedule.

In addition, no person may distribute any offering material or advertisement (as defined in the FMCA) in relation to any offer of Notes, Receipts, Coupons or Talons in New Zealand other than to such persons as referred to in paragraphs (a) to (c) above.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes, Receipts, Coupons and Talons to persons whom it reasonably believes to be persons to whom any amounts payable on the Notes, Receipts, Coupons and Talons are or would be subject to New Zealand resident withholding tax, unless such persons:

(a) certify that they hold a valid RWT exemption certificate for New Zealand resident withholding tax purposes; and

(b) provide a New Zealand tax file number to such Dealer (in which event the Dealer shall provide details thereof to the Issuer, the Registrar, the Fiscal Agent and each Paying Agent pursuant to the Fiscal Agency Agreement).

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.

Portugal

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be and will not be offered to the public in Portugal or under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree-Law no. 486/99 of 13 November 1999, as amended and restated from time to time, unless the requirements and provisions applicable to the public offerings in Portugal are met and registration, filing, approval or recognition procedure with the Portuguese Securities Exchange Commission (*Comissão do Mercado de Valores Mobiliários*, the "**CMVM**") is made. In particular, the offer of new securities might be made through a private placement (*oferta particular*), in accordance with the relevant provisions of the Portuguese Securities Code, exclusively to qualified investors (*investidores qualificados*) within the meaning of Article 30 of the Portuguese Securities Code, and/or to 149 or fewer non-qualified investors.

In addition, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that - other than in compliance with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive (Commission Regulation (EC) 809/2004, as amended) and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including compliance with the rules and regulations that require the publication of a prospectus, when applicable - (i) no action has been or will be taken as to directly or indirectly offer, advertise, market, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, and (ii) no action has been or will be taken as to distribute, make available or cause to be distributed the Base Prospectus or any other offering material relating to the Notes to the public in Portugal, and (iii) that any placement of the Notes shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

Spain

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

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

Sweden

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Notes will be offered to the public in Sweden nor admitted to trading on a regulated market in Sweden unless and until (A) a prospectus in relation to those Notes has been approved by the competent authority in Sweden or, where appropriate, approved in another Relevant Member State and such competent authority has notified the competent authority in Sweden, all in accordance with the Prospectus Directive and the Swedish Financial Instruments Trading Act; or (B) an exemption from the requirement to prepare a prospectus is available under the Swedish Financial Instruments Trading Act.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Relevant Member State, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms or Pricing Supplement 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) ***Qualified investors***: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) ***Fewer than 150 offerees***: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) ***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 (a) to (c) 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 and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

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

(a) **Financial promotion**: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not, or, in the case of the Issuer would not, if it was not an authorised person, apply to the Issuer; and

(b) **General compliance**: 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.

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 certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes 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 a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealership Agreement, it has not offered, sold or delivered, and will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Canada

The Notes have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory thereof. 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, distributed, or delivered, and that it will not offer, sell, distribute, or deliver, any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of Canada or any province or territory thereof and also without the consent of the Issuer. Each Dealer has also agreed, and each further Dealer appointed under the Programme may be required to agree, not to distribute or deliver this Base Prospectus, or any other offering materials relating to the Notes, in Canada in contravention of the securities laws of Canada or any province or territory thereof and also without the consent of the Issuer. If the applicable Final Terms, Pricing Supplement or any other offering materials relating to the Notes provide that the Notes may be offered, sold or distributed in Canada, the issue of the Notes will be subject to such additional selling restrictions as the Issuer and the relevant Dealer(s) may agree, as specified in the applicable Final Terms, Pricing Supplement or other offering materials relating to such Notes. Each Dealer, and each further Dealer appointed under the Programme, will be required to agree that it will offer, sell and distribute such Notes only in compliance with such additional Canadian selling restrictions.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

The People's Republic of China

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

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

Hong Kong

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

Singapore

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

Where the Notes are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

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

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

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;

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

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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 and other than with respect to the admission of the Notes to listing, trading and/or quotation by the relevant listing authorities, stock exchanges and/or quotation systems, 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 or Pricing Supplement 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, publish 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 subscription agreement or dealer accession letter (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 €25,000,000,000 was authorised by a duly convened meeting of the Board of Directors of the Issuer held on 11 June 2014.

2. Since 31 December 2014, 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.

3. The consolidated financial statements of the Issuer have been audited without qualification for years ended 31 December 2014 and 2013 by the public accountants KPMG Oy Ab. The Annual General Meeting of the Issuer held on 9 March 2015 approved the election of PricewaterhouseCoopers Oy of Itämerentori 2, FI-00180 Helsinki, Finland as the auditors of the Issuer for 2015. PricewaterhouseCoopers Oy and KPMG Oy Ab are members of the Finnish Institute of Authorised Public Accountants. The auditors of the Issuer have no material interest in the Issuer.

4. For the 12 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 2014 and 31 December 2013, including the audit reports relating thereto;

   (f) this Base Prospectus, together with any supplements thereto; and

   (g) the Final Terms or Pricing Supplement 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.

5. 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 or Pricing Supplement. The relevant Final Terms or Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information. 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.

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

7. 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 15 June 2015.

8. 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.

9. 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.

10. 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 for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

    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 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.

11. 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 calculating prudential requirements set out in Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) 648/2012 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 2014, INCLUDING THE AUDITOR'S REPORT AND NOTES RELATING THERETO

Nordea Bank Finland Group and Nordea Bank Finland Plc

Income statement

		Group		Parent company	
EURm	Note	2014	2013	2014	2013
Operating income					
Interest income	3	1,806	1,849	1,551	1,613
Interest expense	3	-617	-666	-615	-665
Net interest income	3	**1,189**	**1,183**	**936**	**948**
Fee and commission income	4	794	759	757	715
Fee and commission expense	4	-719	-872	-712	-866
Net fee and commission income	4	**75**	**-113**	**45**	**-151**
Net result from items at fair value	5	970	1,114	975	1,110
Profit from companies accounted for under the equity method	20	3	8	-	-
Dividends	6	-	-	117	128
Other operating income	7	41	32	29	26
Total operating income		**2,278**	**2,224**	**2,102**	**2,061**
Operating expenses					
General administrative expenses:					
Staff costs	8	-559	-553	-525	-516
Other expenses	9	-433	-466	-410	-447
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 21	-92	-40	-88	-33
Total operating expenses		**-1,084**	**-1,059**	**-1,023**	**-996**
Profit before loan losses		**1,194**	**1,165**	**1,079**	**1,065**
Net loan losses	11	-60	-53	-54	-43
Impairment of securities held as financial non-current assets		-	1	-16	1
Operating profit		**1,134**	**1,113**	**1,009**	**1,023**
Income tax expense	12	-232	-285	-188	-243
Net profit for the year		**902**	**828**	**821**	**780**
Attributable to:					
Shareholders of Nordea Bank Finland Plc		902	828	821	780
Non-controlling interests		-	-	-	-
Total		**902**	**828**	**821**	**780**
Net profit for the period from transferred Baltic operations	49	**-29**	**26**	**-36**	**28**
Net profit for the period from international operations to be transferred	49	**86**	**80**	**86**	**80**

Statement of comprehensive income

	Group		Parent company	
EURm	2014	2013	2014	2013
Net profit for the year	**902**	**828**	**821**	**780**
Items that may be reclassified subsequently to the income statement				
Currency translation differences during the year	0	-3	-	-
Available-for-sale investments[1]:				
- Valuation gains/losses during the year	33	3	33	3
- Tax on valuation gains/losses during the year	-7	1	-6	1
Cash flow hedges:				
- Valuation gains/losses during the year	29	36	29	36
- Tax on valuation gains/losses during the year	-6	-9	-6	-9
- Transferred to the income statement during the year	-21	-	-21	-
- Tax on transfers to the income statement during the year	4	-	4	-
Items that may be reclassified subsequently to the income statement				
Defined benefit plans:				
- Remeasurement of defined benefit plans during the year	-104	73	-101	68
- Tax on remeasurement of defined benefit plans during the year	21	-17	20	-16
Other comprehensive income, net of tax	**-51**	**84**	**-48**	**83**
Total comprehensive income	**851**	**912**	**773**	**863**
Attributable to:				
Shareholders of Nordea Bank Finland Plc	851	912	773	863
Non-controlling interests	-	-	-	-
Total	**851**	**912**	**773**	**863**

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

Balance sheet

EURm	Note	Group 31 Dec 2014	Group 31 Dec 2013	Parent company 31 Dec 2014	Parent company 31 Dec 2013
Assets					
Cash and balances with central banks		28,846	30,904	28,846	30,904
Loans to central banks	13	300	657	300	657
Loans to credit institutions	13	35,051	35,110	40,791	40,563
Loans to the public	13	113,748	113,779	106,639	107,268
Interest-bearing securities	14	34,643	34,246	34,643	34,246
Financial instruments pledged as collateral	15	11,058	9,739	11,058	9,739
Shares	16	1,918	680	1,917	679
Derivatives	17	105,254	70,234	105,254	70,234
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	76	58	76	58
Investments in group undertakings	19	-	-	308	376
Investments in associated undertakings	20	39	59	28	34
Intangible assets	21	47	100	35	98
Properties and equipment		84	94	71	74
Investment properties	23	2	113	2	8
Deferred tax assets	12	43	5	41	2
Current tax assets	12	0	1	-	-
Retirement benefit assets	32	25	133	25	132
Other assets	24	14,624	8,277	14,586	8,233
Prepaid expenses and accrued income	25	440	572	259	386
Total assets		**346,198**	**304,761**	**344,879**	**303,691**
Liabilities					
Deposits by credit institutions	26	87,368	79,426	87,128	79,315
Deposits and borrowings from the public	27	76,879	80,909	76,873	80,908
Debt securities in issue	28	48,472	47,130	48,472	47,130
Derivatives	17	102,876	67,109	102,876	67,109
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	773	369	773	369
Current tax liabilities	12	41	8	39	4
Other liabilities	29	18,577	18,855	18,370	18,687
Accrued expenses and prepaid income	30	804	866	611	668
Deferred tax liabilities	12	57	53	-	-
Provisions	31	85	72	82	67
Retirement benefit liabilities	32	28	21	25	20
Subordinated liabilities	33	620	429	620	429
Total liabilities		**336,580**	**295,247**	**335,869**	**294,706**
Equity					
Non-controlling interests		-	1	-	-
Share capital		2,319	2,319	2,319	2,319
Share premium reserve		599	599	599	599
Other reserves		2,824	2,875	2,826	2,874
Retained earnings		3,876	3,720	3,266	3,193
Total equity		**9,618**	**9,514**	**9,010**	**8,985**
Total liabilities and equity		**346,198**	**304,761**	**344,879**	**303,691**
Assets pledged as security for own liabilities	34	43,426	35,061	43,426	35,056
Other assets pledged	35	5,017	4,393	5,017	4,393
Contingent liabilities	36	14,906	15,836	15,102	16,067
Credit commitments	37	16,021	15,882	13,297	13,422
Other commitments	37	769	721	452	326

Other notes

Note 1 Accounting policies
Note 2 Segment reporting
Note 38 Capital adequacy
Note 39 Classification of financial instruments
Note 40 Assets and liabilities at fair value
Note 41 Financial instruments set off on balance or subject to netting agreements
Note 42 Transferred assets and obtained collaterals
Note 43 Maturity analysis for assets and liabilities
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Note 45 Credit risk disclosures
Note 46 Interests in structured entities
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Note 48 Nordea shares
Note 49 Transferred operations

Statement of changes in equity

Group

EURm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Other reserves	Defined benefit plans	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
	Attributable to the shareholders of Nordea Bank Finland Plc									
			Other reserves							
Balance at 1 Jan 2014	**2,319**	**599**	**-8**	**17**	**2,848**	**18**	**3,720**	**9,513**	**1**	**9,514**
Net profit for the year	-	-	-	-	-	-	902	902	-	902
Items that may be reclassified subsequently to the income statement										
Currency translation differences during the year	-	-	-	-	-	-	0	0	-	0
Available-for-sale investments:										
- Valuation gains/losses during the year	-	-	-	33	-	-	-	33	-	33
- Tax on valuation gains/losses during the year	-	-	-	-7	-	-	-	-7	-	-7
Cash flow hedges:										
- Valuation gains/losses during the year	-	-	29	-	-	-	-	29	-	29
- Tax on valuation gains/losses during the year	-	-	-6	-	-	-	-	-6	-	-6
- Transferred to the income statement during the year	-	-	-21	-	-	-	-	-21	-	-21
- Tax on transfers to the income statement during the year	-	-	4	-	-	-	-	4	-	4
Items that may not be reclassified subsequently to the income statement										
Defined benefit plans:										
- Remeasurement of defined benefit plans during the year	-	-	-	-	-	-104	-	-104	-	-104
- Tax on remeasurement of defined benefit plans during the year	-	-	-	-	-	21	-	21	-	21
Other comprehensive income, net of tax	-	-	6	26	0	-83	0	-51	-	-51
Total comprehensive income	-	-	6	26	0	-83	902	851	-	851
Share-based payments	-	-	-	-	-	-	2	2	-	2
Dividend for 2013	-	-	-	-	-	-	-750	-750	-	-750
Other changes	-	-	-	-	0	-	2	2	-1	1
Balance at 31 Dec 2014	**2,319**	**599**	**-2**	**43**	**2,848**	**-65**	**3,876**	**9,618**	**0**	**9,618**

[1] Total shares registered were 1,030.8 million (31 Dec 2013: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.

Statement of changes in equity *cont.*

Group

EURm	Attributable to the shareholders of Nordea Bank Finland Plc		Other reserves							
	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Other reserves	Defined benefit plans	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 Jan 2013	**2,319**	**599**	**-35**	**13**	**2,848**	**-38**	**3,507**	**9,213**	**4**	**9,217**
Net profit for the year	-	-	-	-	-	-	828	828	-	828
Items that may be reclassified subsequently to the income statement										
Currency translation differences during the year	-	-	-	-	0	-	-3	-3	-	-3
Available-for-sale investments:										
- Valuation gains/losses during the year	-	-	-	3	-	-	-	3	-	3
- Tax on valuation gains/losses during the year	-	-	-	1	-	-	-	1	-	1
Cash flow hedges:										
- Valuation gains/losses during the year	-	-	36	-	-	-	-	36	-	36
- Tax on valuation gains/losses during the year	-	-	-9	-	-	-	-	-9	-	-9
Items that may not be reclassified subsequently to the income statement										
Defined benefit plans:										
- Remeasurement of defined benefit plans during the year	-	-	-	-	-	73	-	73	-	73
- Tax on remeasurement of defined benefit plans during the year	-	-	-	-	-	-17	-	-17	-	-17
Other comprehensive income, net of tax	-	-	27	4	0	56	-3	84	-	84
Total comprehensive income	-	-	27	4	0	56	825	912	-	912
Share-based payments	-	-	-	-	-	-	2	2	-	2
Dividend for 2012	-	-	-	-	-	-	-625	-625	-	-625
Other changes	-	-	-	-	-	-	11	11	-3	8
Balance at 31 Dec 2013	**2,319**	**599**	**-8**	**17**	**2,848**	**18**	**3,720**	**9,513**	**1**	**9,514**

[1] Total shares registered were 1,030.8 million (31 Dec 2012: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.

Statement of changes in equity *cont.*

Parent company

EURm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Other reserves	Defined benefit plans	Retained earnings	**Total equity**
	Attributable to the shareholders of Nordea Bank Finland Plc							
			Other reserves					
Balance at 1 Jan 2014	**2,319**	**599**	**-8**	**17**	**2,848**	**17**	**3,193**	**8,985**
Net profit for the year	-	-	-	-	-	-	821	821
Items that may be reclassified subsequently to the income statement								
Currency translation differences during the year	-	-	-	-	-	-	-	0
Available-for-sale investments:								
- Valuation gains/losses during the year	-	-	-	33	-	-	-	33
- Tax on valuation gains/losses during the year	-	-	-	-6	-	-	-	-6
Cash flow hedges:					-			
- Valuation gains/losses during the year	-	-	29	-	-	-	-	29
- Tax on valuation gains/losses during the year	-	-	-6	-	-	-	-	-6
- Transferred to the income statement during the year	-	-	-21	-	-	-	-	-21
- Tax on transfers to the income statement during the year	-	-	4	-	-	-	-	4
Items that may not be reclassified subsequently to the income statement								
Defined benefit plans:								
- Remeasurement of defined benefit plans during the year	-	-	-	-	-	-101	-	-101
- Tax on remeasurement of defined benefit plans during the year	-	-	-	-	-	20	-	20
Other comprehensive income, net of tax	-	-	6	27	0	-81	-	-48
Total comprehensive income	-	-	6	27	0	-81	821	773
Share-based payments	-	-	-	-	-	-	2	2
Dividend for 2013	-	-	-	-	-	-	-750	-750
Other changes	-	-	-	-	-	-	0	0
Balance at 31 Dec 2014	**2,319**	**599**	**-2**	**44**	**2,848**	**-64**	**3,266**	**9,010**

[1] Total shares registered were 1,030.8 million (31 Dec 2013: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.

Statement of changes in equity *cont.*

Parent company

EURm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Other reserves	Defined benefit plans	Retained earnings	**Total equity**
	Attributable to the shareholders of Nordea Bank Finland Plc							
			Other reserves					
Balance at 1 Jan 2013	**2,319**	**599**	**-35**	**13**	**2,848**	**-35**	**3,037**	**8,746**
Net profit for the year	-	-	-	-	-	-	780	780
Items that may be reclassified subsequently to the income statement								
Currency translation differences during the year	-	-	-	-	-	-	-	-
Available-for-sale investments								
- Valuation gains/losses during the year	-	-	-	3	-	-	-	3
- Tax on valuation gains/losses during the year	-	-	-	1	-	-	-	1
Cash flow hedges:								
- Valuation gains/losses during the year	-	-	36	-	-	-	-	36
- Tax on valuation gains/losses during the year	-	-	-9	-	-	-	-	-9
Items that may not be reclassified subsequently to the income statement								
Defined benefit plans:								
- Remeasurement of defined benefit plans during the year	-	-	-	-	-	68	-	68
- Tax on remeasurement of defined benefit plans during the year	-	-	-	-	-	-16	-	-16
Other comprehensive income, net of tax	-	-	27	4	-	52	-	83
Total comprehensive income	-	-	27	4	-	52	780	863
Share-based payments	-	-	-	-	-	-	2	2
Dividend for 2012	-	-	-	-	-	-	-625	-625
Other changes	-	-	-	-	-	-	-1	-1
Balance at 31 Dec 2013	**2,319**	**599**	**-8**	**17**	**2,848**	**17**	**3,193**	**8,985**

[1] Total shares registered were 1,030.8 million (31 Dec 2012: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.

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 2014, the NBF held no authorisations given by the General Meeting for issuance or buybacks of shares, equity warrants or convertible bonds.

Cash flow statement – Total operations

	Group		Parent company	
EURm	2014	2013	2014	2013
Operating activities				
Operating profit	1,164	1,079	1,046	987
Operating profit for the period from transferred Baltic operations	-30	34	-37	36
Adjustments for items not included in cash flow	891	658	837	628
Income taxes paid	-218	-282	-179	-239
Cash flow from operating activities before changes in operating assets and liabilities	**1,807**	**1,489**	**1,666**	**1,412**
Changes in operating assets				
Change in loans to central banks	3,378	-40	3,378	-40
Change in loans to credit institutions	-3,662	2,784	-3,945	3,662
Change in loans to the public	714	-13,375	1,083	-13,006
Change in interest-bearing securities	-5,827	1,634	-5,827	1,634
Change in financial assets pledged as collateral	-1,319	-1,661	-1,319	-1,661
Change in shares	-1,243	184	-1,243	182
Change in derivatives, net	1,136	-2,067	1,136	-2,068
Change in investment properties	8	-9	7	2
Change in other assets	-8,009	2,046	-8,008	2,046
Changes in operating liabilities				
Change in deposits by credit institutions	6,876	6,635	6,973	4,762
Change in deposits and borrowings from the public	-5,042	11,051	-5,037	10,685
Change in debt securities in issue	-565	-1,152	-565	-1,868
Change in other liabilities	228	-1,833	188	-1,789
Cash flow from operating activities	**-11,520**	**5,686**	**-11,513**	**3,953**
Investing activities				
Acquisition of business operations	-	0	-4	-7
Sale of business operations	9	1	9	4
Dividends from associated companies	17	27	-	-
Acquisition of associated undertakings	-	-2	-	-
Sale of associated undertakings	5	2	5	0
Acquisition of property and equipment	-53	-59	-55	-58
Sale of properties and equipment	6	13	0	1
Acquisition of intangible assets	-21	-11	-10	-9
Sale of intangible assets	1	0	1	0
Net of investments in debt securities, held to maturity	2,183	114	2,183	208
Purchase/sale of other financial fixed assets	2	-	3	-
Cash flow from investing activities	**2,149**	**85**	**2,132**	**139**
Financing activities				
Issued subordinated liabilities	191	-	191	-
Amortised subordinated liabilities	-	-27	-	-27
Dividend paid	-750	-627	-750	-625
Other changes	-34	39	-22	30
Cash flow from financing activities	**-593**	**-615**	**-581**	**-622**
Cash flow for the year	**-9,964**	**5,156**	**-9,962**	**3,470**
Cash and cash equivalents at the beginning of year	36,324	32,859	36,317	32,847
Translation difference	-3,354	1,691	-3,356	-
Cash and cash equivalents at the end of year	29,714	36,324	29,711	36,317
Change	**-9,964**	**5,156**	**-9,962**	**3,470**

Cash flow statement – Total operations *cont.*

Comments on the cash flow statement

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year for total operations. Nordea 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	2014	2013	2014	2013
Depreciation	36	39	33	31
Impairment charges	56	1	72	1
Loan losses	88	77	63	50
Unrealised gains/losses	51	476	52	475
Capital gains/losses (net)	-10	-8	-9	-1
Change in accruals and provisions	66	312	73	310
Translation differences	-10	2	1	1
Other	614	-241	552	-239
Total	**891**	**658**	**837**	**628**

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	2014	2013	2014	2013
Interest payments received	2,006	1,880	1,754	1,643
Interest expenses paid	-910	-708	-908	-706

Investing activities
Investing activities include acquisitions and disposals of non-current assets, like property and equipment, intangible and financial assets.

Financing activities
Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, dividends and issued/amortised subordinated liabilities.

Cash and cash equivalents

The following items are included in Cash and cash equivalents assets:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Cash and balances with central banks	28,846	30,904	28,846	30,904
Loans to credit institutions, payable on demand	868	5,420	865	5,413
	29,714	**36,324**	**29,711**	**36,317**

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

Notes to the financial statements

Note 1 Accounting policies

Contents for Note 1

1. Basis for presentation

NBF's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission. In addition, certain complementary rules in the Finnish Accounting Act, the Finnish Credit Institutions Act, the Financial Supervision Authority's Regulations and Guidelines and the Decision of the Ministry of Finance on the financial statements and consolidated statements of credit institutions have also been applied.

The disclosures, required in the standards, recommendations and legislation above, have been included in the notes, the Risk, Liquidity and Capital management section or in other parts of the "Financial statements".

On 27 February 2015 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 9 March 2015.

2. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2013 Annual Report. The new accounting requirements implemented during 2014 and their effects on NBF's financial statements are described below.

IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in Other Entities", and IAS 28 "Investments in Associates and Joint Ventures"

The new standards IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" as well as amendments to IAS 28 "Investments in Associates and Joint Ventures" were implemented 1 January 2014 but has not had any significant impact on the financial statements of Nordea.

IFRS 10 clarifies which entities should be included in the consolidated accounts and how to perform the consolidation. IFRS 10 did not change the scope of consolidation for Nordea in 2014. IFRS 11 describes the accounting for investments in entities in which two or more investors have joint control, typically a 50/50 holding. Nordea has currently no such interests and IFRS 11 has not had any impact on the financial statements in 2014. IFRS 12 has added disclosures, mainly regarding unconsolidated structured entities. These disclosures can be found in note 46 "Interests in structured entities". The standard also includes guidance on disclosures for subsidiaries and associates, but these disclosure requirements are similar to the previous disclosure requirements in IAS 27 and IAS 28.

The accounting requirements in IAS 28 are unchanged apart from that the disclosure requirements have been moved to IFRS 12.

Capital Adequacy Disclosure
The information presented in Note 38 has been adapted to fulfil the disclosure recommendations regarding capital adequacy published by the FIN-FSA 18.12.2014 – 87/2014. Main changes due to the implementation of CCR are described in the footnotes of table "Summary of items included in own funds".

3. Changes in IFRSs not yet applied by Nordea

IFRS 9 "Financial Instruments"
IASB has during 2014 completed the new standard for financial instruments, IFRS 9 "Financial instruments". IFRS 9 covers classification and measurement, impairment and general hedging and replaces the current requirements for these areas in IAS 39. IFRS 9 is effective as from annual periods beginning on or after 1 January 2018. Earlier application is permitted. The EU commission has not yet endorsed IFRS 9 and there is currently no official timetable for this process. Nordea does not currently intend to early adopt the standard.

The changes in classification and measurement are not expected to have a significant impact on Nordea's income statement or balance sheet as the mixed measurement model will be maintained. Significant reclassifications between fair value and amortised cost or impact on the capital adequacy and large exposures are not expected in the period of initial application, but this is naturally dependent on the financial instruments on Nordea's balance sheet at transition. Nordea has not yet finalised the impact assessment.

The impairment requirements in IFRS 9 are based on an expected loss model as opposed to the current incurred loss model in IAS 39. In general, it is expected that the new requirements will increase loan loss provisions, decrease equity and have a negative impact on capital adequacy, but no impact on large exposures, in the period of initial application. Nordea has not yet finalised the impact assessment.

The main change to the general hedging requirements is that the standard aligns hedge accounting more closely with the risk management activities. As Nordea generally uses macro (portfolio) hedge accounting Nordea's assessment is that the new requirements will not have any significant impact on Nordea's financial statements, capital adequacy, or large exposures in the period of initial application. Nordea has not yet finalised the impact assessment.

IFRS 15 "Revenue from Contracts with Customers"
The IASB has published the new standard, IFRS 15 "Revenue from Contracts with Customers". The new standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition standards and interpretations within IFRS, such as IAS 18 "Revenue". The new standard is effective for annual periods beginning on or after 1 January 2017, with earlier application permitted. The EU-commission is expected to endorse the standard during the second quarter 2015. Nordea does not currently intend to early adopt the standard. The standard does not apply to financial instruments, insurance contracts or lease contracts. Nordea has not finalised the investigation of the impact on the financial statements but the current assessment is that the new standard will not have any significant impact on Nordea's financial statements, capital adequacy, or large exposures in the period of initial application.

Amendments to IFRS 11 "Accounting for Acquisition of Interest in Joint Operations"
The IASB has issued amendments to IFRS 11 "Joint Arrangements", which add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are effective for annual periods beginning on or after I January 2016. Earlier application is permitted. The EU commission is expected to endorse the amendment during the first quarter 2015. Nordea does not currently intend to early adopt the amendments. As Nordea does not have any joint venture the assessment is that the amendments will not have any effects on Nordea's financial statements, capital adequacy or large exposures in the period of initial application.

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
The IASB has amended the requirements in IFRS 10 and IAS 28 regarding sales and contribution of assets between an investor and its associate or joint venture due to inconsistent treatment of gains and losses of such transactions in those standards. The amendments should be applied prospectively to transactions that occur in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The EU commission is expected to endorse the amendments during the fourth quarter 2015. Nordea does not currently intend to early adopt the amendments. The new requirements are not expected to have any effect on Nordea's financial statements, capital adequacy, or large exposures in the period of initial application as the new requirements are in line with Nordea's current accounting policies.

IFRIC 21 ”Levies”
The IASB has published IFRIC 21 “Levies”. The interpretation is effective for annual periods beginning on or after 1 January 2014. The EU commission endorsed this interpretation during 2014. In contrast to IFRS, the EU commission requires the standard to be applied for annual periods beginning on or after 17 June 2014. Nordea will apply the interpretation as from 1 January 2015. IFRIC 21 is an interpretation of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. IFRIC 21 clarifies that if a levy is triggered by operating as a bank at the end the reporting period, the liability for the levy is not recognised prior to that date. Nordea’s assessment is that the new interpretation will not have any significant impact on Nordea’s financial statements, capital adequacy, or large exposures in the period of initial application.

Other changes in IFRS
The IASB has published the following new or amended standards that are assessed to have no impact on Nordea’s financial statement, capital adequacy or large exposures in the period of initial application:

- IFRS 14 “Regulatory Deferral Accounts”
- Amendments to IAS 16 and IAS 38: ”Clarification of Acceptable Methods of Depreciation and Amortisation”
- Amendments to IAS 19: “Defined Benefit Plans: Employee Contributions”
- “Annual Improvements to IFRSs, 2010-2012 Cycle”
- “Annual Improvements to IFRSs, 2011-2013 Cycle”
- “Annual Improvements to IFRSs, 2012-2014 Cycle”

4. Critical judgements and estimation uncertainty

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

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

Critical judgements and estimates are in particular associated with:

- the fair value measurement of certain financial instruments
- the impairment testing of:
  – goodwill and
  – loans to the public/credit institutions
- the effectiveness testing of cash flow hedges
- the actuarial calculations of pension liabilities and plan assets related to employees
- the valuation of investment properties
- the classification of leases
- the classification of Additional Tier 1 instruments
- the translations of assets and liabilities denominated in foreign currencies
- the valuation of deferred tax assets
- claims in civil lawsuits.

Fair value measurement of certain financial instruments
Nordea’s accounting policy for determining the fair value of financial instruments is described in section 10 “Determination of fair value of financial instruments” and Note 40 “Assets and liabilities at fair value”. Critical judgements that have a significant impact on the recognised amounts for financial instruments is exercised when determining fair value of OTC derivatives and other financial instruments that lack quoted prices or recently observed market prices. Those judgements relate to the following areas:

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

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

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

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

The fair value of financial assets and liabilities measured at fair value using a valuation technique, level 2 and 3 in the fair value hierarchy, was EUR 190,120m (138,488) and EUR 174,016m (132,026) respectively at the end of the year.

Sensitivity analysis disclosures covering fair values of financial instruments with significant unobservable inputs can be found in Note 40 "Assets and liabilities at fair value".

Estimation uncertainty also arises at initial recognition of financial instruments that are part of larger structural transactions. Although subsequently not necessarily held at fair value such instruments are initially recognised at fair value and as there is normally no separate transaction price or active market for such individual instruments the fair value has to be estimated.

Impairment testing of goodwill
Nordea's accounting policy for goodwill is described in section 15 "Intangible assets" and Note 21 "Intangible assets" lists the cash generating units to which goodwill has been allocated. The estimation of future cash flows and the calculation of the rate used to discount those cash flows are subject to estimation uncertainty. The forecast of future cash flows is sensitive to the cash flow projections for the near future (generally 3-5 years) and to the estimated sector growth rate for the period beyond 3-5 years. The growth rates are based on historical data, updated to reflect the current situation, which implies estimation uncertainty.

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

Impairment testing of loans to the public/credit institutions
Nordea's accounting policy for impairment testing of loans is described in section 13 "Loans to the public / credit institutions".

Management is required to exercise critical judgements and estimates when calculating loan impairment allowances on both individually assessed and collectively assessed loans. NBF's total lending before impairment allowances was EUR 149,734m (150,385) at the end of the year. For more information, see Note 13 "Loans and impairment".

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

Effectiveness testing of cash flow hedges
Nordea's accounting policies for cash flow hedges are described in section 9 "Hedge accounting".

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

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

Actuarial calculations of pension liabilities and plan assets related to employees
Nordea's accounting policy for post-employment benefits is described in section 19 "Employee benefits".

The defined benefit obligation for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used.

The estimation of the discount rate is subject to uncertainty around whether corporate bond markets are deep enough, of high quality and also in connection to the extrapolation of yield curves to relevant maturities. In Finland the discount rate is determined with reference to corporate bonds. Other parameters, like assumptions about salary increases and inflation, are based on the expected long-term development of these parameters and also subject to estimation uncertainty. The main parameters used at year-end is disclosed in Note 32 “Retirement benefit obligations” together with a description of the sensitivity to changes in assumptions. The defined benefit obligation was EUR 948m (788) at the end of the year.

Valuation of investment properties
Nordea’s accounting policies for investment properties are described in section 17 “Investment properties”.

Investment properties are measured at fair value. As there normally are no active markets for investment properties, the fair values are estimated based on discounted cash flow models. These models are based on assumptions on future rents, vacancy levels, operating and maintenance costs, yield requirements and interest rates.

The carrying amounts of investment properties were EUR 2m (113) at the end of the year. See Note 23 “Investment properties” for more information on amounts and parameters used in these models.

Classification of leases
Nordea’s accounting policies for leases are described in section 14 “Leasing”.

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

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

More information on lease contracts can be found in Note 22 “Leasing”.

Classification of Additional Tier 1 instruments
NBF has issued a perpetual subordinated instrument where the interest payments to the holder are at the discretion of NBF and non-accumulating. This instrument also includes a requirement for NBF to pay interest if the instrument is no longer allowed to be included in Tier 1 capital. If there is a requirement to pay interest based on the occurrence or non-occurrence of an uncertain future event that is beyond the control of both the issuer and the holder of the instrument, the instrument shall be classified as a financial liability. The inclusion of the subordinated loan in Tier 1 capital is decided by the regulators and is thus beyond the control of NBF and the holder of the instrument. NBF classifies the instrument as financial liability.

Assessing control for consolidation purposes
One decisive variable when assessing if Nordea controls another entity is whether Nordea is exposed to variability in returns from the investment. For structured entities where voting rights are not the dominant factor when determining control, critical judgement has to be exercised when defining when Nordea is exposed to significant variability in returns. Nordea’s critical judgement is that Nordea is normally exposed to variability in returns when Nordea receives more than 30% of the return produced by the structured entity. This is only relevant for structured entities where Nordea also is the investment manager and thus have influence over the return produced by the structured entity.

Another judgement relating to control is whether Nordea acts as an agent or as a principal. For unit linked and other contracts where the policyholder/depositor decides both the amount and which assets to invest in, Nordea is considered to act as an agent and thus does not have control.

Translation of assets and liabilities denominated in foreign currencies
Nordea’s accounting policies covering the translation of assets and liabilities denominated in foreign currencies is described in section 8 “Translation of assets and liabilities denominated in foreign currencies”.

Valuation of deferred tax assets
Nordea’s accounting policy for the recognition of deferred tax assets is described in section 18 “Taxes” and Note 12 “Taxes”.

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

The carrying amount of deferred tax assets was EUR 43m (5) at the end of the year.

Claims in civil lawsuits
Within the framework of the normal business operations, Nordea faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently, none of the current disputes are considered likely to have any significant adverse effect on Nordea or its financial position. See also Note 31 “Provisions” and Note 36 “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 exists when NBF is exposed to variability in returns from its investments in another entity and has the ability to affect those returns through its power over the other entity. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights. For entities where voting rights does not decide control, see section “Structured entities” below.

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

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

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

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

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

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

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

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

Note 19 “Investments in group undertakings” lists the major group undertakings in the NBF Group.

Investments in associated undertakings

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

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

Nordea does generally not have any sales or contribution of assets to or from associated undertakings. Other transactions between Nordea and its associates are not eliminated.

Note 20 “Investments in associated undertakings” lists the major associated undertakings in the NBF Group.

Structured entities

A structured entity is an entity created to accomplish a narrow and well defined objective where voting rights are not the dominant factor in determining control. Often legal arrangements impose strict limits on the decision making powers of the management over the on-going activities of a structured entity. The same consolidation requirements apply to these entities, but as voting rights do not decide whether control exists, other factors are used to determine control.

Power can exist due to agreements or other types of influence over a structured entity. Nordea normally has power over entities sponsored or established by Nordea. Nordea has created a number of structured entities to allow clients to invest in assets invested in by the structured entity. Some structured entities invest in tradable financial instruments, such as shares and bonds (mutual funds). Structured entities can also invest in structured credit products or acquire assets from customers of Nordea, although only one such structured entity currently exists. Nordea is generally the investment manager and has sole discretion about investments and other administrative decisions and thus has power over these entities.

Typically, Nordea will receive service and commission fees in connection with the creation of the structured entity, or because it acts as investment manager, custodian or in some other function. Such income is normally not significant enough to expose Nordea to variability in returns and will thus not trigger consolidation. In some structured entities Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these structured entities Nordea is exposed to variability in returns and as the power over these entities affects the return, these structured entities are consolidated. Nordea normally considers a share of more than 30% of the return produced by a structured entity to give rise to variability and thus give control. Variability is measured as the sum of fees received and revaluation of assets held. For unit linked and other contracts where the policyholder/depositor decide both the amount and which assets to invest in, Nordea is considered to act as an agent and does thus not have control.

Further information about consolidated and unconsolidated structured entities is disclosed in Note 46 “Interests in structured entities”.

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

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

6. Recognition of operating income and impairment

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

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

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

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

Net fee and commission income
Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan, as well as other fees received as payments for certain acts, are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

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

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

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

Realised and unrealised gains and losses derive from:

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

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

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

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

"Net result from items at fair value" includes also losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale. Impairment losses from instruments within other categories are recognised in the items "Net loan losses" or "Impairment of securities held as financial non-current assets" (see also the sub-sections "Net loan losses" and "Impairment of securities held as financial non-current assets" below).

Dividends received are recognised in the income statement as "Net result from items at fair value" and classified as "Shares/participations and other share-related instruments" in the note. Income is recognised in the period in which the right to receive payment is established.

Profit from companies accounted for under the equity method

The profit from companies accounted for under the equity method is defined as the post-acquisition change in NBF's share of net assets in the associated undertakings. NBF's share of items accounted for in other comprehensive income in the associated undertakings is accounted for in other comprehensive income in NBF. Profits from companies accounted for under the equity method are, as stated in section 5 "Principles of consolidation", reported in the income statement post-taxes. Consequently the tax expense related to these profits is excluded from the income tax expense for NBF.

Fair values are, at acquisition, allocated to the associated undertaking's identifiable assets, liabilities and contingent liabilities. Any difference between NBF's share of the fair values of the acquired identifiable net assets and the purchase price is goodwill or negative goodwill. Goodwill is included in the carrying amount of the associated undertaking. Subsequently the investment in the associated undertaking increases/decreases with NBF's share of the post-acquisition change in net assets in the associated undertaking and decreases through received dividends and impairment. An impairment charge can be reversed in a subsequent period.

The change in Nordea's share of the net assets is generally based on monthly reporting from the associated undertakings. For some associated undertakings not individually significant the change in Nordea's share of the net assets is based on the external reporting of the associated undertakings and affects the financial statements of Nordea in the period in which the information is available. The reporting from the associated undertakings is, if applicable, adjusted to comply with Nordea's accounting policies.

Other operating income

Net gains from divestments of shares in group undertakings and associated undertakings and net gains on sale of tangible assets as well as other operating income, not related to any other income line, are generally recognised when it is probable that the benefits associated with the transaction will flow to Nordea and if the significant risks and rewards have been transferred to the buyer (generally when the transactions are finalised).

Net loan losses

Impairment losses from financial assets classified into the category Loans and receivables (see section 12 "Financial instruments"), in the items "Loans to central banks", "Loans to credit institutions" and "Loans to the public" on the balance sheet, are reported as "Net loan losses" together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. Nordea's accounting policies for the calculation of impairment losses on loans can be found in section 13 "Loans to the public/credit institutions".

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

Impairment of securities held as financial non-current assets

Impairment on investments in interest-bearings securities, classified into the categories Loans and receivables or Held to maturity, and on investments in associated undertakings are classified as "Impairment of securities held as financial non-current assets" in the income statement. The policies covering impairment of financial assets classified into the categories Loans and receivables and Held to maturity are disclosed in section 12 "Financial instruments" and section 13 "Loans to the public/credit institutions".

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

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

7. Recognition and derecognition of financial instruments on the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised (reclassified to the items "Other assets" or "Other liabilities" on the balance sheet between trade date and settlement date) from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards from the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the balance sheet. If Nordea's counterpart can sell or repledge the transferred assets, the assets are reclassified to the item "Financial instruments pledged as collateral" on the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. securities lending agreements and repurchase agreements.

Financial liabilities are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when Nordea performs, for example when Nordea repays a deposit to the counterpart, i.e. on settlement date. Financial liabilities under trade date accounting are generally reclassified to "Other liabilities" on the balance sheet on trade date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within section 12 "Financial instruments", as well as Note 42 "Transferred assets and obtained collaterals".

8. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates. Foreign currency is defined as any currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

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

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

9. Hedge accounting

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

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

There are three forms of hedge accounting:

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

NBF currently applies fair value hedge accounting and cash flow hedge accounting.

Fair value hedge accounting
Fair value hedge accounting is used when derivatives are hedging changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged are recognised separately in the income statement in the item "Net result from items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result is close to zero. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value change of the hedged items held at amortised cost in a portfolio hedge of interest rate risks is reported separately from the portfolio in the item "Fair value changes of the hedged items in portfolio hedge of interest rate risk" on the balance sheet.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. Any ineffectiveness is recognised in the income statement under the item "Net result from items at fair value".

Hedged items
A hedged item in a fair value hedge can be a recognised single asset or liability, an unrecognised firm commitment, or a portion thereof. The hedged item can also be a group of assets, liabilities or firm commitments with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets and/or liabilities.

Hedging instruments
The hedging instruments used in Nordea are predominantly interest rate swaps and cross currency interest rate swaps, which are always held at fair value. Cash instruments are only used as hedging instruments when hedging currency risk.

Cash flow hedge accounting
Cash flow hedge accounting can be used for the hedging of exposure to variations in future interest payments on instruments with variable interest rates and for the hedging of currency exposures. The portion of the gain or loss on the hedging instrument, that is determined to be an effective hedge, is recognised in other comprehensive income and accumulated in the cash flow hedge reserve in equity. The ineffective portion of the gain or loss on the hedging instrument is recycled to the item "Net result from items at fair value" in the income statement.

Gains or losses on hedging instruments recognised in the cash flow hedge reserve in equity through other comprehensive income are recycled and recognised in the income statement in the same period as the hedged item affects profit or loss, normally in the period that interest income or interest expense is recognised.

Hedged items
A hedged item in a cash flow hedge can be highly probable floating interest rate cash flows from recognised assets or liabilities or from future assets or liabilities. Nordea uses cash flow hedges when hedging currency risk in future payments of interest and principal in foreign currency.

Hedging instruments
The hedging instruments used in Nordea are predominantly cross currency interest rate swaps, which are always held at fair value, where the currency component is designated as a cash flow hedge of currency risk and the interest component as a fair value hedge of interest rate risk.

Hedge effectiveness
The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life it can be expected that changes in fair value of the hedged item as regards the hedged risk can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent. When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis. The hypothetical derivative method is used when measuring the effectiveness of cash flow hedges, meaning that the change in a perfect hypothetical swap is used as proxy for the present value of the cumulative change in expected future cash flows from the hedged transaction (the currency component).

If the hedge relationship does not fulfil the requirements, hedge accounting is terminated. For fair value hedges the hedging instrument is reclassified to a trading derivative and the change in the fair value of the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

In cash flow hedges, changes in the unrealised value of the hedging instrument will prospectively from the last time it was proven effective be accounted for in the income statement. The cumulative gain or loss on the hedging instrument that has been recognised in the cash flow hedge reserve in equity through other comprehensive income from the period when the hedge was effective is reclassified from equity to "Net result from items at fair value" in the income statement if the expected transaction no longer is expected to occur. If the expected transaction no longer is highly probable, but is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective remains in other comprehensive income until the transaction occurs or is no longer expected to occur.

10. Determination of fair value of financial instruments

Financial assets and liabilities classified into the categories Financial assets/liabilities at fair value through profit or loss (including derivative instruments) are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement in the item "Net result from items at fair value".

Fair value is defined as the price that at the measurement date would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis. The absolute level for liquidity and volume required for a market to be considered active vary with the instrument classes. For some classes low price volatility is seen, also for those instruments within the class where the trade frequency is high. For instruments in such a class the liquidity requirements are lower and, correspondingly, the age limit for the prices used for establishing fair value is higher.

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

Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Interest-bearing securities
- Shares (listed)
- Derivatives (listed)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. The adequacy of the valuation technique, including an assessment of whether to use quoted prices or theoretical prices, is monitored on a regular basis.

Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. The adequacy of the valuation model is assessed by measuring its capability to hit market prices. This is done by comparison of calculated prices to relevant benchmark data, e.g. quoted prices from exchanges, the counterparty´s valuations, price data from consensus services etc.

Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:

- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. By data from observable markets, Nordea considers data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the instrument. The deferred upfront gains are subsequently released to income if the non-observable data becomes observable.

Note 40 “Assets and liabilities at fair value” provides a breakdown of fair values of financial instruments measured on the basis of:

- quoted prices in active markets for the same instrument (level 1),
- valuation technique using observable data (level 2) and
- valuation technique using non-observable data (level 3).

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

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

For further information, see Note 40 “Assets and liabilities at fair value”.

11. Cash and balances with central banks

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

- The central bank is domiciled in the country where the institutions is established
- The balance is readily available at any time.

12. Financial instruments

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

Financial assets:

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

Financial liabilities:

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

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured on the balance sheet and how changes in its value are recognised. The classification of the financial instruments on Nordea’s balance sheet into different categories is presented in Note 39 “Classification of financial instruments”.

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

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

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

The major parts of the financial assets/liabilities classified into the category Designated at fair value through profit or loss are certain other assets/liabilities, interest-bearing securities and shares.

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

Loans and receivables
Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 13 “Loans to the public/credit institutions”.

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

acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

If more than an insignificant amount of the Held to maturity portfolio is sold or transferred the Held to maturity category is tainted, except 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 in order to determine any need for impairment losses. If there is objective evidence of impairment, the accumulated loss that has been recognised in other comprehensive income is removed from equity and recognised as "Net result from items at fair value" in the income statement. The amount of the accumulated loss that is recycled from equity is the difference between the asset's acquisition cost and current fair value. For equity investments a prolonged or significant decline in the fair value, compared to the acquisition cost, is considered to be objective evidence of impairment. Objective evidence of impairment for a debt instrument is rather connected to a loss event, such as an issuer's financial difficulty.

Other financial liabilities
Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interest on Other financial liabilities is recognised in the item "Interest expense" in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Markets as part of the trading portfolio are classified into the category Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item "Net result from items at fair value".

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not recognised on or derecognised from the balance sheet. In the cases where the counterpart is entitled to resell or repledge the securities, the securities are reclassified to the balance sheet item "Financial instruments pledged as collateral".

Securities in securities lending transactions are also disclosed in the item "Assets pledged as security for own liabilities".

Cash collateral advanced (securities borrowing) to the counterparts is recognised on the balance sheet as "Loans to central banks", "Loans to credit institutions" or as "Loans to the public". Cash collateral received (securities lending) from the counterparts is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public".

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are reclassified to the balance sheet line "Financial instruments pledged as collateral".

Securities delivered under repurchase agreements are also disclosed in the item "Assets pledged as security for own liabilities".

Cash received under repurchase agreements is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public". Cash delivered under reverse repurchase agreements is recognised on the balance sheet as "Loans to central banks", "Loans to credit institutions" or as "Loans to the public".

Additionally, the sale of securities received in reverse repurchase agreements trigger the recognition of a trading liability (short sale).

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item "Derivatives" on the asset side. Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item "Derivatives" on the liability side.

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item "Net result from items at fair value".

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

Exchanged traded derivatives are generally accounted for as settled on a daily basis when cash is paid or received and the instrument is reset to market terms. Derivative assets and liabilities against central counterparty clearing houses are, as mentioned above, generally set off on the balance sheet, but net cash collateral received or paid is generally accounted for separately as cash collateral paid (asset) or received (liability), which is also the case for cash collateral paid or received in bilateral OTC derivative transactions. Cash collateral paid or received in bilateral OTC derivative transactions are consequently not offset against the fair value of the derivatives.

Issued debt and equity instruments
A financial instrument issued by Nordea is either classified as a financial liability or equity. Issued financial instruments are classified as a financial liability if the contractual arrangement results in Nordea having a present obligation to either deliver cash or another financial asset, or a variable number of equity instruments to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and classified as equity, net of transaction costs. Where issued financial instruments contain both liability and equity components, these are accounted for separately.

13. Loans to the public/credit institutions

Financial instruments classified as "Loans to the public/credit institutions" (including loans to central banks) on the balance sheet and into the category Loans and receivables are measured at amortised cost (see also the separate section 7 "Recognition and derecognition of financial instruments on the balance sheet" as well as Note 39 "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 assesses all significant loans for impairment on an individual basis. The purpose of the impairment tests is to find out if the loans have become impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators of impairment (loss event) and whether these loss events represent objective evidence of impairment. More information on the identification of loss events can be found in the Risk, Liquidity and Capital management section.

Loans that are not individually impaired will be transferred to a group of loans with similar risk characteristics for a collective impairment test.

Impairment test of collectively assessed loans
Loans not impaired on an individual basis are collectively tested for impairment.

These loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors´ ability to pay all amounts due according to the contractual terms. Nordea monitors its portfolio through rating migrations, the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes Nordea identifies loss events indicating incurred losses in a group. A loss event is an event resulting in a deterioration of the expected future cash flows. Only loss events incurred up to the reporting date are included when performing the assessment of the group.

The objective for the group assessment process is to evaluate if there is a need to make a provision due to the fact that a loss event has occurred, which has not yet been identified on an individual basis. This period between the date when the loss event occurred and the date when it is identified on an individual basis is called “Emergence period”. The impairment remains related to the group of loans until the losses have been identified on an individual basis. The identification of the loss is made through a default of the engagement or by other indicators.

For corporate customers and bank counterparts, Nordea uses the existing rating system as a basis when assessing the credit risk. Nordea uses historical data on probability of default to estimate the risk for a default in a rating class. These loans are rated and grouped mostly based on type of industry and/or sensitivity to certain macro parameters, e.g. dependency to oil prices etc.

Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on Risk, Liquidity and Capital management.

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

Impairment loss
If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows (discounted with the original effective interest rate), including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

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

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

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses are accounted for as changes in the allowance account and as ”Net loan losses” in the income statement (see also section 6 “Recognition of operating income and impairment”).

If the impairment loss is regarded as final, it is reported as a realised loss and the value of the loan and the related allowance for impairment loss are derecognised. An impairment loss is regarded as final when the obligor is filed for bankruptcy and the administrator has declared the economic outcome of the bankruptcy procedure, or when Nordea forgives its claims either through a legal based or voluntary reconstruction or when Nordea, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate
The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans. If considered appropriate, the discount rate can be based on a method that results in an impairment that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Restructured loans
In this context a restructured loan is defined as a loan where Nordea has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for Nordea. After a reconstruction the loan is normally regarded as not impaired if it performs according to the new conditions. Concessions made in reconstructions are regarded as loan losses unless Nordea retains the possibility to regain the loan losses incurred. In the event of a recovery the payment is reported as a recovery of loan losses.

Assets taken over for protection of claims
In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquire an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea’s own use, is reported together with other investment properties.

At initial recognition, all assets taken over for protection of claims are recognised at fair value and the possible difference between the carrying amount of the loan and the fair value of the assets taken over is recognised as “Net loan losses”. The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified into the categories Available for sale or Designated at fair value through profit or loss (fair value option) (see section 12 “Financial instruments”) and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line “Net result from items at fair value”.

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

14. Leasing

NBF as lessor

Finance leases

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

Operating leases

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

NBF as lessee

Finance leases

No leases in NBF have been classified as finance leases.

Operating leases

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

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

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

Embedded leases

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

15. Intangible assets

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea’s share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in “Intangible assets”. Goodwill on acquisitions of associates is not recognised as a separate asset, but included in “Investments in associated undertakings”. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill cannot be reversed in subsequent periods. Goodwill related to associated undertakings is not tested for impairment separately, but included in the total carrying amount of the associated undertakings. The policies covering impairment testing of associated undertakings is disclosed in section 6 “Recognition of operating income and impairment”.

IT-development/Computer software

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

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

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

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

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

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

16. Property and equipment

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

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

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

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

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

17. Investment properties

Investment properties are primarily properties held to earn rent and/or capital appreciation. The majority of the properties in Nordea are attributable to Nordea Life & Pensions. Nordea applies the fair value model for subsequent measurement of investment properties. The best evidence of a fair value is normally given by quoted prices in an active market for similar properties in the same location and condition. As these prices are rarely available discounted cash flow projection models based on reliable estimates of future cash flows are also used.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as "Net result from items at fair value".

18. Taxes

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

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, nor for differences relating to investments in group undertakings and associated undertakings to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists. Deferred tax assets and deferred tax liabilities are generally offset if there is a legally enforceable right to offset current tax assets and current tax liabilities.

19. Employee benefits

All forms of consideration given by Nordea to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed. Post-employment benefits are benefits payable after the termination of the employment. Post-employment benefits in Nordea consist only of pensions. Termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy.

Short-term benefits

Short term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees have performed services to Nordea. Nordea has also issued share-based payment programmes, which are further described in section 22 “Share-based payment”.

More information can be found in Note 8 “Staff costs”.

Post-employment benefits

Pension plans

The companies within Nordea have various pension plans, consisting of both defined benefit pension plans and defined contribution pension plans, reflecting national practices and conditions in the countries where Nordea operates. The major defined benefit pension plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation determined using the projected unit credit method, the net amount is recognised as a liability (“Retirement benefit liabilities”). If not, the net amount is recognised as an asset (“Retirement benefit assets”). Non-funded pension plans are recognised as “Retirement benefit liabilities “.

Most pensions are based on defined contribution arrangements that hold no pension liability for Nordea. All defined benefit pension plans are closed for new employees.

Pension costs

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. Nordea’s net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Actuarial calculations including the projected unit credit method are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note 32 “Retirement benefit obligations”).

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

When the calculation results in a benefit the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan and is included on the balance sheet as "Retirement benefit liabilities" or "Retirement benefit assets".

Discount rate in defined benefit pension plans
The discount rate is determined by reference to high quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In countries where no such market exists the discount rate is determined by reference to government bond yields. In Finland the discount rate is determined with with reference to corporate bonds.

Termination benefits
As mentioned above termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy. Termination benefits do not arise if the employees have to continue performing services and the termination benefits can be considered to be normal compensation for those services.

Termination benefits are expensed when Nordea has an obligation to make the payment. An obligation arises when there is a formal plan committed to on the appropriate organisational level and when Nordea is without realistic possibility of withdrawal, which normally occurs when the plan has been communicated to the group affected or to their representatives.

Termination benefits can include both short-term benefits, for instance a number of months' salary, and post-employment benefits, normally in the form of early retirement. Short-term benefits are classified as "Salaries and remuneration" and post-employment benefits as "Pension costs" in Note 8 "Staff costs".

20. Equity

Non-controlling interests
Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Finland Plc.

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

Share premium reserve
The share premium reserve consists of the difference between the subscription price and the quota value of the shares in Nordea's rights issue. Transaction costs in connection to the rights issue have been deducted.

Other reserves
Other reserves comprise income and expenses, net after tax effects, which are reported in equity through other comprehensive income. These reserves include fair value reserves for cash flow hedges, financial assets classified into the category Available for sale and accumulated remeasurements of defined benefit pension plans, as well as a reserve for translation differences.

Retained earnings
Apart from undistributed profits from previous years, retained earnings include the equity portion of untaxed reserves. Untaxed reserves according to national rules are accounted for as equity net of deferred tax at prevailing tax rates in the respective country.

In addition, NBF's share of the earnings in associated undertakings, after the acquisition date, that have not been distributed is included in retained earnings.

21. Financial guarantee contracts and credit commitments

Upon initial recognition, premiums received in issued financial guarantee contracts and credit commitments are recognised as prepaid income on the balance sheet. The guarantees and irrevocable credit commitments are subsequently measured, and recognised as a provision on the balance sheet, at the higher of either the received fee less amortisation, or an amount calculated as the discounted best estimate of the expenditure required to settle the present obligation. Changes in provisions are recognised in the income statement in the item "Net loan losses".

Premiums received for financial guarantees are, as stated in section 6 "Recognition of operating income and impairment", amortised over the guarantee period and recognised as "Fee and commission income" in the income statement. Premiums received on credit commitments are generally amortised over the loan commitment period. The contractual amounts are recognised off-balance sheet, financial guarantees in the item "Contingent liabilities" and irrevocable credit commitments in the item "Credit commitments".

22. Share-based payment

Equity-settled programmes
Nordea has annually issued Long Term Incentive Programmes from 2007 through 2012. Employees participating in these programmes were granted share-based equity-settled rights, i.e. rights to receive shares for free or to acquire shares in Nordea at a significant discount compared to the share price at grant date. The

value of such rights is expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date. The fair value is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in Performance Share II are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

Social security costs are also allocated over the vesting period. The provision for social security costs is reassessed on each reporting date to ensure that the provision is based on the rights' fair value at the reporting date.

For more information see Note 8 “Staff costs”.

Cash-settled programmes
Nordea has to defer payment of variable salaries under Nordic FSA's regulations and general guidelines, as is also the case with the Executive Incentive Programme (EIP). The deferred amounts are to some extent indexed using Nordea's TSR (Total Shareholders' Return) and these “programmes” are cash-settled share-based programmes. These programmes are fully vested when the payments of variable salaries are initially deferred and the fair value of the obligation is remeasured on a continuous basis. The remeasurements are, together with the related social charges, recognised in the income statement in the item “Net result from items at fair value”.

For more information see Note 8 “Staff costs”.

23. Related party transactions

Nordea defines related parties as:

- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Key management personnel
- Other related parties.

All transactions with related parties are made on an arm's length basis.

Shareholders with significant influence
Shareholders with significant influence are shareholders that have the power to participate in the financial and operating decisions of NBF but do not control those policies. Nordea and its group companies are considered as having such a power.

Group undertakings
For the definition of group undertakings see section 5 “Principles of consolidation”. Further information on the undertakings included in the NBF Group is found in Note 19 “Investments in group undertakings”.

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

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

Further information on the associated undertakings included in the NBF Group is found in Note 20 “Investments in associated undertakings”.

Key management personnel
Key management personnel include the following positions:

- The Board of Directors of NBF and Nordea Bank AB (publ)
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM).

For information about compensation, pensions and other transactions with key management personnel, see Note 8 “Staff costs”.

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

Information concerning transactions between Nordea and other related parties is found in Note 44 “Related-party transactions”.

Note 2 Segment reporting

Operating segments

Group

Measurement of Operating segments' performance
The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision Maker (CODM), as required by IFRS 8. In NBF the CODM has been defined as Group Executive Management.

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

Reportable Operating segments
Retail Banking conducts a full service banking operation and offers a wide range of products. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic markets (Retail Banking Nordic) as well as the Baltic countries (Retail Banking Baltic). Wholesale Banking provides banking and other financial solutions to large Nordic and international corporate, institutional and public companies. The division Corporate & Institutional Banking is a customer oriented organisation serving the largest globally operating corporates. This division is also responsible for Nordea's customers within the financial sector, and offers single products such as funds and equity products as well as consulting services within asset allocation and fund sales. The division Shipping, Oil Services & International is responsible for Nordea's customers within the shipping, offshore and oil services industries and provides tailormade solutions and syndicated loan transactions. Capital Markets unallocated includes the result in Capital Markets which is not allocated to the main business areas. Group Corporate Centre's main objective is to manage the Group's funding and to support the management and control of the NBF Group. The main income in Group Corporate Centre originates from Group Treasury.

	Retail Banking		Wholesale Banking		Group Corporate Centre	
Income statement, EURm	2014	2013	2014	2013	2014	2013
Net interest income	849	811	289	294	53	85
Net fee and commission income	642	622	-180	-186	-8	-5
Net result from items at fair value	134	91	822	1,011	29	-9
Profit from companies accounted for under the equity method	3	7	-	-	-	-
Other income	15	27	2	0	7	8
Total operating income	**1,643**	**1,558**	**933**	**1,119**	**81**	**79**
Staff costs	-333	-351	-150	-146	-46	-41
Other expenses	-412	-485	-39	-36	4	9
Depreciation, amortisation and impairment charges of tangible and intangible assets	-22	-22	-5	-8	-6	-7
Total operating expenses	**-767**	**-858**	**-194**	**-190**	**-48**	**-39**
Profit before loan losses	**876**	**700**	**739**	**929**	**33**	**40**
Net loan losses	-118	-100	-9	-52	2	17
Impairment of securities held as financial non-current assets	-	-	-	-	-	-
Operating profit	**758**	**600**	**730**	**877**	**35**	**57**
Income tax expense	-	-	-	-	-	-
Net profit for the year	**758**	**600**	**730**	**877**	**35**	**57**
Balance sheet, EURm						
Loans to the public	53,754	59,101	59,719	55,081	0	-83
Deposits and borrowings from the public	33,452	37,359	37,046	43,056	5,955	496

Note 2 *Segment reporting, cont.*

Operating segments

Group

Income statement, EURm	Total operating segments 2014	Total operating segments 2013	Reconciliation 2014	Reconciliation 2013	**Total Group 2014**	**Total Group 2013**
Net interest income	1,191	1,190	-2	-7	1,189	1,183
Net fee and commission income	454	431	-379	-544	75	-113
Net result from items at fair value	985	1,093	-15	21	970	1,114
Profit from companies accounted for under the equity method	3	7	0	1	3	8
Other income	24	35	17	-3	41	32
Total operating income	**2,657**	**2,756**	**-379**	**-532**	**2,278**	**2,224**
Staff costs	-529	-538	-30	-15	-559	-553
Other expenses	-447	-512	14	46	-433	-466
Depreciation of tangible and intangible assets	-33	-37	-59	-3	-92	-40
Total operating expenses	**-1,009**	**-1,087**	**-75**	**28**	**-1,084**	**-1,059**
Profit before loan losses	**1,648**	**1,669**	**-454**	**-504**	**1,194**	**1,165**
Net loan losses	-125	-135	65	82	-60	-53
Impairment of securities held as financial non-current asset		-	-	1	-	1
Operating profit	**1,523**	**1,534**	**-389**	**-421**	**1,134**	**1,113**
Income tax expense	-	-	-232	-285	-232	-285
Net profit for the year	**1,523**	**1,534**	**-621**	**-706**	**902**	**828**
Balance sheet, EURm						
Loans to the public	113,473	114,099	275	-320	113,748	113,779
Deposits and borrowings from the public	76,453	80,911	427	-2	76,879	80,909

Break-down of Retail Banking

Income statement, EURm	Retail Banking Nordic[1] 2014	Retail Banking Nordic[1] 2013	Retail Banking Baltic[2] 2014	Retail Banking Baltic[2] 2013	Retail Banking Other[3] 2014	Retail Banking Other[3] 2013	**Total Retail Banking 2014**	**Total Retail Banking 2013**
Net interest income	770	674	70	162	9	-26	849	811
Net fee and commission income	657	580	-11	46	-3	-4	642	622
Net result from items at fair value	117	95	15	-3	2	0	134	91
Profit from companies accounted for under the equity method	-	-	-	-	2	7	3	7
Other income	19	35	4	3	-8	-11	15	27
Total operating income	**1,563**	**1,384**	**78**	**208**	**2**	**-34**	**1,643**	**1,558**
Staff costs	-255	-254	-14	-29	-64	-68	-333	-351
Other expenses	-482	-495	-4	-62	74	72	-412	-485
Depreciation of tangible and intangible assets	-10	-6	-1	-2	-12	-14	-22	-22
Total operating expenses	**-747**	**-755**	**-19**	**-93**	**-2**	**-10**	**-767**	**-858**
Profit before loan losses	**816**	**629**	**59**	**115**	**0**	**-44**	**876**	**700**
Net loan losses	-72	-57	-39	-42	-7	-1	-118	-100
Operating profit	**744**	**572**	**20**	**73**	**-7**	**-45**	**758**	**600**
Income tax expense	-	-	-	-	-	-	-	-
Net profit for the year	**744**	**572**	**20**	**73**	**-7**	**-45**	**758**	**600**
Balance sheet, EURm								
Loans to the public	46,693	45,479	1,403	8,195	5,658	5,428	53,754	59,101
Deposits and borrowings from the public	33,437	33,714	12	3,641	3	4	33,452	37,359

[1] Retail Banking Nordic includes banking operations in Finland.
[2] Retail Banking Baltic includes banking operations in Estonia, Latvia and Lithuania.
[3] Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT.

Note 2 *Segment reporting, cont.*

Break-down of Wholesale Banking

Income statement, EURm	Corporate & Institutional Banking 2014	Corporate & Institutional Banking 2013	Shipping, Offshore & Oil Services 2014	Shipping, Offshore & Oil Services 2013
Net interest income	164	161	117	113
Net fee and commission income	154	156	29	20
Net result from items at fair value	58	66	11	12
Profit from companies accounted for under the equity method	-	-	-	-
Other income	0	0	0	-
Total operating income	**376**	**383**	**157**	**145**
Staff costs	-13	-6	-6	-9
Other expenses	-100	-105	-20	-14
Depreciation of tangible and intangible assets	0	0	0	0
Total operating expenses	**-113**	**-111**	**-26**	**-23**
Profit before loan losses	**263**	**272**	**131**	**122**
Net loan losses	-27	-20	19	-36
Operating profit	**236**	**252**	**150**	**86**
Income tax expense	-	-	-	-
Net profit for the year	**236**	**252**	**150**	**86**
Balance sheet, EURm				
Loans to the public	9,856	9,161	4,835	4,423
Deposits and borrowings from the public	10,556	7,319	2,202	1,853

Income statement, EURm	Capital Markets unallocated 2014	Capital Markets unallocated 2013	Wholesale Banking Other[4] 2014	Wholesale Banking Other[4] 2013	**Total Wholesale Banking 2014**	**Total Wholesale Banking 2013**
Net interest income	2	4	5	16	289	294
Net fee and commission income	-381	-389	18	27	-180	-186
Net result from items at fair value	722	890	31	42	822	1,011
Profit from companies accounted for under the equity method	-	-	-	-	-	-
Other income	2	0	0	0	2	0
Total operating income	**345**	**505**	**54**	**85**	**933**	**1,119**
Staff costs	-75	-73	-56	-57	-150	-146
Other expenses	42	51	39	33	-39	-36
Depreciation of tangible and intangible assets	-3	-4	-2	-4	-5	-8
Total operating expenses	**-36**	**-26**	**-19**	**-28**	**-194**	**-190**
Profit before loan losses	**309**	**479**	**35**	**57**	**739**	**929**
Net loan losses	-	-	-1	3	-9	-52
Operating profit	**309**	**479**	**34**	**60**	**730**	**877**
Income tax expense	-	-	-	-	-	-
Net profit for the year	**309**	**479**	**34**	**60**	**730**	**877**
Balance sheet, EURm						
Loans to the public	44,777	40,176	251	1,321	59,719	55,081
Deposits and borrowings from the public	24,285	26,923	3	6,961	37,046	43,056

[4] Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT.

Reconciliation between total operating segments and financial statements

	Total operating income		Operating profit		Loans to the public		Deposits and borrowings from the public	
EURm	2014	2013	2014	2013	2014	2013	2014	2013
Total Operating segments	2,657	2,756	1,523	1,534	113,473	114,099	76,453	80,911
Group functions[1]	-379	-526	-389	-421	283	-2	429	10
Eliminations	0	-6	-	-	-8	-318	-3	-12
Total	**2,278**	**2,224**	**1,134**	**1,113**	**113,748**	**113,779**	**76,879**	**80,909**

[1] Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources, Board of Directors and Group Executive Management.

Group

Total operating income split on product groups

EURm	2014	2013
Banking products	1,725	1,539
Capital Markets products	542	675
Savings Products & Asset Management	-	-
Life & Pensions	11	10
Other	-	-
Total	**2,278**	**2,224**

Banking products consists of three different product types. Account products include account-based products such as lending, deposits, cards and Netbank services. Transaction products consist of cash management as well as trade and project finance services. Financings products include asset-based financing through leasing, hire purchase and factoring as well as sales to finance partners such as dealers, vendors and retailers. Capital Markets products contains financial instruments, or arrangement for financial instruments, that are available in the financial marketplace, including currencies, commodities, stocks and bonds. Savings products & Asset Management includes Investment Funds, Discretionary Management, Portfolio Advice, Equity Trading and Pension Accounts. Investment Funds is a bundled product where the fund company invest in stocks, bonds, derivatives or other standardised products on behalf of the fund's shareholders. Discretionary Management is a service providing the management of an investment portfolio on behalf of the customer and Portfolio Advise is a service provided to support the customers' investment decision.

Group

Geographical information

	Total operating income		Assets	
EURm	2014	2013	2014	2013
Sweden	69	100	21,087	15,886
Finland	1,484	1,177	115,625	97,083
Norway	44	113	9,427	6,431
Denmark	278	361	145,439	111,258
Baltic countries	82	176	1,415	9,721
Poland	3	9	-	123
Other	318	288	53,205	64,259
Total	**2,278**	**2,224**	**346,198**	**304,761**

NBF's main geographical market comprises the Nordic countries and the Baltic countries. Revenues and assets are distributed to geographical areas based on the location of customer 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	2014	2013	2014	2013
Interest income				
Loans to credit institutions	128	65	156	97
Loans to the public	1,460	1,571	1,171	1,295
Interest-bearing securities	146	142	146	142
Other interest income	72	71	78	79
Interest income[1]	**1,806**	**1,849**	**1,551**	**1,613**

[1] Of which contingent leasing income amounts to EUR 32m (15). Contingent leasing income in Nordea consists of variable interest rates, excluding the fixed margin. If the contingent leasing income decreases there will be an offsetting impact from lower funding expenses.

	Group		Parent company	
EURm	2014	2013	2014	2013
Interest expense				
Deposits by credit institutions	-250	-289	-248	-287
Deposits and borrowings from the public	-151	-191	-151	-192
Debt securities in issue	-408	-419	-408	-419
Subordinated liabilities	-23	-25	-23	-25
Other interest expense[2]	215	258	215	258
Interest expense	**-617**	**-666**	**-615**	**-665**
Net interest income	**1,189**	**1,183**	**936**	**948**

[2] 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 1,664m (1,724) for the Group and EUR 1,409m (1,488) for the parent company. Interest expense from financial instruments not measured at fair value through profit and loss amounts to EUR -834m (-924) for the Group and EUR -833m (-923) for the parent company.

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

Note 4 Net fee and commission income

	Group		Parent company	
EURm	2014	2013	2014	2013
Asset Management commissions	69	59	69	59
Life insurance	9	9	10	9
Brokerage, securities issues and corporate finance	75	46	75	46
Custody and issuer services	28	23	28	24
Deposits	5	7	5	7
Total savings and investments	186	144	187	145
Payments	198	200	200	202
Cards	128	129	92	93
Total payments and cards	326	329	292	295
Lending	129	122	126	112
Guarantees and documentary payments	120	132	120	132
Total lending related to commissions	249	254	246	244
Other commission income	33	32	32	31
Fee and commission income	**794**	**759**	**757**	**715**
Savings and investments	-360	-332	-360	-332
Payments	-11	-10	-9	-7
Cards	-58	-63	-56	-62
Other commission expenses[1]	-290	-467	-287	-465
Fee and commission expenses	**-719**	**-872**	**-712**	**-866**
Net fee and commission income	**75**	**-113**	**45**	**-151**

[1] Mainly consists of Finnish bank tax and guarantee commission fee paid to Nordea Bank AB (publ)

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounted to EUR 134m (129) for the Group and EUR 131m (119) 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 153m (114) for the Group and EUR 153m (114) for the parent company.

Note 5 Net result from items at fair value

	Group		Parent company	
EURm	2014	2013	2014	2013
Shares/participations and other share-related instruments	342	93	342	92
Interest-bearing securities and other interest-related instruments	734	-2	733	-2
Other financial instruments	406	90	406	90
Foreign exchange gains/losses	-499	939	-502	934
Investment properties	-13	-6	-4	-4
Total	**970**	**1,114**	**975**	**1,110**

Net result from categories of financial instruments

	Group		Parent company	
EURm	2014	2013	2014	2013
Available for sale assets, realised	21	-16	21	-16
Financial instruments designated at fair value through profit or loss	159	163	158	164
Financial instruments held for trading[1]	1,313	22	1,313	20
Financial instruments under fair value hedge accounting	4	7	4	7
- of which net result on hedging instruments	179	-157	179	-157
- of which net result on hedged items	-174	164	-174	164
Financial assets measured at amortised cost[2]	6	1	6	1
Foreign exchange gains/losses excl currency hedges	-518	941	-521	938
Other	-15	-4	-6	-4
Total	**970**	**1,114**	**975**	**1,110**

[1] Of which amortised deferred day one profits amounted to EUR -3m for 2014 (2) both for the Group and the parent company.
[2] Of which EUR 6m (1) related to instruments classified into the category "Loans and receivables".

Note 6 Dividends

	Group		Parent company	
EURm	2014	2013	2014	2013
Investments in group undertakings	-	-	100	101
Investments in associated undertakings	-	-	17	27
Total	**-**	**-**	**117**	**128**

Note 7 Other operating income

	Group		Parent company	
EURm	2014	2013	2014	2013
Divestment of shares	9	1	9	-
Income from real estate	6	2	1	1
Disposals of tangible and intangible assets	2	4	0	1
Other	24	25	19	24
Total	**41**	**32**	**29**	**26**

Note 8 Staff costs

EURm	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Salaries and remuneration	-420	-426	-394	-397
Pension costs (specification below)	-62	-60	-58	-56
Social security contributions	-35	-30	-33	-27
Allocation to profit-sharing foundation[1]	-19	-11	-18	-11
Other staff costs	-23	-26	-22	-25
Total	**-559**	**-553**	**-525**	**-516**

[1] Allocation to profit-sharing foundation 2014 EUR 19m (11) in the Group and EUR 18m (11) in the parent company consists of a new allocation of EUR 18m (12) in the Group and EUR 17m (11) in the parent company and expenses related to prior years of EUR 1m (-1) in the Group and EUR 1m (-1) in the parent company.

	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Pension costs:				
Defined benefit plans (Note 33)	1	0	1	1
Defined contribution plans	-63	-60	-60	-57
Total	**-62**	**-60**	**-59**	**-56**

Additional disclosures on remuneration under Nordic FSAs' regulation and general guidelines (including EU Commission Regulation 604/2014)
The qualitative disclosures under these regulations can be found in the separate section on remuneration in the Board of Director's Report, while the quantitative disclosures will be published in a separate report on Nordea's homepage (www.nordea.com) one week before the Annual General Meeting on 19 March 2015.

Compensation etc. to the Board of Directors, President and his deputy
The members of the Board of Directors of Nordea Bank Finland Plc and the President, are all members of the Nordea Bank AB (publ) Group Executive Management except for the one external member Carl-Johan Granvik. The monthly fee for the external Board member was 1,250 euros, totalling 15,000 euros in 2014 (15,000). The monthly fee for committee work for Carl-Johan Granvik was 500 euros, totalling 6,000 euros in 2014. In 2014 Nordea Bank AB (publ) has paid all salaries, fees, pension- and other staff-related expenses to the above mentioned other members of the Board and the President. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation expenses.

Information on salaries, loans and pension liabilities of the above mentioned other members of the Board and the President is presented in the Annual Report of Nordea Bank AB (publ).

Remuneration to the President of Nordea Bank Finland Plc and Deputy to the President of Nordea Bank Finland Plc

EUR	Fixed salary 2014	GEM Excutive Incentive Programme 2014	Long Term Incentive Programme 2014	Benefits 2014	Total 2014
President of Nordea Bank Finland Plc (employed by Nordea Bank AB (publ)): Ari Kaperi	641,204	416,300	184,767	16,016	**1,258,287**
Deputy to the President of Nordea Bank Finland Plc: Topi Manner	367,646	132,600	81,342	15,916	**597,504**

Defined benefit pension obligation for the President of Nordea Bank Finland Plc amounted to EUR 1 998 192 and for Carl-Johan Granvik to EUR 4 161 101. Both amounts are included in the pension obligations of Nordea Bank AB (publ). There is at yearend no defined benefit plan for the Deputy of the President.

Defined benefit pension obligation for the former Presidents and Deputies of the President of Nordea Bank Finland Plc amounted to EUR 5 427 979 of which EUR 1 738 049 is included in the pension obligations of Nordea Bank AB (publ).

Loans to key management personnel

EUR	Loans granted by NBF 2014	Paid interest 2014	Loans granted by NBF 2013	Paid interest 2013
President of Nordea Bank Finland Plc (employed by Nordea Bank AB (publ)): Ari Kaperi	-	-	-	-
Deputy to the President of Nordea Bank Finland Plc: Topi Manner	603,633	5,286	636,630	2,581
To members and deputy members of the Board of Directors of NBF	397,884	8,932	422,892	8,962
Total	**1,001,517**	**14,218**	**1,059,522**	**11,543**

EUR	Loans granted by NBF Group 2014	Paid interest 2014	Loans granted by NBF Group 2013	Paid interest 2013
President of Nordea Bank Finland Plc (employed by Nordea Bank AB (publ)): Ari Kaperi	759	0	0	0
Deputy to the President of Nordea Bank Finland Plc: Topi Manner	604,318	5,286	636,630	2,581
To members and deputy members of the Board of Directors of NBF	400,943	8,932	422,892	8,962
Total	**1,006,020**	**14,218**	**1,059,522**	**11,543**

Loans to key management personnel as defined in Note 1 section 23 amounted to EUR 615,720 (636,780) in the Group and EUR 578,094 (619,287) in the parent company. Interest income on these loans amounted to EUR 21,986 (9,851) in the Group and EUR 21,984 (9,613) 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 of NBF. Loans to family members of key management personnel are granted on normal market terms, as well as loans to key management who are not employees of Nordea. In Finland the employee interest rate for loans granted before 1 September 2014 corresponds to Nordea's funding cost with a margin of 10 basis points up to EUR 400,000, and 30 basis points on the part that exceeds EUR 400,000. Interest rate for loans granted as from 1 September 2014 corresponds to Nordea's funding cost with a margin of 40 basis points up to EUR 400,000, and 60 basis points on the part that exceeds EUR 400,000.

The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any key management personnel.

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.

Note 8 *Staff costs, cont.*

Long Term Incentive Programmes

Group

	2014			2013		
Conditional Rights LTIP 2012	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	211,263	508,636	211,263	207,861	497,861	207,861
Granted[1]	8,991	21,580	8,991	7,816[1]	19,603[1]	7,816[1]
Transfer during the year	-9,377	-26,344	-9,377	-	-	-
Forfeited	-5,757	-11,514	-5,757	-4,414	-8,828	-4,414
Outstanding at end of year	**205,120**	**492,358**	**205,120**	**211,263**	**508,636**	**211,263**
- of which currently exercisable	-	-	-	-	-	-

Parent company

	2014			2013		
Conditional Rights LTIP 2012	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	205,991	494,835	205,991	202,784	484,654	202,784
Granted[1]	8,749	20,947	8,749	7,621[1]	19,009[1]	7,621[1]
Transfer during the year	-9,377	-26,344	-9,377	-	-	-
Forfeited	-5,757	-11,514	-5,757	-4,414	-8,828	-4,414
Outstanding at end of year	**199,606**	**477,925**	**199,606**	**205,991**	**494,835**	**205,991**
- of which currently exercisable	-	-	-	-	-	-

Group

	2014			2013		
Rights LTIP 2011	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	147,709	295,418	147,709	149,531	299,062	149,531
Granted[1]	6,161	12,323	6,161	5,465	10,930	5,465
Transfer during the year	-6,121	-12,242	-6,121	-	-	-
Forfeited	-2,251	-52,398	-82,275	-7,287	-14,574	-7,287
Allotted	-118,675	-198,282	-53,404	-	-	-
Outstanding at end of year	**26,823**	**44,818**	**12,070**	**147,709**	**295,418**	**147,709**
- of which currently exercisable	-	-	-	-	-	-

Parent company

	2014			2013		
Rights LTIP 2011	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	144,054	288,107	144,054	146,011	292,022	146,011
Granted[1]	6,000	12,000	6,000	5,330	10,660	5,330
Transfer during the year	-6,121	-12,242	-6,121	-	-	-
Forfeited	-2,246	-51,134	-80,174	-7,287	-14,574	-7,287
Allotted	-116,317	-194,343	-52,343	-	-	-
Outstanding at end of year	**25,370**	**42,388**	**11,416**	**144,054**	**288,107**	**144,054**
- of which currently exercisable	-	-	-	-	-	-

Group

	2014			2013		
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	23,955	25,310	10,780	153,128	306,256	153,128
Transfer during the year	-2,959	-3,126	-1,332	-	-	-
Forfeited	-	-	-2,543	-5,032	-149,790	-86,481
Allotted	-5,651	-5,971	-	-124,141	-131,156	-55,867
Outstanding at end of year	**15,345**	**16,213**	**6,905**	**23,955**	**25,310**	**10,780**
- of which currently exercisable	-	-	-	-	-	-

[1] Granted rights are compensation for dividend on the underlying Nordea share during the year.

Note 8 *Staff costs, cont.*

Parent company

Rights LTIP 2010	2014 Matching Share	2014 Performance Share I	2014 Performance Share II	2013 Matching Share	2013 Performance Share I	2013 Performance Share II
Outstanding at the beginning of year	23,955	25,310	10,780	150,708	301,416	150,708
Transfer during the year	-2,959	-3,126	-1,332	-	-	-
Forfeited	-	-	-	-5,032	-147,507	-85,150
Allotted	-5,651	-5,971	-2,543	-121,721	-128,599	-54,778
Outstanding at end of year	**15,345**	**16,213**	**6,905**	**23,955**	**25,310**	**10,780**
- of which currently exercisable	-	-	-	-	-	-

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

	LTIP 2012 Matching Share	LTIP 2012 Performance Share I	LTIP 2012 Performance Share II	LTIP 2011 Matching Share	LTIP 2011 Performance Share I	LTIP 2011 Performance Share II
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price, EUR	-	-	-	-	-	-
Grant date	13 May 2012	13 May 2012	13 May 2012	13 May 2011	13 May 2011	13 May 2011
Vesting period, months	36	36	36	36	36	36
Contractual life, months	36	36	36	36	36	36
Allotment	April/May 2015	April/May 2015	April/'May 2015	April/May 2014	April/May 2014	April/May 2014
Fair value at grant date, EUR	6.06[1]	6.06[1]	2.19[1]	7.33[1]	7.33[1]	2.65[1]

[1] The fair value has been recalculated due to dividend during the vesting period which the participants are compensated for through additional Matching and Performance Shares.

	LTIP 2010 Matching Share	LTIP 2010 Performance Share I	LTIP 2010 Performance Share II
Ordinary share per right	1.00	1.00	1.00
Exercise price, EUR	-	-	-
Grant date	13 May 2010	13 May 2010	13 May 2010
Vesting period, months	36	36	36
Contractual life, months	36	36	36
Allotment	April/May 2013	April/May 2013	April/May 2013
Fair value at grant date, EUR	6.75	6.75	2.45

Conditions and requirements

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

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

	LTIP 2012	LTIP 2011	LTIP 2010
Service condition, Matching Share / Performance Share I and II	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.
Performance condition, Performance Share I	Average RAROCAR during the period 2012 up to and including 2014. Full allotment will be obtained if the RAROCAR amounts to 17%.	Compound Annual Growth Rate in RAPPS from year 2010 (base year) to and including year 2013. Full allotment will be obtained if the Compound Annual Growth Rate amounts to or exceeds 10%.	Compound Annual Growth Rate in RAPPS from year 2009 (base year) to and including year 2012. Full allotment was obtained if the Compound Annual Growth Rate amounted to or exceeded 9%.
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 condition, Performance Share II	RAROCAR during the period 2012 up to and including 2014 and P/B-ranking year-end 2014 compared to a peer group. Full allotment will be obtained if the RAROCAR amounts to 14% and if Nordea's P/B-ranking is 1-5.	TSR during 2011-2013 in comparison with a peer group. Full allotment will be obtained if Nordea is ranked number 1-5.	TSR during 2010-2012 in comparison with a peer group. Full allotment was obtained if Nordea is ranked number 1-5.
Cap	The market value of the allotted shares is capped to the participants' annual salary for year-end 2011.	The market value of the allotted shares is capped to the participants' annual salary for year-end 2010.	The market value of the allotted shares is capped to the participants' annual salary for year-end 2009.
Dividend compensation	The number of Matching Shares and Performance Shares will be adjusted for dividends on the underlying Nordea share during the vesting period, as if assuming that each dividend was used to immediately invest in additional Nordea shares.	The number of Matching Shares and Performance Shares will be adjusted for dividends on the underlying Nordea share during the vesting period, as if assuming that each dividend was used to immediately invest in additional Nordea shares.	-

Fair value calculations

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

	LTIP 2012	**LTIP 2011**	**LTIP 2010**
Weighted average share price, EUR	6.70	8.39	6.88
Right life, years	3.0	3.0	3.0
Deduction of expected dividends	No	No	No
Risk free rate, %	Not applicable	Not applicable	Not applicable
Expected volatility, %	Not applicable	Not applicable	Not applicable

Expected volatility is based on historical values. As the exercise price (zero for LTIP 2012, LTIP 2011 and LTIP 2010) is significantly below the share price at grant date, the value has a limited sensitivity to expected volatility and risk-free interest.

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

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

Group

EURm	**LTIP 2012**	**LTIP 2011**	**LTIP 2010**
Expected expense for the whole programme	-4.7	-3.1	-2.4
Maximum expense for the whole programme	-4.8	-3.1	-2.4
Total expense during 2014	-2.2	-0.3	0.0
Total expense during 2013	-1.0	-1.1	-0.5

Parent company

EURm	**LTIP 2012**	**LTIP 2011**	**LTIP 2010**
Expected expense for the whole programme	-4.6	-3.0	-2.4
Maximum expense for the whole programme	-4.7	-3.0	-2.4
Total expense during 2014	-2.1	-0.3	-0.0
Total expense during 2013	-1.0	-1.1	-0.5

[1] All amounts excluding social security contribution.

When calculating the expected expense an expected annual employee turnover of 5% has been used. The expected expense is recognised over the vesting period of 36 months

Cash-settled share-based payment transactions
Nordea operates share-linked deferrals on parts of variable compensation for certain employee categories, indexed with Nordea Total Shareholder Returns (TSR) and either vesting after three years or vesting in equal instalments over a three to five year period. Since 2011 Nordea also operates TSR-linked retention on part of variable compensation for certain employee categories. Due to that the allocation of variable compensation is not finally decided during the current year, the deferred amount during the year in the table below relates to variable compensation earned the previous year.

In addition Nordea introduced in 2013 the Executive Incentive Programme ("EIP") which aims to strengthen Nordea's capability to retain and recruit the best talents. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's result, profitability and long term value growth. EIP reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long term result is to be considered when determining the targets. The EIP shall not exceed the fixed salary. EIP shall be paid in the form of cash and be subject to TSR-indexation, deferral, forfeiture clauses and retention as per relevant remuneration regulations. The main part of EIP 2014 is paid no earlier than autumn 2018. Participation in the programme is offered to up to 400 managers and key employees, except GEM who are instead offered a GEM EIP (further information about the GEM EIP can be found in the Annual Report of Nordea Bank AB (publ)), within the Nordea Group. EIP is offered instead of Nordea's LTIP and VSP for the invited employees. The allocation of the EIP 2014 is decided during spring 2015, and a reservation of EUR7m excl. social costs was made in 2014 both in the Group and parent company. 80% of the allocated amount will be subject to TSR-indexation.

The below table only includes deferred amounts indexed with Nordea TSR. EIP has been included as from 2014, when deferred. Further information regarding all deferred amounts can be found in the separate report on remuneration published on Nordea's homepage (www.nordea.com).

	Share linked deferrals			
	Group		Parent company	
EURm	2014	2013	2014	2013
Opening balance	4	3	4	3
Deferred/earned during the year	2	2	2	2
TSR indexation during the year	1	1	1	1
Payments during the year[1]	-3	-2	-3	-2
Translation differences	0	0	0	0
Closing balance	**4**	**4**	**4**	**4**

[1] There have been no adjustments due to forfeitures in 2014.

Note 8 *Staff costs, cont.*

Average number of employees

	Group		Parent company	
	2014	2013	2014	2013
Full-time employees	7,258	8,252	6,712	7,697
Part-time employees	544	623	505	584
Total	**7,802**	**9,269**	**7,217**	**8,452**
Total number of employees (FTEs), end of period	6,653	7,981	6,130	7,440

Note 9 Other expenses

	Group		Parent company	
EURm	2014	2013	2014	2013
Information technology	-196	-180	-190	-186
Marketing and representation	-22	-28	-20	-26
Postage, transportation, telephone and office expenses	-38	-43	-33	-36
Rents, premises and real estate	-89	-88	-82	-90
Other	-88	-127	-85	-109
Total	**-433**	**-466**	**-410**	**-447**

Auditors' fees

	Group		Parent company	
EURm	2014	2013	2014	2013
KPMG				
Auditing assignments	-1	-1	-1	-1
Audit-related services	0	0	0	0
Tax advisory services	0	0	0	0
Other assignments	0	0	0	0
Total	**-1**	**-1**	**-1**	**-1**

Note 10 Depreciation, amortisation and impairment charges of tangible and intangible assets

	Group		Parent company	
EURm	2014	2013	2014	2013
Depreciation/amortisation				
Properties and equipment	-21	-21	-19	-15
Intangible assets (Note 21)	-15	-17	-13	-16
Total	**-36**	**-38**	**-32**	**-31**
Impairment charges / Reversed impairment charges				
Property and equipment	-	-	-	-
Intangible assets (Note 21)	-56	-2	-56	-2
Total	**-56**	**-2**	**-56**	**-2**
Total	**-92**	**-40**	**-88**	**-33**

Note 11 Net loan losses

	Group		Parent company	
EURm	2014	2013	2014	2013
Loan losses divided by class				
Realised loan losses	-2	-	-2	-
Allowances to cover realised loan losses	2	-	2	-
Recoveries on previous realised loan losses	0	-	0	-
Provisions	0	0	0	0
Reversals of previous provisions	22	0	22	0
Loans to credit institutions[1]	**22**	**0**	**22**	**0**
Realised loan losses	-114	-71	-77	-40
Allowances to cover realised loan losses	127	104	120	96
Recoveries on previous realised loan losses	28	24	9	8
Provisions	-223	-216	-213	-203
Reversals of previous provisions	101	103	86	93
Loans to the public[1]	**-81**	**-56**	**-75**	**-46**
Realised loan losses	-	-	-	-
Allowances to cover realised loan losses	-	-	-	-
Recoveries on previous realised loan losses	-	-	-	-
Provisions	-14	-8	-14	-8
Reversals of previous provisions	13	11	13	11
Off-balance sheet items[2]	**-1**	**3**	**-1**	**3**
Net loan losses	**-60**	**-53**	**-54**	**-43**

[1] see Note 13 Loans and impairment

[2] Included in Note 31 Provisions as "Transfer risk, off-balance" and "Individually assessed guarantees and other commitments".

Key ratios

	Group		Parent company	
	2014	2013	2014	2013
Loan loss ratio, basis points[3]	5	5	5	5
- of which individual	4	6	3	6
- of which collective	2	-1	2	-1

[3] Net loan losses (annualised) divided by opening balance of loans to the public (lending).

Nordea Bank AB (publ) has guaranteed part of NBF’s corporate exposures and based on the agreement NBF’s loan losses decreased EUR 66m in 2014 and EUR 83m in 2013.

Note 12 Taxes

Income tax expense

	Group		Parent company	
EURm	2014	2013	2014	2013
Current tax	-253	-285	-214	-239
Deferred tax	21	0	26	-4
Bank tax in Finland[1]				
Total	**-232**	**-285**	**-188**	**-243**

[1] The Finnish bank tax was introduced in 2013 and is based on risk weighted assets rather than income. This tax is not included in the current- and deferred tax disclosures in this Note.

For current and deferred tax recognised in Other comprehensive income, see Statement of comprehensive income.

Note 12 *Taxes, cont.*

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	2014	2013	2014	2013
Profit before tax	1,134	1,113	1,009	1,023
Tax calculated at a tax rate of 20% (24,5)	-227	-273	-202	-251
Income from associated undertakings	-	-	-	-
Other direct taxes	0	0	-	-
Tax-exempt income	10	3	24	31
Non-deductible expenses	-20	-14	-15	-13
Adjustments relating to prior years	5	6	5	6
Change of tax rate	-	8	-	-1
Not creditable foreign taxes	-	-15	-	-15
Tax charge	**-232**	**-285**	**-188**	**-243**
Average effective tax rate	20%	26%	19%	24%

Group	Deferred tax assets		Deferred tax liabilities	
EURm	2014	2013	2014	2013
Deferred tax related to:				
Tax losses carry-forward	-	0	-	-
Loans to the public	20	18	57	53
Financial instruments	-	-2	11	-
Intangible assets	-	-	-	-
Properties and equipment	2	2	-	-
Investment property	-	-	-	-
Retirement benefit assets/obligations	21	-27	-	0
Hedge of net investments in foreign operations	-	-	-	-
Liabilities/provisions	11	14	-	0
Netting between deferred tax assets and liabilities	-11	-	-11	
Total	**43**	**5**	**57**	**53**

Parent company	Deferred tax assets		Deferred tax liabilities	
EURm	2014	2013	2014	2013
Deferred tax related to:				
Tax losses carry-forward	-	-	-	-
Loans to the public	18	16	-	-
Financial instruments	1	-2	11	-
Intangible assets	-	-	-	-
Properties and equipment	2	2	-	-
Investment property	-	-	-	-
Retirement benefit assets/obligations	21	-27	-	-
Liabilities/provisions	10	13	-	-
Netting between deferred tax assets and liabilities	-11	-	-11	-
Total	**41**	**2**	**0**	**-**

There were no unrecognised deferred tax assets in the Group nor in the parent company in 2014 or 2013.

There was no deferred tax relating to temporary differences associated with investments in group undertakings, associated undertakings and joint ventures.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred tax income relates to the same fiscal authority.

Note 13 Loans and impairment

	Total			
	Group		Parent company	
EURm	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Loans, not impaired	148,254	148,377	147,107	147,523
Impaired loans	1,480	2,008	1,188	1,716
- performing	823	1,034	653	839
- non-performing	657	974	535	877
Loans before allowances	**149,734**	**150,385**	**148,295**	**149,239**
Allowances for individually assessed impaired loans	-516	-714	-464	-644
- performing	-323	-421	-274	-355
- non-performing	-193	-293	-190	-289
Allowances for collectively assessed impaired loans	-119	-125	-101	-107
Allowances	**-635**	**-839**	**-565**	**-751**
Loans, carrying amount	**149,099**	**149,546**	**147,730**	**148,488**

	Central banks and credit institutions			
	Group		Parent company	
EURm	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Loans, not impaired	35,351	35,768	41,091	41,221
Impaired loans	0	24	0	24
- performing	-	-	-	-
- non-performing	0	24	0	24
Loans before allowances	**35,351**	**35,792**	**41,091**	**41,245**
Allowances for individually assessed impaired loans	-	-25	-	-25
- performing	-	-	-	-
- non-performing	-	-25	-	-25
Allowances for collectively assessed impaired loans	0	0	0	0
Allowances	**0**	**-25**	**0**	**-25**
Loans, carrying amount	**35,351**	**35,767**	**41,091**	**41,220**

	The public[1]			
	Group		Parent company	
EURm	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Loans, not impaired	112,903	112,609	106,016	106,302
Impaired loans	1,480	1,984	1,188	1,692
- Performing	823	1,034	653	839
- Non-performing	657	950	535	853
Loans before allowances	**114,383**	**114,593**	**107,204**	**107,994**
Allowances for individually assessed impaired loans	-516	-689	-464	-619
- Performing	-323	-421	-274	-355
- Non-performing	-193	-268	-190	-264
Allowances for collectively assessed impaired loans	-119	-125	-101	-107
Allowances	**-635**	**-814**	**-565**	**-726**
Loans, carrying amount	**113,748**	**113,779**	**106,639**	**107,268**

[1] Finance leases, where the Nordea Group is a lessor, are included in Loans to the public, see Note 22 Leasing.

Note 13 *Loans and impairment, cont.*

Movements 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 2014	**-714**	**-125**	**-839**	**-644**	**-107**	**-751**
Provisions	-170	-53	-223	-163	-50	-213
Reversals	89	34	123	78	31	109
Changes through the income statement	**-81**	**-19**	**-100**	**-85**	**-19**	**-104**
Allowances used to cover write-offs	129	-	129	122	-	122
Translation differences	150	25	175	143	25	168
Closing balance at 31 Dec 2014	**-516**	**-119**	**-635**	**-464**	**-101**	**-565**
Opening balance at 1 Jan 2013	**-657**	**-178**	**-835**	**-579**	**-161**	**-740**
Provisions	-177	-39	-216	-167	-36	-203
Reversals	55	49	104	46	47	93
Changes through the income statement	**-122**	**10**	**-112**	**-121**	**11**	**-110**
Allowances used to cover write-offs	104	-	104	96	-	96
Translation differences	-39	43	4	-40	43	3
Closing balance at 31 Dec 2013	**-714**	**-125**	**-839**	**-644**	**-107**	**-751**

Central banks and credit institutions						
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2014	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Provisions	-	0	0	-	0	0
Reversals	23	0	23	23	0	23
Changes through the income statement	**23**	**0**	**23**	**23**	**0**	**23**
Allowances used to cover write-offs	2	-	2	2	-	2
Translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2014	**0**	**0**	**0**	**0**	**0**	**0**
Opening balance at 1 Jan 2013	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Provisions	-	0	0	-	0	0
Reversals	-	0	0	-	0	0
Changes through the income statement	-	**0**	**0**	-	**0**	**0**
Allowances used to cover write-offs	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2013	**-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 2014	**-689**	**-125**	**-814**	**-619**	**-107**	**-726**
Provisions	-170	-53	-223	-163	-50	-213
Reversals	66	34	100	55	31	86
Changes through the income statement	**-104**	**-19**	**-123**	**-108**	**-19**	**-127**
Allowances used to cover write-offs	127	-	127	120	-	120
Translation differences	150	25	175	143	25	168
Closing balance at 31 Dec 2014	**-516**	**-119**	**-635**	**-464**	**-101**	**-565**
Opening balance at 1 Jan 2013	**-632**	**-178**	**-810**	**-554**	**-161**	**-715**
Provisions	-177	-39	-216	-167	-36	-203
Reversals	55	49	104	46	47	93
Changes through the income statement	**-122**	**10**	**-112**	**-121**	**11**	**-110**
Allowances used to cover write-offs	104	-	104	96	-	96
Translation differences	-39	43	4	-40	43	3
Closing balance at 31 Dec 2013	**-689**	**-125**	**-814**	**-619**	**-107**	**-726**

[2] See Note 11 Net loan losses

Note 13 *Loans and impairment, cont.*

Allowances and provisions

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Allowances for items in the balance sheet	-635	-839	-565	-751
Provisions for off balance sheet items	-31	-30	-31	-30
Total allowances and provisions	**-666**	**-869**	**-596**	**-781**

	Central banks and credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Allowances for items in the balance sheet	0	-25	0	-25
Provisions for off balance sheet items	-7	-7	-7	-7
Total allowances and provisions	**-7**	**-32**	**-7**	**-32**

	The public			
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2012
Allowances for items in the balance sheet	-635	-814	-565	-726
Provisions for off balance sheet items	-24	-23	-24	-23
Total allowances and provisions	**-659**	**-837**	**-589**	**-749**

Key ratios

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2014	2013	2014	2013
Impairment rate, gross[3], basis points	99	133	80	115
Impairment rate, net[4], basis points	64	86	49	72
Total allowance rate[5], basis points	42	56	38	50
Allowances in relation to impaired loans[6], %	35	36	39	38
Total allowances in relation to impaired loans[7], %	43	42	48	44
Non-performing loans, not impaired[8], EURm	28	66	20	61

[3] Individually assessed impaired loans before allowances divided by total loans before allowances.
[4] Individually assessed impaired loans after allowances divided by total loans before allowances.
[5] Total allowances divided by total loans before allowances.
[6] Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.
[7] Total allowances divided by total impaired loans before allowances.
[8] Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 14 Interest-bearing securities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
State and sovereigns	13,991	8,672	13,991	8,672
Municipalities and other public bodies	165	146	165	146
Mortgage institutions	8,455	12,353	8,455	12,353
Other credit institutions	9,924	10,766	9,924	10,766
Corporates	1,388	1,881	1,388	1,881
Corporates, sub-investment grade	720	428	720	428
Other	-	0	-	0
Total	**34,643**	**34,246**	**34,643**	**34,246**

Note 15 Financial instruments pledged as collateral

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Interest-bearing securities	11,058	9,739	11,058	9,739
Total	**11,058**	**9,739**	**11,058**	**9,739**

For information on transferred assets and reverse repos, see Note 42.

Note 16 Shares

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Shares	1,215	56	1,215	56
Shares taken over for protection of claims	-	-	-	-
Fund units, equity related	688	592	687	591
Fund units, interest related	15	32	15	32
Total	**1,918**	**680**	**1,917**	**679**
- of which Financial instruments pledged as collateral (Note 15)	-	-	-	-
Total	**1,918**	**680**	**1,917**	**679**

Note 17 Derivatives and hedge accounting

	Group			Parent company		
	Fair value		Total nom.	Fair value		Total nom.
31 Dec 2014, EURm	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	64,490	61,858	4,157,905	64,490	61,858	4,157,905
Futures and forwards	296	305	1,284,608	296	305	1,284,608
Options	15,532	13,691	478,828	15,532	13,691	478,828
Other	1	2	2,006	1	2	2,006
Total	**80,319**	**75,856**	**5,923,347**	**80,319**	**75,856**	**5,923,347**
Equity derivatives						
Equity swaps	294	307	14,444	294	307	14,444
Futures and forwards	16	9	956	16	9	956
Options	624	924	19,422	624	924	19,422
Total	**934**	**1,240**	**34,822**	**934**	**1,240**	**34,822**
Foreign exchange derivatives						
Currency and interest rate swaps	17,719	21,376	784,772	17,719	21,376	784,772
Currency forwards	2,026	891	74,720	2,026	891	74,720
Options	349	292	27,047	349	292	27,047
Total	**20,094**	**22,559**	**886,539**	**20,094**	**22,559**	**886,539**
Credit derivatives						
Credit default swaps (CDS)	2,864	2,860	92,083	2,864	2,860	92,083
Total rate of return swaps	-	-	-	-	-	-
Total	**2,864**	**2,860**	**92,083**	**2,864**	**2,860**	**92,083**
Commodity derivatives						
Swaps	62	38	253	62	38	253
Futures and forwards	-	-	169	-	-	169
Options	9	-19	369	9	-19	369
Other	-	-	-	-	-	-
Total	**71**	**19**	**791**	**71**	**19**	**791**
Other derivatives						
Options	18	17	564	18	17	564
Other	12	13	24	12	13	24
Total	**30**	**30**	**588**	**30**	**30**	**588**
Total derivatives held for trading	**104,312**	**102,564**	**6,938,170**	**104,312**	**102,564**	**6,938,170**
Derivatives used for hedge accounting						
Interest rate derivatives	883	311	34,936	883	311	34,936
Equity derivatives	-	-	-	-	-	-
Foreign exchange derivatives	59	1	250	59	1	250
Credit derivatives	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-
Total derivatives used for hedge accounting	**942**	**312**	**35,186**	**942**	**312**	**35,186**
- of which cash flow hedges	65	3	12,702[1]	65	3	12,702[1]
- of which fair value hedges	877	309	22,484[1]	877	309	22,484[1]
Total derivatives	**105,254**	**102,876**	**6,973,356**	**105,254**	**102,876**	**6,973,356**

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

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

Group

31 Dec 2014, EURm	<1 year	1-3 years	3-5 years	5-10 years	Over 10 years
Cash inflows (assets)	-	-	-	-	-
Cash outflows (liabilities)	-2,000	-3,758	-4,500	-2,366	69
Net cash flows	**-2,000**	**-3,758**	**-4,500**	**-2,366**	**69**

Note 17 *Derivatives and hedge accounting, cont.*

	Group			Parent company		
	Fair value		Total nom.	Fair value		Total nom.
31 Dec 2013, EURm	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	48,067	44,566	3,950,077	48,067	44,566	3,950,077
Futures and forwards	203	211	1,156,307	203	211	1,156,307
Options	8,406	8,261	583,111	8,406	8,261	583,111
Total	**56,676**	**53,038**	**5,689,495**	**56,676**	**53,038**	**5,689,495**
Equity derivatives						
Equity swaps	425	232	10,887	425	232	10,887
Futures and forwards	7	5	912	7	5	912
Options	546	695	15,871	546	695	15,871
Total	**978**	**932**	**27,670**	**978**	**932**	**27,670**
Foreign exchange derivatives						
Currency and interest rate swaps	9,804	10,670	797,916	9,804	10,670	797,916
Currency forwards	473	515	91,719	473	515	91,719
Options	185	150	21,228	185	150	21,228
Total	**10,462**	**11,335**	**910,863**	**10,462**	**11,335**	**910,863**
Credit derivatives						
Credit default swaps	1,337	1,361	60,889	1,337	1,361	60,889
Total rate of return swaps	-	-	-	-	-	-
Total	**1,337**	**1,361**	**60,889**	**1,337**	**1,361**	**60,889**
Commodity derivatives						
Swaps	105	92	2,125	105	92	2,125
Futures and forwards	11	10	762	11	10	762
Options	28	11	1,048	28	11	1,048
Other	-	-	-	-	-	-
Total	**144**	**113**	**3,935**	**144**	**113**	**3,935**
Other derivatives						
Options	13	14	431	13	14	431
Other	15	13	32	15	13	32
Total	**28**	**27**	**463**	**28**	**27**	**463**
Total derivatives held for trading	**69,625**	**66,806**	**6,693,315**	**69,625**	**66,806**	**6,693,315**
Derivatives used for hedge accounting						
Interest rate derivatives	565	144	62,386	565	144	62,386
Foreign exchange derivatives	44	159	1,026	44	159	1,026
Total derivatives used for hedge accounting	**609**	**303**	**63,412**	**609**	**303**	**63,412**
- of which cash flow hedges	39	219	13,957[1]	39	219	13,957[1]
- of which fair value hedges	570	84	62,212[1]	570	84	62,212[1]
Total derivatives	**70,234**	**67,109**	**6,756,727**	**70,234**	**67,109**	**6,756,727**

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

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

Group

31 Dec 2013, EURm	<1 year	1-3 years	3-5 years	5-10 years	Over 10 years
Cash inflows (assets)	-	-	-	-	-
Cash outflows (liabilities)	2,569	3,663	3,724	3,829	69
Net cash flows	**2,569**	**3,663**	**3,724**	**3,829**	**69**

Note 18 Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Carrying amount at beginning of year	58	124	58	124
Changes during the year				
- Revaluation of hedged items	18	-66	18	-66
Carrying amount at end of year	**76**	**58**	**76**	**58**

Liabilities	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Carrying amount at beginning of year	369	637	369	637
Changes during the year				
- Revaluation of hedged items	404	-268	404	-268
Carrying amount at end of year	**773**	**369**	**773**	**369**

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

Note 19 Investments in group undertakings

Parent company

	31 Dec	31 Dec
EURm	2014	2013
Acquisition value at beginning of year	376	373
Acquisitions during the year	4	7
Sales during the year	-55	-4
Translation differences	-1	0
Acquisition value at end of year	**324**	**376**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-16	-
Translation differences	-	-
Accumulated impairment charges at end of year	**-16**	**-**
Total	**308**	**376**

Note 19 *Investments in group undertakings, cont.*

Specification

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

Group

31 Dec 2014	Number of shares	Carrying amount 2014 EURm	Carrying amount 2013 EURm	Voting power of holding, %	Domicile	Business ID
Domestic						
Credit institutions						
Nordea Finance Finland Ltd	1,000,000	306	306	100.0	Helsinki	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]	67	5	5	100.0	Helsinki	2557073-9
Kiinteistö Oy Tulppatie 7[1]	80	7	7	100.0	Helsinki	2557075-5
International						
Financial institutions						
Nordea Finance Polska S.A[2]	-	-	0	100.0	Warsaw	PL5861944082
Nordea Finance Estonia Ltd[1]	60,000	6	6	100.0	Tallinn	EE100212426
Nordea Finance Latvia Ltd[1]	1,100	4	4	100.0	Riga	LV40003348054
Nordea Finance Lithuania Ltd[1]	6,540	4	4	100.0	Vilnius	LT111667277
Nordea Securities Holding (U.K.) Ltd	49,010,000	2	2	100.0	London	01803666
Real estate companies						
Promano Est OÜ[2]	-	-	10	100.0	Tallinn	11681888
Promano Lit UAB[2]	-	-	10	100.0	Vilnius	302423219
SIA Promano Lat[2]	-	-	30	100.0	Riga	40103235197
SIA Realm[2]	-	-	10	100.0	Riga	50103278681

Other subsidiaries included in the consolidated financial statements; total assets of less than EUR 10m	Number of companies	Carrying amount of shares EURm	Total assets EURm
Real estate companies	7	11	19
Other companies	5	0	76

[1] Indirect holding through Nordea Finance Finland Ltd, a subsidiary of Nordea Bank Finland Plc.

[2] Sold in April 2014

The parent company of Nordea Bank Finland Plc is Nordea Bank AB (publ) domiciled in Stockholm, registration number 516406-0120. The Annual Report 2014 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 2014 of the Nordea Group is also available at branches of Nordea Bank Finland Plc.

Group

Special Purpose Entities (SPEs) – Consolidated

After the sale of the Baltic operations there are no consolidated SPEs in NBF. The consolidated value in 2013 was EUR 2m.

Note 20 Investments in associated undertakings

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Acquisition value at beginning of year	61	80	43	43
Acquisitions during the year	0	1	-	-
Sales during the year	-6	-	-6	-
Share in earnings	3	8	-	-
Dividend received	-17	-27	-	-
Reclassifications	-	-1	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**41**	**61**	**37**	**43**
Accumulated impairment charges at beginning of year	-2	-2	-9	-9
Reversed impairment charges during the year	-	-	-	-
Impairment charges during the year	-	-	-	-
Reclassifications	-	-	-	-
Translation differences	0	0	-	-
Accumulated impairment charges at end of year	**-2**	**-2**	**-9**	**-9**
Total	**39**	**59**	**28**	**34**

Nordea Bank Finland Plc's and Nordea Bank Finland Group's associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

	31 Dec	31 Dec
EURm	2014	2013
Total assets	173	242
Net profit	2	2
Other comprehensive income	0	0
Total comprehensive income	2	2

Nordea Bank Finland Plc's and Nordea Bank Finland Group' s share of contingent liabilities and commitments in favour of associated undertakings of Nordea Bank Finland Group amounts to EUR 32m (83), of which the unused portion of approved overdraft facilities is EUR 32m (63).

Group

31 Dec 2014	Business ID	Domicile	Carrying amount 2014, EURm	Carrying amount 2013, EURm	Voting power of holding %
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	7	8	33.3
Fenestra Oy[1]	0177676-7	Vantaa	0	0	9.9
NF Fleet Oy	2006935-5	Espoo	5	3	20.0
UAB ALD Automotive, Lithuania	300156575	Vilnius	2	1	25.0
ALD Automotive Eesti AS, Estonia	11094435	Tallin	1	1	25.0
ALD Automotive SIA, Latvia	50003825931	Riga	1	1	25.0
Oy Realinvest Ab	0680035-9	Helsinki	0	0	49.3
Realia Holding Oy	2106796-8	Helsinki	20	20	25.0
Securus Oy	0742429-5	Helsinki	0	0	35.2
Suomen Luotto-osuuskunta	0201646-0	Helsinki	3	25	27.3
Total			**39**	**59**	

[1] Nordea Bank Finland Plc holds currently convertible bonds which, if converted, would give Nordea Bank Finland significant influence over the entity.

Parent company

31 Dec 2014	Business ID	Domicile	Carrying amount 2014, EURm	Carrying amount 2013, EURm	Voting power of holding %
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	5	5	33.3
Fenestra Oy[1]	0177676-7	Vantaa	0	0	9.9
Realia Holding Oy	2106796-8	Helsinki	20	20	25.0
Oy Realinvest Ab	0680035-9	Helsinki	0	0	49.3
Securus Oy	0742429-5	Helsinki	0	0	35.2
Suomen Luotto-osuuskunta	0201646-0	Helsinki	3	9	27.3
Total			**28**	**34**	

[1] Nordea Bank Finland Plc holds currently convertible bonds which, if converted, would give Nordea Bank Finland significant influence over the entity.

Note 21 Intangible assets

	Group		Parent Company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Computer software	42	94	35	97
Other intangible assets, total	5	6	0	1
Total intangible assets	**47**	**100**	**35**	**98**

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2014	2013	2014	2013
Movements in computer software				
Acquisition value at beginning of year	166	156	171	163
Acquisitions during the year	20	11	10	9
Sales/disposals during the year	0	-	-2	-
Reclassifications	0	-1	3	-1
Translation differences	0	0	0	-
Acquisition value at end of year	**186**	**166**	**182**	**171**
Accumulated amortisation at beginning of year	-64	-50	-66	-52
Amortisation according to plan for the year	-14	-15	-13	-15
Accumulated amortisation on sales/disposals during the year	-	-	1	-
Reclassifications	-1	1	-4	1
Translation differences	-	0	0	-
Accumulated amortisation at end of year	**-79**	**-64**	**-82**	**-66**
Accumulated impairment charges at beginning of year	-8	-6	-8	-6
Impairment charges during the year	-57	-2	-57	-2
Accumulated impairment charges at end of year	**-65**	**-8**	**-65**	**-8**
Total	**42**	**94**	**35**	**97**

Note 22 Leasing

NBF as a lessor

Finance leases
Nordea Bank Finland Group owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans to the public" (see Note 13) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments:

	Group	
	31 Dec	31 Dec
EURm	2014	2013
Gross investments	2,509	2,596
Less unearned finance income	-124	-139
Net investments in finance leases	**2,385**	**2,457**
Less unguaranteed residual values accruing to the benefit of the lessor	-22	-73
Present value of future minimum lease payments receivable	**2,363**	**2,384**
Accumulated allowance for uncollectible minimum lease payments receivable	8	10

As of 31 December 2014 the gross investment and the net investment by remaining maturity was distributed as follows:

	Group	
	31 Dec 2014	31 Dec 2014
EURm	Gross investment	Net investment
2015	951	890
2016	584	553
2017	486	468
2018	280	271
2019	153	150
Later years	54	53
Total	**2,508**	**2,385**

Operating leases
Assets subject to operating leases mainly comprise vehicles and other equipment. On the balance sheet they are reported as tangible assets.

Under non-cancellable operating leases, the future minimum lease payments receivables are distributed as follows:

	Group
EURm	31 Dec 2014
2015	1
2016	1
2017	0
2018	0
2019	0
Later years	0
Total	**2**

NBF as a lessee

Finance leases

Nordea Bank Finland Group has only to a minor extent entered into finance lease agreements. The carrying amount of assets subject to finance leases amounts to EUR 0m (0).

Operating leases

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
Leasing expenses during the year, EURm	2014	2013	2014	2013
Leasing expenses during the year	-65	-66	-63	-69
- of which minimum lease payments	-62	-65	-63	-69
- of which contingent rents	-1	-1	-	-
Leasing income during the year regarding sublease payments	-	-	-	-

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

	Group	Parent company
EURm	31 Dec 2014	31 Dec 2014
2015	55	51
2016	40	37
2017	27	27
2018	23	23
2019	18	18
Later years	93	93
Total	**256**	**249**

Note 23 Investment properties

EURm	Group 31 Dec 2014	Group 31 Dec 2013	Parent company 31 Dec 2014	Parent company 31 Dec 2013
Carrying amount at beginning of year	113	104	8	10
Acquisitions during the year	1	29	0	2
Sales/disposals during the year	-112	-20	-6	-4
Net result from fair value adjustments	0	0	-	-
Carrying amount at end of year	**2**	**113**	**2**	**8**

Amounts recognised in the income statement[1]

EURm	2014	2013	2014	2013
Rental income	1	1	1	1
Direct operating expenses that generate rental income	-4	-3	-4	-3

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

Market value	2	113	2	8

For further information regarding investment properties, see Note 40.

Note 24 Other assets

EURm	Group 31 Dec 2014	Group 31 Dec 2013	Parent company 31 Dec 2014	Parent company 31 Dec 2013
Claims on securities settlement proceeds	980	906	980	905
Cash/ margin receivables	12,978	6,607	12,978	6,607
Other	666	764	628	721
Total	**14,624**	**8,277**	**14,586**	**8,233**

Note 25 Prepaid expenses and accrued income

EURm	Group 31 Dec 2014	Group 31 Dec 2013	Parent company 31 Dec 2014	Parent company 31 Dec 2013
Accrued interest income	113	313	105	308
Other accrued income	319	248	146	69
Prepaid expenses	8	11	8	9
Total	**440**	**572**	**259**	**386**

Note 26 Deposits by credit institutions

EURm	Group 31 Dec 2014	Group 31 Dec 2013	Parent company 31 Dec 2014	Parent company 31 Dec 2013
Central banks	10,139	5,780	10,139	5,780
Banks	68,212	60,908	67,970	60,796
Other credit institutions	9,017	12,738	9,020	12,739
Total	**87,368**	**79,426**	**87,128**	**79,315**

Note 27 Deposits and borrowings from the public

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Deposits	52,593	53,983	52,587	53,992
Repurchase agreements	24,286	26,926	24,286	26,916
Total	**76,879**	**80,909**	**76,873**	**80,908**

Note 28 Debt securities in issue

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Certificates of deposit	22,871	16,408	22,871	16,408
Commercial papers	887	7,122	887	7,122
Covered bonds	16,212	15,473	16,212	15,473
Other bonds	8,502	8,127	8,502	8,127
Total	**48,472**	**47,130**	**48,472**	**47,130**

Note 29 Other liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Liabilities on securities settlement proceeds	631	665	631	665
Sold, not held, securities	6,273	10,405	6,273	10,405
Accounts payable	37	60	31	40
Cash/margin payables	10,061	5,872	10,061	5,872
Other	1,575	1,853	1,374	1,705
Total	**18,577**	**18,855**	**18,370**	**18,687**

Note 30 Accrued expenses and prepaid income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Accrued interest	10	303	10	303
Other accrued expenses	611	413	502	302
Prepaid income	183	150	99	63
Total	**804**	**866**	**611**	**668**

Note 31 Provisions

EURm	Group 31 Dec 2014	Group 31 Dec 2013	Parent company 31 Dec 2014	Parent company 31 Dec 2013
Reserve for restructuring costs	45	26	44	26
Transfer risks, off-balance	8	9	8	9
Individually assessed guarantees and other commitments	23	21	23	21
Tax	0	1	-	-
Other	9	15	7	11
Total	**85**	**72**	82	**67**

Group

EURm	Restructuring	Transfer risks	Guarantees/ commitments	Tax	Other	Total
At the beginning of year	26	9	21	1	15	72
New provisions made	39	3	11	-	0	53
Provisions utilised	-18	-	-	-	-1	-19
Reversals	-2	-4	-9	-1	-4	-20
Reclassifications	-	-	-	-	-	-
Translation differences	-	-	-	-	-1	-1
At the end of year	**45**	**8**	**23**	**0**	**9**	**85**

Provisions for restructuring costs amounts to EUR 45m and covers termination benefits (EUR 43m) and other provisions mainly related to redundant premises (EUR2m). The restructuring activities have mainly been launched to reach the anticipated cost efficiency and profitability, and as a part of this Nordea plans to reduce the number of employees, partly through close down of branches. The majority of the provision is expected to be used during 2015-2016. As with any other provision there is an uncertainty around timing and amount, which is expected to be decreased as the plan is being executed.

Provision for Transfer risk of EUR 8m is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 13. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed guarantees and other commitments amounted to EUR 23m.

Other provisions (EUR 9m) refer to the following provisions: Legal Disputes of EUR 4m, provision for environmental and property-related obligations of EUR 3m and other provisions amounting to EUR 2m (EUR 9m expected to be settled in 2015).

Parent company

EURm	Restructuring	Transfer risks	Guarantees/ commitments	Other	Total
At beginning of year	26	9	21	11	67
New provisions made	38	3	11	-	52
Provisions utilised	-18	-	-	-	-18
Reversals	-2	-4	-9	-4	-19
Translation differences	-	-	-	-	-
At the end of year	**44**	**8**	**23**	**7**	**82**

Provisions for restructuring costs amounts to EUR 44m and covers termination benefits (EUR 42m) and other provisions mainly related to redundant premises (EUR 2m). The restructuring activities have mainly been launched to reach the anticipated cost efficiency and profitability, and as a part of this Nordea plans to reduce the number of employees, partly through close down of branches. The majority of the provision is expected to be used during 2015-2016. As with any other provision there is an uncertainty around timing and amount, which is expected to be decreased as the plan is being executed.

Provision for Transfer risk of EUR 8m is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 13. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed guarantees and other commitments amounted to EUR 23m.

Other provisions refer (EUR 7m) to the following provisions: Legal Disputes of EUR 4m and provision for environmental and property-related obligations of EUR 3m (EUR 7m expected to be settled in 2015).

Note 32 Retirement benefit obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Defined benefit plans, net	-2	-112	0	-111
Total	**-2**	**-112**	**0**	**-111**

NBF has various pension plans, which are classified both as defined benefit plans as well as defined contribution plans. IAS 19 secures that the pension obligations net of plan assets backing these obligations is reflected on the Group's balance sheet. The defined benefit plans in Finland are closed to new employees and instead, pensions for new employees are based on defined contribution (DCP) arrangements. The plans for the foreign branches are also mainly defined contribution plans. The existing defined benefit plans in London and New York are closed to new employees. Defined contribution plans are not reflected on the balance sheet except when earned pension rights have not yet been paid for.

The pension plans are structured in accordance with local regulations, legislations and local practice. Plan assets are generally held in a separate pension fund or foundation. Minimum funding requirement differ between plans but generally the pension obligation measured using local requirements shall be covered in full or with a predetermined surplus.

Characteristics of the Nordea Pension Foundation
The most significant of the Finnish plans is the Nordea Pension Foundation. Nordea Pension Foundation plan is a final salary and service based pension plan providing pension benefits on top of the statutory systems. The employer has promised a certain level of benefit after retirement to a certain group of employees within the plan. Plan’s operation is managed by the Board of Members. The board consists of both employers’ and employee’s representatives. The Board of Members has named a managing director to take care of regular operations in the foundation.

The plan exposes the employer to certain risks. If the return of foundation’s assets is not enough to cover the increment of liability and benefit payments over the financial year then the employer funds the deficit with contributions. The present value of the defined benefit liability is calculated using a discount rate determined by reference to high quality bond yields. A decrease in the corporate bond yields increases the liabilities along with increment of plan’s benefit obligation calculated according to IAS 19. However, part of increment of obligation is offset by asset increment along with the increment of plan’s bond holdings. Asset volatility may also impact NBF although basically the distribution of assets to different asset classes is strictly dictated by authorities so significant concentration risk cannot be borne. The plan’s benefits in payment are tied to TyEL-index which depends on inflation (80 %) and common salary index (20 %). Higher inflation increases the TyEL-index which leads to an increase in liabilities. Higher inflation causes extra challenges to investment activities from which the employer in the last resort is responsible. The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in life expectancy of the plan participants will increase the plan’s liability.

After having the necessary approval from the Finnish FSA, Nordea Pension Foundation will return the excess cover capital to the members of the Pension Foundation. The estimated amount is totally EUR 21m, of which the major part belongs to NBF Group companies. The amount has been taken into account when preparing the actuarial calculations for the year 2014.

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions.

Assumptions[1]	Finland
2014	
Discount rate[2]	2.0%
Salary increase	2.0%
Inflation	1.5%
Mortality	Compertz
Increase in income base amount	1,9%
2013	
Discount rate[2]	3.5%
Salary increase	2.5%
Inflation	1.5%
Mortality	Compertz
Increase in income base amount	1.9%

[1] The assumptions disclosed for 2014 have an impact on the liability calculation by year-end 2014, while the assumptions disclosed for 2013 are used for calculating the pension expense in 2014.

[2] More information on the discount rate can be found in Note 1, section 19. The sensitivities to changes in the discount rate can be found below.

Sensitivities - Impact on Defined Benefit Obligation (DBO)	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Discount rate - Increase 50bps	-7.2%	-6.3%	-7.1%	-6.3%
Discount rate - Decrease 50bps	8.1%	7.1%	8.1%	7.1%
Salary increase - Increase 50bps	0.4%	0.3%	0.4%	0.3%
Salary increase - Decrease 50bps	-0.4%	-0.3%	-0.4%	-0.3%
Inflation - Increase 50bps	4.7%	4.3%	4.6%	4.2%
Inflation - Decrease 50bps	-4.3%	-4.0%	-4.3%	-3.9%
Mortality - Increase 1 year	3.7%	2.9%	3.7%	2.9%
Mortality - Decrease 1 year	-3.6%	-	-3.6%	-

The sensitivity analyses are prepared by changing one actuarial assumption while keeping the other assumptions unchanged. This is a simplified approach since the actuarial assumptions usually are correlated. However, it enables the reader to isolate one effect from another. The method used for calculating the impact on the obligation is the same as when calculating the obligation accounted for in the financial statements.

Compared with the 2013 Annual Report there have been no changes in the methods used when preparing the sensitivity analyses.

Net retirement benefit liabilities/assets

EURm	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Obligations	948	788	934	776
Plan assets	946	900	934	887
Net liability(-)/asset (+)	**-2**	**112**	**0**	**111**
- of which retirement benefit liabilities	28	21	25	20
- of which retirement benefit assets	25	133	25	132

Movements in the obligation

EURm	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Opening balance	788	863	776	839
Current service cost	2	3	2	2
Interest cost	27	29	27	29
Pensions paid	-42	-41	-42	-41
Past service cost	0	1	0	1
Settlements	0	-4	0	-4
Business combinations	-	-	-	12
Remeasurement from changes in demographic assumptions	28	-1	28	-1
Remeasurement from changes in financial assumptions	145	-46	142	-45
Remeasurement from experience adjustments	-8	-14	-7	-14
Translation differences	8	-2	8	-2
Closing balance	**948**	**788**	**934**	**776**

The average duration of the obligation is 14 years both in the Group and the parent company. The duration is based on discounted cash flows. The fact that the main part of the defined benefit plans are closed for new entrants leads to a lower duration.

Movements in the fair value of plan assets

	Group		Parent company	
EURm	2014	2013	2014	2013
Opening balance	900	893	887	873
Interest income (calculated using the discount rate)	31	30	31	30
Pensions paid	-42	-41	-42	-41
Settlements	0	-1	0	-1
Business combinations	-	-	-	8
Contributions by employer	-14	10	-13	10
Remeasurement (actual return less interest income)	63	11	63	10
Administrative expenses	0	0	0	0
Translation differences	8	-2	8	-2
Closing balance	**946**	**900**	**934**	**887**

Asset composition

The combined return on assets in 2014 was 10% (5). The asset return was driven particularly by strong return on long dated sovereign bonds. Other assets including equity investments, real estate and credit investments also contributed positively. At the end of the year, the equity exposure in pension foundation represented 28% (27) of total assets.

Asset composition in funded schemes	2014	2013
Bonds	59%	57%
- sovereign	75%	36%
- covered bonds	-	5%
- corporate bonds	23%	16%
- issued by Nordea entities	-	0%
- with quoted market price in an active market	100%	57%
Equity	28%	27%
- domestic	33%	9%
- European	27%	8%
- US	26%	6%
- emerging	14%	4%
- with quoted market price in an active market	100%	27%
Real Estate	10%	13%
- occupied by Nordea	28%	4%
Cash and cash equivalents	3%	3%

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

Both the Group and the parent company is expected to contribute EUR 7m to its defined benefit plans in 2015.

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 2014 is EUR 1m positive (0m). In the parent company's income statement the respective cost was EUR 1m positive (1) in 2014.

Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 8.)

	Group		Parent company	
Recognised in the income statement, EURm	2014	2013	2014	2013
Current service cost	3	2	2	2
Net interest	-4	-1	-3	-1
Past service cost	0	1	0	1
Settlements	0	-3	0	-3
Administrative expenses	0	0	0	0
Pension cost on defined benefit plans	**-1**	**0**	**-1**	**-1**

The pension cost is in line with what was expected at the start of the year.

Note 32 *Retirement benefit obligations, cont.*

Recognised in other comprehensive income, EURm	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Remeasurement from changes in demographic assumptions	28	-1	28	-1
Remeasurement from changes in financial assumptions	145	-46	142	-45
Remeasurement from experience adjustments	-8	-14	-7	-14
Remeasurement of plan assets (actual return less interest income)	-63	-11	-63	-10
Pension cost on defined benefit plans (expense+, income-)	**102**	**-72**	**100**	**-70**

Net retirement benefit asset//liability	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Opening balance	-112	-30	-111	-34
Pension cost in the income statement	-1	0	-1	-1
Remeasurements in other comprehensive income	102	-72	100	-70
Business combinations	-	-	-	4
Pensions paid	0	0	0	0
Contributions by employer	13	-10	13	-10
Translation differences	0	0	0	0
Closing balance	**2**	**-112**	**1**	**-111**

Key management personnel
The members of the Board of Directors of Nordea Bank Finland Plc and the President, are members of the Nordea Bank AB (publ) Group Executive Management, except for the one external member Carl-Johan Granvik. In 2013 Nordea Bank AB (publ) has paid all salaries, fees, pensions and other staff-related expenses to the above mentioned other members of the Board and the President. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation expenses.

Information on salaries, loans and pension liabilities regarding the above mentioned other members of the Board and the President is presented in the Annual Report of Nordea Bank AB (publ).

Note 33 Subordinated liabilities

EURm	Group 31 Dec 2014	Group 31 Dec 2013	Parent company 31 Dec 2014	Parent company 31 Dec 2013
Dated subordinated debenture loans	-	-	-	-
Undated subordinated debenture loans	70	429	70	429
Hybrid capital loans	550	-	550	-
Total	**620**	**429**	**620**	**429**

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

Group and parent company

On 31 December 2014 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]	1999/undated	MJPY 10,000	70	4,21 %
Nordea Bank Finland Plc [2]	2014/30 Sep 2019	MEUR 550	550	Floating 3-month EURIBOR +4.34 %

[1] Call date 26 February 2029
[2] Call date 30 February 2019

Note 34 Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Assets pledged for own liabilities				
Securities etc.[1]	11,058	9,739	11,058	9,739
Loans to the public	19,800	18,803	19,800	18,803
Other pledged assets	12,568	6,519	12,568	6,514
Total	**43,426**	**35,061**	**43,426**	**35,056**
The above pledges pertain to the following liabilities				
Deposits by credit institutions	6,399	3,210	6,399	3,209
Deposits and borrowings from the public	4,659	6,530	4,659	6,530
Derivatives	12,314	6,307	12,314	6,307
Debt securities in issue	16,212	15,473	16,212	15,473
Other liabilities and commitments	0	195	0	195
Total	**39,584**	**31,715**	**39,584**	**31,714**

[1] Relates only to securities recognised on 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 42 Transferred assets and obtained collaterals.

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

Loans to the public amounting to EUR 19,800m (18,803) have been registered as collateral for issued Finnish covered bonds amounting to EUR 16,212m (15,473). 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 35 Other assets pledged

Other assets pledged are mainly related to securities which includes interest-bearing securities pledged as securities for payment settlements within the central banks and clearing institutions EUR 5,000m (2,876). The terms and conditions require day to day securities and relate to liquidity intraday/overnight. Collateral pledged on behalf of other items other than the company´s own liabilities, e.g. on behalf of a third party or on behalf of the company´s own contingent liabilities are also accounted for under this item.

Note 36 Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Guarantees				
Loan guarantees	1,350	1,686	1,538	1,917
Other guarantees	11,933	12,637	11,941	12,637
Documentary credits	1,603	1,493	1,603	1,493
Other contingent liabilities	20	20	20	20
Total	**14,906**	**15,836**	**15,102**	**16,067**

In the normal business of Nordea Bank Finland, the bank issues various forms of guarantees in favour of bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are off-balance sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

Note 37 Commitments

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Unutilised overdraft facilities	7,760	8,301	7,784	8,302
Loan commitments	8,261	7,581	5,513	5,120
Future payment obligations	3	7	3	7
Other commitments	766	714	449	319
Total	**16,790**	**16,603**	**13,749**	**13,748**

Reverse repurchase agreements are recognised on and derecognised from the balance sheet on settlement date. Nordea has as per 31 December 2014 signed reverse repurchase agreements of EUR 26,849m (11,335) 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 2014. These instruments have not been disclosed as commitments.

Note 38 Capital adequacy

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

Common Equity Tier 1 capital and Tier 1 capital
Common Equity Tier (CET) 1 capital is defined as eligible capital including eligible reserves, net of regulatory required deductions made directly to CET1 capital. The capital recognised as CET 1 capital holds the ultimate characteristics for loss absorbance defined from a going concern perspective and represents the most subordinated claim in the event of liquidation.

The Tier 1 capital is defined as the sum of CET1 capital and Additional Tier 1 (AT1) capital where AT1 capital is the total of instruments (hybrids) issued by the bank that meet the transitional regulatory criteria and not included in the CET1 net after AT1 deductions. All AT1 capital instruments are undated subordinated capital loans.

Eligible capital and eligible reserves
Paid up capital is the share capital contributed by shareholders, including the share premium paid. Eligible reserves consist primarily of retained earnings, other reserves and income from current year. Retained earnings are earnings from previous years reported via the income statement. Other reserves are related to revaluation and translation reserves referred to acquisitions and associated companies under the equity method. The equity interests of minority shareholdings in companies that are fully consolidated in the financial group are not included. Positive income from current year is included as eligible capital after verification by the external auditors, however negative income must be deducted.

Additional Tier 1 instruments
The inclusion of undated subordinated loans in additional Tier 1 capital is restricted and repurchase can normally not take place until five years after original issuance of the instrument. Undated subordinated loans may be repaid only upon decision by the Board of Directors in NBF and with the permission of the Supervisory Authority. Furthermore, there are restrictions related to step-up conditions, order of priority, and interest payments under constraint conditions. Additional Tier 1 instruments issued that fulfil the CRD IV requirements are fully included whereas remaining instruments are phased out according to transitional rules.

For the additional Tier 1 instruments, conditions specify appropriation in order to avoid being obliged to enter into liquidation. To the extent that may be required to avoid liquidation, the principal amounts of additional Tier 1 instruments (together with accrued interest) would be written down and converting such amount into a conditional capital contribution.

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

Tier 2 instruments
Tier 2 instruments consists mainly of subordinated debt. Tier 2 instruments includes two different types of subordinated loan capital; undated loans and dated loans. Tier 2 instruments issued that fulfil the CRD IV requirements are fully included whereas remaining instruments are phased out according to transitional rules.

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

table A2 Transitional own funds

	Group Common Equity Tier 1 capital: instruments and reserves, EURm	(A) amount at disclosure date	(C) amounts subject to pre-regulation (EU) no 575/2013 treatment or prescribed residual amount of regulation (EU) no 575/2013
1	Capital instruments and the related share premium accounts	2,918	
	of which: Share capital	2,319	
2	Retained earnings	5,831	
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-33	
5	Minority Interests (amount allowed in consolidated CET1)	0	0
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	452	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	9,168	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-210	
8	Intangible assets (net of related tax liability) (negative amount)	-47	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0	
11	Fair value reserves related to gains or losses on cash flow hedges	2	
12	Negative amounts resulting from the calculation of expected loss amounts	-237	0
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	6	
15	Defined-benefit pension fund assets (negative amount)	-16	0
25b	Foreseeable tax charges relating to CET1 items (negative amount)	0	
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-213	
	Of which: …filter for unrealised loss 1	0	1
	Of which: …filter for unrealised gain 1	-213	
28	**Total regulatory adjustments to Common equity Tier 1 (CET1)**	-714	
29	**Common Equity Tier 1 (CET1) capital**	8,454	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	550	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	550	
Additional Tier 1 (AT1) capital: regulatory adjustments			
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	0	
44	**Additional Tier 1 (AT1) capital**	550	
45	**Tier 1 capital (T1 = CET1 + AT1)**	9,004	
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	0	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	69	
51	**Tier 2 (T2) capital before regulatory adjustments**	69	
Tier 2 (T2) capital: regulatory adjustments			
57	**Total regulatory adjustments to Tier 2 (T2) capital**	0	
58	**Tier 2 (T2) capital**	69	
59	**Total capital (TC = T1 + T2)**	9,073	
60	**Total risk weighted assets**	50,499	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	16.7%	
62	Tier 1 (as a percentage of risk exposure amount)	17.8%	
63	Total capital (as a percentage of risk exposure amount)	18.0%	

64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	0.0%	
65	of which: capital conservation buffer requirement	0.0%	
66	of which: countercyclical buffer requirement	0.0%	
67	of which: systemic risk buffer requirement	0.0%	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.0%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	10.0%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	192	
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	5	
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	41	
Applicable caps on the inclusion of provisions in Tier 2			
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	27,495	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	165	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)			
84	Current cap on T2 instruments subject to phase out arrangements	364	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	

	Parent company Common Equity Tier 1 capital: instruments and reserves, EURm	(A) amount at disclosure date	(C) amounts subject to pre-regulation (EU) no 575/2013 treatment or prescribed residual amount of regulation (EU) no 575/2013
1	Capital instruments and the related share premium accounts	2,918	
	of which: Share capital	2,319	
2	Retained earnings	5,293	
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-22	
5	Minority Interests (amount allowed in consolidated CET1)	0	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	371	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	8,560	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-210	
8	Intangible assets (net of related tax liability) (negative amount)	-35	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0	
11	Fair value reserves related to gains or losses on cash flow hedges	2	
12	Negative amounts resulting from the calculation of expected loss amounts	-188	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	6	
15	Defined-benefit pension fund assets (negative amount)	-16	
25b	Foreseeable tax charges relating to CET1 items (negative amount)	0	

26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-213
	Of which: …filter for unrealised loss 1	0
	Of which: …filter for unrealised gain 1	-213
28	**Total regulatory adjustments to Common equity Tier 1 (CET1)**	-654
29	**Common Equity Tier 1 (CET1) capital**	7,906
Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	550
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	550
Additional Tier 1 (AT1) capital: regulatory adjustments		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	0
44	**Additional Tier 1 (AT1) capital**	550
45	**Tier 1 capital (T1 = CET1 + AT1)**	8,456
Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	0
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	69
51	**Tier 2 (T2) capital before regulatory adjustments**	69
Tier 2 (T2) capital: regulatory adjustments		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	0
58	**Tier 2 (T2) capital**	69
59	**Total capital (TC = T1 + T2)**	8,525
60	**Total risk weighted assets**	45,955
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	17.2%
62	Tier 1 (as a percentage of risk exposure amount)	18.4%
63	Total capital (as a percentage of risk exposure amount)	18.6%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	0.0%
65	of which: capital conservation buffer requirement	0.0%
66	of which: countercyclical buffer requirement	0.0%
67	of which: systemic risk buffer requirement	0.0%
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.0%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	10.6%
Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	192
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	41
Applicable caps on the inclusion of provisions in Tier 2		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	24,486
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	147
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)		
84	Current cap on T2 instruments subject to phase out arrangements	364
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0

Minimun capital requirement and REA

Group

EURm	31 Dec 2014 Minimun capital requirement	31 Dec 2014 REA	31 Dec 2013 Minimun capital requirement	31 Dec 2013 REA
Credit risk	**3,059**	**38,231**	**3,163**	**39,543**
- of which counterparty credit risk	663	8,285	362	4,520
IRB	2,200	27,496	1,827	22,837
- of which corporate	1,358	16,976	1,217	15,217
- of which advanced	*488*	*6,103*		
- of which foundation	*870*	*10,873*	*1,217*	*15,217*
- of which institutions	358	4,465	279	3,490
- of which retail	465	5,816	313	3,910
- of which secured by immovable property collateral	*184*	*2,300*	*222*	*2,769*
- of which other retail	*281*	*3,516*	*91*	*1,140*
- of which other	19	239	18	220
Standardised	859	10,735	1,336	16,706
- of which central governments or central banks	17	208	8	103
- of which regional governments or local authorities	14	170	10	122
- of which public sector entities	2	20	3	32
- of which multilateral development banks				
- of which international organisations				
- of which institutions	692	8,663	848	10,596
- of which corporate	79	995	92	1,153
- of which retail	32	395	244	3,045
- of which secured by mortgages on immovable property			74	931
- of which in default	1	13	27	333
- of which associated with particularly high risk				
- of which covered bonds	12	145	17	211
- of which institutions and corporates with a short-term credit assessment				
- of which collective investments undertakings (CIU)				
- of which equity	4	54	6	72
- of which other items	6	72	9	108
Credit Value Adjustment Risk	**172**	**2,153**		
Market risk	**443**	**5,536**	**644**	**8,048**
- of which trading book, Internal Approach	298	3,720	421	5,262
- of which trading book, Standardised Approach	135	1,690	208	2,595
- of which banking book, Standardised Approach	10	126	15	191
Operational risk	**366**	**4,579**	**405**	**5,060**
Standardised	366	4,579	405	5,060
Sub total	**4,040**	**50,499**	**4,212**	**52,652**
Adjustment for Basel I floor				
Additional capital requirement according to Basel I floor	862	10,776	274	3,425
Total	**4,902**	**61,275**	**4,486**	**56,077**

Minimun capital requirement and REA

Parent company

EURm	31 Dec 2014 Minimun capital requirement	31 Dec 2014 REA	31 Dec 2013 Minimun capital requirement	31 Dec 2013 REA
Credit risk	**2,737**	**34,223**	**2,805**	**35,064**
- of which counterparty credit risk	663	8,285	362	4,520
IRB	1,959	24,486	1,717	21,463
- of which corporate	1,248	15,599	1,112	13,897
- of which advanced	*489*	*6,115*		
- of which foundation	*759*	*9,484*	*1,112*	*13,897*
- of which institutions	356	4,457	279	3,488
- of which retail	337	4,215	313	3,910
- of which secured by immovable property collateral	*184*	*2,300*	*222*	*2,769*
- of which other retail	*153*	*1,916*	*91*	*1,140*
- of which other	17	215	13	168
Standardised	779	9,736	1,088	13,600
- of which central governments or central banks	16	205	8	103
- of which regional governments or local authorities	14	170	10	121
- of which public sector entities	2	20	3	32
- of which multilateral development banks				
- of which international organisations				
- of which institutions	700	8,742	849	10,608
- of which corporate	1	8	27	335
- of which retail	4	56	52	646
- of which secured by mortgages on immovable property			74	931
- of which in default	0	1	15	191
- of which associated with particularly high risk				
- of which covered bonds	10	122	17	211
- of which institutions and corporates with a short-term credit assessment				
- of which collective investments undertakings (CIU)				
- of which equity	27	343	34	424
- of which other items	5	69		
Credit Value Adjustment Risk	**172**	**2,153**		
Market risk	**443**	**5,534**	**644**	**8,048**
- of which trading book, Internal Approach	298	3,720	421	5,262
- of which trading book, Standardised Approach	135	1,691	208	2,595
- of which banking book, Standardised Approach	10	123	15	191
Operational risk	**324**	**4,045**	**365**	**4,557**
Standardised	324	4,045	365	4,557
Sub total	**3,676**	**45,955**	**3,814**	**47,669**
Adjustment for Basel I floor				
Additional capital requirement according to Basel I floor	704	8,807	222	2,781
Total	**4,380**	**54,762**	**4,036**	**50,451**

Nordea Bank AB (publ) has in December 2012 issued a guarantee in favour of Nordea Bank Finland Plc where Nordea Bank AB (publ) guarantees part of the exposures in the exposure class IRB corporate in Nordea Bank Finland Plc. The net effect of the guarantee in REA in Nordea Bank Finland Plc was EUR -3,7bn as end of 2014 (-7.6).

Leverage ratio[1]

	Group	Parent company
	31 Dec 2014	31 Dec 2014
Tier 1 capital, transitional definition, EURm[2]	9,004	8,456
Leverage ratio exposure, EURm	269,431	268,340
Leverage ratio, percentage	3.3	3.2

[1] Leverage ratio and volumes presented is based on three month average according to Supervisory Authority reporting process.
[2] Including profit of the period

Capital requirements for market risk, 31 December 2014

Group and parent company

	Trading book, IM		Trading book, SA		Banking book, SA[2]		Total	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk[1]	949	76	1,387	111			2,336	187
Equity risk	267	21	291	23			558	45
Foreign exchange risk	325	26			126	10	451	36
Commodity risk			12	1			12	1
Settlement risk			0	0	0	0	0	0
Diversification effect	-630	-50					-630	-50
Stressed Value-at-Risk	1,702	136					1,702	136
Incremental Risk Measure	638	51					638	51
Comprehensive Risk Measure	468	37					468	37
Total	**3,720**	**298**	**1,690**	**135**	**126**	**10**	**5,536**	**443**

[1] Interest rate risk column Trading book IA includes both general and specific interest rate risk which is elsewhere referred to as interest rate VaR and credit spread VaR.
[2] Of which the parent company EUR 123m in respect of Foreign exchange risk

The main features of the capital instruments issued by NBF are presented on the internet www.nordea.com/investor relations.

Specification over group undertakings consolidated in the Nordea Bank Finland Group

31 Dec 2014	Number of shares	Carrying amount EURm	Voting power of holding, %	Domicile	Consolidation method
Group undertakings included in the NBF Group					
Nordea Finance Finland Ltd	1,000,000	306	100	Helsinki	purchase method
Other companies		2			
Total included in the capital base		**308**			

Note 39 Classification of financial instruments

Group

31 Dec 2014, 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	28,846	-	-	-	-	-	-	28,846
Loans to central banks	18	-	282	-	-	-	-	300
Loans to credit institutions	29,565	-	5,486	-	-	-	-	35,051
Loans to the public	68,971	-	44,777	-	-	-	-	113,748
Interest-bearing securities	-	66	22,772	-	-	11,805	-	34,643
Financial instruments pledged as collateral	-	-	11,058	-	-	-	-	11,058
Shares	-	-	1,911	7	-	-	-	1,918
Derivatives	-	-	104,312	-	942	-	-	105,254
Fair value changes of the hedged items in portfolio hedge of interest rate risk	76	-	-	-	-	-	-	76
Investments in associated undertakings	-	-	-	-	-	-	39	39
Intangible assets	-	-	-	-	-	-	47	47
Property and equipment	-	-	-	-	-	-	84	84
Investment property	-	-	-	-	-	-	2	2
Deferred tax assets	-	-	-	-	-	-	43	43
Current tax assets	-	-	-	-	-	-	0	0
Retirement benefit assets	-	-	-	-	-	-	25	25
Other assets	1,337	-	-	12,977	-	-	310	14,624
Prepaid expenses and accrued income	121	-	-	-	-	-	319	440
Total	**128,934**	**66**	**190,598**	**12,984**	**942**	**11,805**	**869**	**346,198**

31 Dec 2014, 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	26,194	-	-	61,174	-	87,368
Deposits and borrowings from the public	24,286	-	-	52,593	-	76,879
Debt securities in issue	8,502	-	-	39,970	-	48,472
Derivatives	102,564	-	312	-	-	102,876
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	773	-	773
Current tax liabilities	-	-	-	-	41	41
Other liabilities	6,273	10,061	-	2,034	209	18,577
Accrued expenses and prepaid income	-	-	-	193	611	804
Deferred tax liabilities	-	-	-	-	57	57
Provisions	-	-	-	-	85	85
Retirement benefit liabilities	-	-	-	-	28	28
Subordinated liabilities	-	-	-	620	-	620
Total	**167,819**	**10,061**	**312**	**157,357**	**1,031**	**336,580**

Note 39 *Classification of financial instruments, cont.*

Group 31 Dec 2013, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	30,904	-	-	-	-	-	-	30,904
Loans to central banks	94	-	563	-	-	-	-	657
Loans to credit institutions	28,542	-	6,568	-	-	-	-	35,110
Loans to the public	73,603	-	40,176	-	-	-	-	113,779
Interest-bearing securities	-	2,166	21,322	-	-	10,758	-	34,246
Financial instruments pledged as collateral	-	-	9,739	-	-	-	-	9,739
Shares	-	-	665	15	-	-	-	680
Derivatives	-	-	69,625	-	609	-	-	70,234
Fair value changes of the hedged items in portfolio hedge of interest rate risk	58	-	-	-	-	-	-	58
Investments in associated undertakings	-	-	-	-	-	-	59	59
Intangible assets	-	-	-	-	-	-	100	100
Property and equipment	-	-	-	-	-	-	94	94
Investment property	-	-	-	-	-	-	113	113
Deferred tax assets	-	-	-	-	-	-	5	5
Current tax assets	-	-	-	-	-	-	1	1
Retirement benefit assets	-	-	-	-	-	-	133	133
Other assets	1,410	-	-	6,606	-	-	261	8,277
Prepaid expenses and accrued income	324	-	-	-	-	-	248	572
Total	**134,935**	**2,166**	**148,658**	**6,621**	**609**	**10,758**	**1,014**	**304,761**

31 Dec 2013, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	22,333	-	-	57,093	-	79,426
Deposits and borrowings from the public	26,924	-	-	53,985	-	80,909
Debt securities in issue	8,119	-	-	39,011	-	47,130
Derivatives	66,806	-	303	-	-	67,109
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	369	-	369
Current tax liabilities	-	-	-	-	8	8
Other liabilities	10,405	5,871	-	2,240	339	18,855
Accrued expenses and prepaid income	-	-	-	453	413	866
Deferred tax liabilities	-	-	-	-	53	53
Provisions	-	-	-	-	72	72
Retirement benefit liabilities	-	-	-	-	21	21
Subordinated liabilities	-	-	-	429	-	429
Total	**134,587**	**5,871**	**303**	**153,580**	**906**	**295,247**

Parent company 31 Dec 2014, 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	28,846	-	-	-	-	-	-	28,846
Loans to central banks	18	-	282	-	-	-	-	300
Loans to credit institutions	35,305	-	5,486	-	-	-	-	40,791
Loans to the public	61,862	-	44,777	-	-	-	-	106,639
Interest-bearing securities	-	66	22,772	-	-	11,805	-	34,643
Financial instruments pledged as collateral	-	-	11,058	-	-	-	-	11,058
Shares	-	-	1,910	7	-	-	-	1,917
Derivatives	-	-	104,312	-	942	-	-	105,254
Fair value changes of the hedged items in portfolio hedge of interest rate risk	76	-	-	-	-	-	-	76
Investments in group undertakings	-	-	-	-	-	-	308	308
Investments in associated undertakings	-	-	-	-	-	-	28	28
Intangible assets	-	-	-	-	-	-	35	35
Property and equipment	-	-	-	-	-	-	71	71
Investment property	-	-	-	-	-	-	2	2
Deferred tax assets	-	-	-	-	-	-	41	41
Current tax assets	-	-	-	-	-	-	-	-
Retirement benefit assets	-	-	-	-	-	-	25	25
Other assets	1,308	-	-	12,977	-	-	301	14,586
Prepaid expenses and accrued income	112	-	-	-	-	-	147	259
Total	**127,527**	**66**	**190,597**	**12,984**	**942**	**11,805**	**958**	**344,879**

31 Dec 2014, 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	26,194	-	-	60,934	-	87,128
Deposits and borrowings from the public	24,286	-	-	52,587	-	76,873
Debt securities in issue	8,502	-	-	39,970	-	48,472
Derivatives	102,564	-	312	-	-	102,876
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	773	-	773
Current tax liabilities	-	-	-	-	39	39
Other liabilities	6,273	10,061	-	1,908	128	18,370
Accrued expenses and prepaid income	-	-	-	110	501	611
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	82	82
Retirement benefit liabilities	-	-	-	-	25	25
Subordinated liabilities	-	-	-	620	-	620
Total	**167,819**	**10,061**	**312**	**156,902**	**775**	**335,869**

Parent company

31 Dec 2013, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	30,904	-	-	-	-	-	-	30,904
Loans to central banks	94	-	563	-	-	-	-	657
Loans to credit institutions	33,995	-	6,568	-	-	-	-	40,563
Loans to the public	67,092	-	40,176	-	-	-	-	107,268
Interest-bearing securities	-	2,166	21,322	-	-	10,758	-	34,246
Financial instruments pledged as collateral	-	-	9,739	-	-	-	-	9,739
Shares	-	-	665	14	-	-	-	679
Derivatives	-	-	69,625	-	609	-	-	70,234
Fair value changes of the hedged items in portfolio hedge of interest rate risk	58	-	-	-	-	-	-	58
Investments in group undertakings	-	-	-	-	-	-	376	376
Investments in associated undertakings	-	-	-	-	-	-	34	34
Intangible assets	-	-	-	-	-	-	98	98
Property and equipment	-	-	-	-	-	-	74	74
Investment property	-	-	-	-	-	-	8	8
Deferred tax assets	-	-	-	-	-	-	2	2
Current tax assets	-	-	-	-	-	-	-	-
Retirement benefit assets	-	-	-	-	-	-	132	132
Other assets	1,377	-	-	6,606	-	-	250	8,233
Prepaid expenses and accrued income	317	-	-	-	-	-	69	386
Total	**133,837**	**2,166**	**148,658**	**6,620**	**609**	**10,758**	**1,043**	**303,691**

31 Dec 2013, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	22,333	-	-	56,982	-	79,315
Deposits and borrowings from the public	26,924	-	-	53,984	-	80,908
Debt securities in issue	8,119	-	-	39,011	-	47,130
Derivatives	66,806	-	303	-	-	67,109
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	369	-	369
Current tax liabilities	-	-	-	-	4	4
Other liabilities	10,405	5,871	-	2,139	272	18,687
Accrued expenses and prepaid income	-	-	-	366	302	668
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	67	67
Retirement benefit liabilities	-	-	-	-	20	20
Subordinated liabilities	-	-	-	429	-	429
Total	**134,587**	**5,871**	**303**	**153,280**	**665**	**294,706**

Note 40 Assets and liabilities at fair value

Fair value of financial assets and liabilities

Group

	31 Dec 2014		31 Dec 2013	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	28,846	28,846	30,904	30,904
Loans	149,099	147,874	149,546	149,607
Interest-bearing securities	34,643	34,647	34,246	34,252
Financial instruments pledged as collateral	11,058	11,058	9,739	9,739
Shares	1,918	1,918	680	680
Derivatives	105,254	105,254	70,234	70,234
Other assets	14,940	14,938	8,840	8,840
Prepaid expenses and accrued income	440	440	572	572
Total financial assets	**346,198**	**344,975**	**304,761**	**304,828**
Financial liabilities				
Deposits and debt instruments	212,719	212,954	207,465	208,094
Derivatives	102,876	102,876	67,109	67,109
Other liabilities	19,561	19,560	19,378	19,378
Accrued expenses and prepaid income	804	804	866	866
Subordinated liabilities	620	620	429	429
Total financial liabilities	**336,580**	**336,814**	**295,247**	**295,876**

Parent company

	31 Dec 2014		31 Dec 2013	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	28,846	28,846	30,904	30,904
Loans	147,730	146,602	148,489	148,547
Interest-bearing securities	34,643	34,647	34,246	34,252
Financial instruments pledged as collateral	11,058	11,058	9,739	9,739
Shares	1,917	1,917	679	679
Derivatives	105,254	105,254	70,234	70,234
Other assets	15,172	15,171	9,014	9,014
Prepaid expenses and accrued income	259	259	386	386
Total financial assets	**344,879**	**343,754**	**303,691**	**303,755**
Financial liabilities				
Deposits and debt instruments	212,473	212,707	207,353	207,982
Derivatives	102,876	102,876	67,109	67,109
Other liabilities	19,289	19,289	19,147	19,147
Accrued expenses and prepaid income	611	611	668	668
Subordinated liabilities	620	620	429	429
Total financial liabilities	**335,869**	**336,103**	**294,706**	**295,335**

For information about valuation of items measured at fair value on the balance sheet, see Note 1 section 10 “Determination of fair value of financial instruments” and the section "Determination of fair values for items measured at fair value on the balance sheet" in this note. For information about valuation of items not measured at fair value on the balance sheet, see the section "Financial assets and liabilities not held at fair value on the balance sheet" in this note.

Assets and liabilities at fair value on the balance sheet

Group

Categorisation into the fair value hierarchy

31 Dec 2014, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks	-	282	-	282
Loans to credit institutions	-	5,486	-	5,486
Loans to the public	-	44,777	-	44,777
Interest-bearing securities	18,905	15,595	77	34,577
Financial instruments pledged as collateral	5,789	5,269	-	11,058
Shares	1,465	-	453	1,918
Derivatives	52	103,755	1,447	105,254
Investment properties	-	2	-	2
Other assets	-	12,977	-	12,977
Total	**26,211**	**188,143**	**1,977**	**216,331**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	26,194	-	26,194
Deposits and borrowings from the public	-	24,286	-	24,286
Debt securities in issue	-	8,502	-	8,502
Derivatives	39	101,199	1,638	102,876
Other liabilities	4,137	12,197	-	16,334
Total	**4,176**	**172,378**	**1,638**	**178,192**

[1] All items are measured at fair value on a recurring basis at the end of each reporting period.

31 Dec 2013, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks	-	563	-	563
Loans to credit institutions	-	6,568	-	6,568
Loans to the public	-	40,176	-	40,176
Interest-bearing securities	21,985	9,880	215	32,080
Financial instruments pledged as collateral	5,998	3,741	-	9,739
Shares	236	-	444	680
Derivatives	52	68,553	1,629	70,234
Investment properties	-	9	104	113
Other assets	-	6,606	-	6,606
Total	**28,271**	**136,096**	**2,392**	**166,759**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	22,333	-	22,333
Deposits and borrowings from the public	-	26,924	-	26,924
Debt securities in issue	-	8,119	-	8,119
Derivatives	55	65,625	1,429	67,109
Other liabilities	8,680	7,595	1	16,276
Total	**8,735**	**130,596**	**1,430**	**140,761**

[1] All items are measured at fair value on a recurring basis at the end of each reporting period.

Parent company

Categorisation into the fair value hierarchy

31 Dec 2014, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks	-	282	-	282
Loans to credit institutions	-	5,486	-	5,486
Loans to the public	-	44,777	-	44,777
Interest-bearing securities	18,905	15,595	77	34,577
Financial instruments pledged as collateral	5,789	5,269	-	11,058
Shares	1,465	-	452	1,917
Derivatives	52	103,755	1,447	105,254
Investment properties	-	2	-	2
Other assets	-	12,977	-	12,977
Total	**26,211**	**188,143**	**1,976**	**216,330**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	26,194	-	26,194
Deposits and borrowings from the public	-	24,286	-	24,286
Debt securities in issue	-	8,502	-	8,502
Derivatives	39	101,199	1,638	102,876
Other liabilities	4,137	12,197	-	16,334
Total	**4,176**	**172,378**	**1,638**	**178,192**

[1] All items are measured at fair value on a recurring basis at the end of each reporting period.

31 Dec 2013, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks	-	563	-	563
Loans to credit institutions	-	6,568	-	6,568
Loans to the public	-	40,176	-	40,176
Interest-bearing securities	21,985	9,880	215	32,080
Financial instruments pledged as collateral	5,998	3,741	-	9,739
Shares	235	-	444	679
Derivatives	52	68,553	1,629	70,234
Investment properties	-	4	4	8
Other assets	-	6,606	-	6,606
Total	**28,270**	**136,091**	**2,292**	**166,653**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	22,333	-	22,333
Deposits and borrowings from the public	-	26,924	-	26,924
Debt securities in issue	-	8,119	-	8,119
Derivatives	55	65,625	1,429	67,109
Other liabilities	8,680	7,595	1	16,276
Total	**8,735**	**130,596**	**1,430**	**140,761**

[1] All items are measured at fair value on a recurring basis at the end of each reporting period.

Determination of fair values for items measured at fair value on the balance sheet
Fair value measurements of assets and liabilities carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy. The fair active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement value hierarchy gives the highest priority to quoted prices (unadjusted) in in its entirety.

Level 1 in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis. This category includes listed derivatives, listed equities, government bonds in developed countries, and most liquid mortgage bonds and corporate bonds where direct tradable price quotes exist.

Level 2 in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. The fair values are estimated using valuation techniques or valuation models based on market prices or rates prevailing at the balance sheet date and any unobservable inputs have had an insignificant impact on the fair values. This is the case for the majority of Nordea's OTC derivatives, securities purchased/sold under resale/repurchase agreements, securities borrowed/lent and other instruments where active markets supply the input to the valuation techniques or models.

Level 3 in the fair value hierarchy consists of those types of assets and liabilities which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for investments in unlisted securities, private equity funds and hedge funds and investment properties. This is generally also the case for more complex OTC derivatives, including OTC derivatives where less active markets supply input to the valuation techniques or models, certain complex or structured financial instruments such as CLNs and CDOs, and illiquid interest bearing securities. Complex valuation models are generally characterised by the use of unobservable and model specific parameters.

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

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

For OTC derivatives valuation models are used for establishing fair value. For collateralised contracts OIS interest rates are used for discounting. These rates are observable in the market. The valuation is in addition based on several other market parameters, depending on the nature of the contract. Complex valuation models are used for more exotic OTC derivatives. The models are usually in-house developed, and based on assumptions about the behaviour of the underlying asset and statistical scenario analysis. As mentioned above OTC derivatives are generally categorised as Level 2 in the fair value hierarchy and all significant model parameters are thus observable in active markets. For vanilla derivatives standard models like e.g. Black-Scholes are used for valuation.

Valuations of Private Equity Funds (PEF) and unlisted equity instruments are by nature more uncertain than valuations of more actively traded equity instruments. Emphasis is put on using a consistent approach across all assets and over time. The methods used are consistent with the guideline "International Private Equity and Venture Capital Valuation Guidelines" issued by EVCA (European Venture Capital Association). The EVCA guidelines are considered as best practice in the PEF industry. For US based funds, similar methods are applied.

Fair value of financial assets and liabilities are generally calculated as the theoretical net present value of the individual instruments, based on independently sourced market parameters as described above, and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment.

An important part of the portfolio adjustment relates to counterparty risk in OTC-derivatives. The adjustment 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. Nordea also takes into account Nordea´s credit spread in the valuation of derivatives (DVA).

Another important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

The fair value measurement of the investment properties takes into account a market participant's ability to generate economic benefits by using the investment properties in its highest and best use, i.e. taking into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The current use of the investment properties in Nordea is in accordance with the highest and best use. The valuation of the investment properties is carried out taking into account the purpose and the nature of the property by using the most appropriate valuation methods. The primary valuation approach is a discounted cash flow model using current cash flows, market interest rates and the current yield requirements.

Transfers between level 1 and 2
During the year, Nordea Bank Finland transferred debt securities of EUR 134m (1,032m) from level 2 to level 1 of the fair value hierarchy for financial assets and 55m (0m) for financial liabilities which are recorded at fair value. The reason for the transfer from level 2 to level 1 was that the instruments have been actively traded during the year and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of year.

Movements in level 3

Group

31 Dec 2014, EURm	1 Jan 2014	Reclassification	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised	Purchases/ Issues	Sales
Interest-bearing securities	215	-	3	6	89	-232
Shares	444	-	35	22	26	-74
Derivatives (net assets and liabilities)	200	-	-521	-391	-	-
Investment properties	104	-	-	-	-	-104
Other liabilities	1	-	-	-	-	-1

31 Dec 2014, EURm	Settlements	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2014
Interest-bearing securities	-3	-	-	-	77
Shares	-	-	-	-	453
Derivatives (net assets and liabilities)	521	-	-	-	-191
Investment properties	-	-	-	-	-
Other liabilities	-	-	-	-	-

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note 5). Assets and liabilities related to derivatives are presented net.

Group

31 Dec 2013, EURm	1 Jan 2013	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised	Purchases	Sales
Interest-bearing securities	277	4	71	96	-227
Shares	527	13	-16	38	-118
Derivatives (net assets and liabilities)	269	289	-69	-	-
Investment properties	94	0	0	28	-17
Other liabilities	-	-20	0	-	-

31 Dec 2013, EURm	Settlements	Issues	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2013
Interest-bearing securities	-6	-	-	-	-	215
Shares	-	-	-	-	-	444
Derivatives (net assets and liabilities)	-289	-	-	-	-	200
Investment properties	-	-	-	-	-1	104
Other liabilities	-608	608	22	-1	-	1

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the period NBF transferred other liabilities of EUR 21m from Level 2 to Level 3. The reason for the transfer from Level 2 to Level 3 was that observable market data was no longer available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note 5). Assets and liabilities related to derivatives are presented net.

Parent company

31 Dec 2014, EURm	1 Jan 2014	Reclassification	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised	Purchases/ Issues	Sales
Interest-bearing securities	215	-	3	6	89	-232
Shares	444	-	35	22	26	-74
Derivatives (net assets and liabilities)	200	-	-521	-391	-	-
Investment properties	4	-	-	-	-	-4
Other liabilities	1	-	-	-	-	-1

31 Dec 2014, EURm	Settlements	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2014
Interest-bearing securities	-3	-	-	-	77
Shares	-	-	-	-	452
Derivatives (net assets and liabilities)	521	-	-	-	-191
Investment properties	-	-	-	-	-
Other liabilities	-	-	-	-	-

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period.-Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note 5). Assets and liabilities related to derivatives are presented net.

Parent company

31 Dec 2013, EURm	1 Jan 2013	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised	Purchases	Sales
Interest-bearing securities	277	4	71	96	-227
Shares	527	13	-16	38	-118
Derivatives (net assets and liabilities)	269	289	-69	-	-
Investment properties	4	-	0	0	0
Other liabilities	-	-20	0	-	-

31 Dec 2013, EURm	Settlements	Issues	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2013
Interest-bearing securities	-6	-	-	-	-	215
Shares	-	-	-	-	-	444
Derivatives (net assets and liabilities)	-289	-	-	-	-	200
Investment properties	-	-	-	-	-	4
Other liabilities	-608	608	22	-1	-	1

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the period NBF transferred other liabilities of EUR 21m from level 2 to level 3. The reason for the transfer from level 2 to level 3 was that observable market data was no longer available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note 5). Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in level 3

Financial instruments

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

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

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

The valuation adjustments at portfolio level and the deferrals of day 1 P/L on level 3 trades are calculated and reported on a monthly basis. The actual assessment of instruments in the fair value hierarchy is performed on a continuous basis.

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

Group and parent company

31 Dec 2014, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value[3]
Interest-bearing securities				
Municipalities and other public bodies	-	Discounted cash flows	Credit spread	-
Mortgage and other credit institutions	77	Discounted cash flows	Credit spread	-7/7
Corporates	-	Discounted cash flows	Credit spread	-
Other	-	-	-	-
Total	**77**			
Other liabilities	-	Discounted cash flows	Credit spread	-
Total	**-**			
Shares				
Private equity funds	318	Net asset value[1]		
Hedge funds	129	Net asset value[1]		
Credit Funds	-	Net asset value/market consensus[1]		
Other funds	-	Net asset value/Fund prices[1]		
Other	6	-		
Total[2]	**453**			
Derivatives				
Interest rate derivatives	180	Option model	Correlations	-12/9
			Volatilities	
Equity derivatives	-242	Option model	Correlations	-18/12
			Volatilities	
			Dividend	
Foreign exchange derivatives	-31	Option model	Correlations	+/-0
			Volatilities	
Credit derivatives	-129	Credit derivat model	Correlations	-10/9
			Recovery rates	
Other	31	Option model	Correlations	+/-0
			Volatilities	
Total	**-191**			

[1] The fair values are based on prices and net assets values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. For private equity funds the dominant measurement methology used by the suppliers/custodians, is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA (European Venture Capital Association).
[2] Effects of reasonably possible alternative assumptions are EURm -39/39 (EURm -36/36).
[3] Range of fair value for derivatives 31 Dec 2013 was EURm -30/25 and for interest-bearing securities EURm -20/20.

The tables on previous page show, for each class of assets and liabilities categorised in Level 3, the fair value, the valuation techniques used to estimate the fair value, significant unobservable inputs used in the valuation techniques and for financial assets and liabilities the fair value sensitivity to changes in key assumptions.

The column “range of fair value” and the footnotes 2 and 3 in the tables above shows the sensitivity of the fair values of Level 3 financial instruments to changes in key assumptions. Where the exposure to an unobservable parameter is offset across different instruments then only the net impact is disclosed in the table. The range disclosed are likely to be greater than the true uncertainty in fair value of these instruments, as it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. The disclosure is neither predictive nor indicative of future movements in fair value.

In order to calculate the sensitivity (range) in fair value of derivatives a range of different modelling approaches are applied to determine an uncertainty interval around the reported fair value. The different approaches applied target various aspects of derivatives pricing. Two common components of derivative valuation models are volatility of underlying risk factors and correlation between the relevant risk factors. Each of these is addressed by applying different assumptions to input and/or the choice of modelling approach. Besides these common factors a number of asset class specific factors are addressed. These include equity dividend expectations, recovery assumptions for credit derivatives and inflation expectations. The fair values of derivatives are presented as the net of assets and liabilities.

In order to calculate the sensitivity (range) in fair value of shares and interest-bearing securities the fair value was increased and decreased within a total range of 2-10 percentage units depending of the valuation uncertainty and underlying assumptions. Higher ranges are applied to instruments with more uncertain valuations relative to actively traded instruments and underlying uncertainties in individual assumptions.

Movements in deferred Day 1 profit or loss

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (Level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (Day 1 profit) is deferred. For more information see, Note 1 "Accounting policies". The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of changes in how this aggregated difference has been changed during the year (movements in deferred Day 1 profit).

	Group		Parent company	
		31 Dec	31 Dec	
Deferred day 1 profit - derivatives EURm	2014	2013	2014	2013
Amount at beginning of year	-41	-43	-41	-43
Deferred profit/loss on new transactions	-15	-11	-15	-11
Recognised in the income statement during the year	12	13	12	13
Amount at end of year	**-44**	**-41**	**-44**	**-41**

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

Group

31 Dec 2014, EURm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	28,846	28,846	1
Loans	98,630	97,405	3
Interest bearing-securities	66	70	1, 2, 3
Other assets and Prepaid expenses and accrued income	1,458	1,458	3
Total	**129,000**	**127,779**	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	155,130	155,364	3
Other liabilities and Accrued expenses and prepaid income	2,227	2,226	3
Total	**157,357**	**157,590**	

Note 40 *Assets and liabilities at fair value, cont.*

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

Group

31 Dec 2013, EURm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	30,904	30,904	1
Loans	102,297	102,358	3
Interest bearing-securities	2,166	2,173	1, 2, 3
Other assets and Prepaid expenses and accrued income	1,734	1,734	3
Total	**137,101**	**137,169**	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	150,887	151,517	3
Other liabilities and Accrued expenses and prepaid income	2,693	2,693	3
Total	**153,580**	**154,210**	

Parent company

31 Dec 2014, EURm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	28,846	28,846	1
Loans	97,261	96,133	3
Interest bearing-securities	66	69	1, 2, 3
Other assets and Prepaid expenses and accrued income	1,420	1,420	3
Total	**127,593**	**126,468**	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	154,884	155,118	3
Other liabilities and Accrued expenses and prepaid income	2,018	2,017	3
Total	**156,902**	**157,135**	

31 Dec 2013, EURm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	30,904	30,904	1
Loans	101,239	101,297	3
Interest bearing-securities	2,166	2,173	1, 2, 3
Other assets and Prepaid expenses and accrued income	1,694	1,694	3
Total	**136,003**	**136,068**	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	150,775	151,405	3
Other liabilities and Accrued expenses and prepaid income	2,505	2,505	3
Total	**153,280**	**153,910**	

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

Loans
The fair value of "Loans to central banks", "Loans to credit institutions" and "Loans to the public" have been estimated by discounting the expected future cash flows with an assumed customer interest rate that would have been used on the market if the loans had been issued at the time of the measurement. The assumed customer interest rate is calculated as the benchmark interest rate plus the average margin on new lending in Retail Banking and Wholesale Banking respectively. The carrying amount of floating rate loans is assumed to equal fair value.

For the comparative figures 2013 the fair values have been calculated as the carrying amount adjusted for fair value changes in interest rate risk. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rates in the portfolios. No adjustment has been made for changes in fair value of credit risk.

The fair value measurement is categorised into Level 3 in the fair value hierarchy.

Interest bearing-securities
The fair value is EUR 69m, of which EUR 27m is categorised in level 1 and EUR 42m in Level 2 of the fair value hierarchy. The measurement principles follow those for similar instruments that are held at fair value on the balance sheet.

Other assets and prepaid expenses and accrued income
The balance sheet items "Other assets" and "Prepaid expenses and accrued income" consist of short receivables, mainly accrued interest receivables. The fair value is therefore considered to equal the carrying amount and is categorised into Level 3 in the fair value hierarchy.

Deposits and debt instruments
The fair value of ”Deposits by credit institutions”, “Deposits and borrowings from the public”, “Debt securities in issue” and “Subordinated liabilities” has been calculated as the carrying amount adjusted for fair value changes in interest rate risk and in own credit risk. The fair value is categorised into Level 3 in the fair value hierarchy. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rate in the portfolios. The fair value changes in the credit risk is calculated as a difference between the credit spread in the nominal interest rate compared with the current spread that is observed in the market. This calculation is performed on an aggregated level for all long term issuance recognised in the balance sheet items “Debt securities in issue” and “Subordinated liabilities”. As the contractual maturity is short for “Deposits by credit institutions” and “Deposits and borrowing from the public” the changes in Nordea´s own credit risk related to these items is assumed not to be significant. This is also the case for short term issuances recognised in the balance sheet items “Debt securities in issue” and “Subordinated liabilities”.

Other liabilities and accrued expenses and prepaid income
The balance sheet items "Other liabilities" and "Accrued expenses and prepaid income" consist of short-term liabilities, mainly liabilities on securities settlement. The fair value is therefore considered to be equal to the carrying amount and is categorised into level 3 in the fair value hierarchy.

Note 41 Financial instruments set off on balance or subject to netting agreements

Group

31 Dec 2014, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	246,566	-141,495	105,071	-82,119	-	-9,530	13,422
Reverse repurchase agreements	50,545	-	50,545	-19,750	-30,370	-	425
Total	**297,111**	**-141,495**	**155,616**	**-101,869**	**-30,370**	**-9,530**	**13,847**

31 Dec 2014, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	243,463	-14,495	101,968	-82,119	-	-11,796	8,053
Repurchase agreements	50,480	-	50,480	-19,750	-29,096	-	1,634
Total	**293,943**	**-141,495**	**152,448**	**-101,869**	**-29,096**	**-11,796**	**9,687**

[1] All amounts are measured at fair value.

[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Group

31 Dec 2013, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	128,024	-58,022	70,002	-56,569	-	-4,359	9,074
Reverse repurchase agreements	47,307	-	47,307	-24,688	-22,201	-	419
Total	**175,331**	**-58,022**	**117,309**	**-81,257**	**-22,201**	**-4,359**	**9,493**

31 Dec 2013, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	124,005	-58,022	65,983	-56,569	-	-4,869	4,545
Repurchase agreements	49,257	-	49,257	-24,688	-20,894	-	3,675
Total	**173,262**	**-58,022**	**115,240**	**-81,257**	**-20,894**	**-4,869**	**8,220**

[1] All amounts are measured at fair value.

[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Note 41 *Financial instruments set off on balance or subject to netting agreements, cont.*

Parent company

31 Dec 2014, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	246,566	-141,495	105,071	-82,119	-	-9,530	13,422
Reverse repurchase agreements	50,545	-	50,545	-19,750	-30,370	-	425
Total	**297,111**	**-141,495**	**155,616**	**-101,869**	**-30,370**	**-9,530**	**13,847**

31 Dec 2014, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	243,463	-141,495	101,968	-82,119	-	-11,796	8,053
Repurchase agreements	50,480	-	50,480	-19,750	-29,096	-	1,634
Total	**293,943**	**-141,495**	**152,448**	**-101,869**	**-29,096**	**-11,796**	**9,687**

[1] All amounts are measured at fair value.

[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Parent company

31 Dec 2013, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	128,024	-58,022	70,002	-56,569	-	-4,359	9,074
Reverse repurchase agreements	47,307	-	47,307	-24,688	-22,201	-	419
Total	**175,331**	**-58,022**	**117,309**	**-81,257**	**-22,201**	**-4,359**	**9,493**

31 Dec 2013, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	124,005	-58,022	65,983	-56,569	-	-4,869	4,545
Repurchase agreements	49,257	-	49,257	-24,688	-20,894	-	3,675
Total	**173,262**	**-58,022**	**115,240**	**-81,257**	**-20,894**	**-4,869**	**8,220**

[1] All amounts are measured at fair value.

[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Note 41 *Financial instruments set off on balance or subject to netting agreements, cont.*

Enforceable master netting arrangements and similar agreements

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

For a description of counterparty risk see section Risk, Liquidity and Capital management, “Counterparty credit risk” in the Board of Directors' report.

Note 42 Transferred assets and obtained collaterals

Transferred assets that are not derecognised in their entirety and associated liabilities

All assets transferred continue to be recognised on the balance sheet if Nordea is still exposed to changes in the fair value of the assets. This is the case for repurchase agreements and securities lending transactions.

Repurchase agreements are a form of collateralised borrowing where Nordea sells securities with an agreement to repurchase them at a later date at a fixed price. The cash received is recognised as a deposit (liability). Securities delivered under repurchase agreements are not derecognised from the balance sheet.

Securities lending transactions are transactions where Nordea lends securities it holds to a counterpart and receives a fee.

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

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Repurchase agreements				
Interest-bearing securities	11,058	9,739	11,058	9,739
Total	**11,058**	**9,739**	**11,058**	**9,739**

Liabilities associated with the assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013
Repurchase agreements				
Deposits by credit institutions	6,399	3,085	6,399	3,085
Deposits and borrowings from the public	4,659	6,654	4,659	6,654
Total	**11,058**	**9,739**	**11,058**	**9,739**
Net	**0**	**0**	**0**	**0**

Obtained collaterals which are permitted to be sold or repledged

NBF obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants. Generally, the agreements require additional collateral to be provided if the value of the securites 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	2014	2013	2014	2013
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	48,465	45,944	48,465	45,944
- of which repledged or sold	38,733	39,068	38,733	39,068
Total	**48,465**	**45,944**	**48,465**	**45,944**

Note 43 Maturity analysis for assets and liabilities

Group

Expected maturity

		31 Dec 2014 Expected to be recovered or settled:			31 Dec 2013 Expected to be recovered or settled:		
EURm	Note	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with central banks		28,846	-	28,846	30,904	-	30,904
Loans to central banks	13	300	-	300	657	-	657
Loans to credit institutions	13	26,051	9,000	35,051	21,070	14,040	35,110
Loans to the public	13	56,322	57,426	113,748	58,339	55,440	113,779
Interest-bearing securities	14	12,775	21,868	34,643	10,031	24,215	34,246
Financial instruments pledged as collateral	15	4,065	6,993	11,058	7,088	2,651	9,739
Shares	16	1,917	1	1,918	665	15	680
Derivatives	17	14,823	90,431	105,254	8,026	62,208	70,234
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	2	74	76	7	51	58
Investments in group undertakings	19	-	-	-	-	-	-
Investments in associated undertakings	20	2	37	39	-	59	59
Intangible assets	21	6	41	47	3	97	100
Properties and equipment		7	77	84	2	92	94
Investment properties	23	-	2	2	1	112	113
Deferred tax assets	12	43	0	43	4	1	5
Current tax assets	12	0	-	0	1	-	1
Retirement benefit assets	32	-	25	25	-	133	133
Other assets	24	14,623	1	14,624	8,273	4	8,277
Prepaid expenses and accrued income	25	440	-	440	572	-	572
Total assets		**160,222**	**185,976**	**346,198**	**145,643**	**159,118**	**304,761**
Deposits by credit institutions	26	82,291	5,077	87,368	73,991	5,435	79,426
Deposits and borrowings from the public	27	76,646	233	76,879	79,820	1,089	80,909
Debt securities in issue	28	26,510	21,962	48,472	25,648	21,482	47,130
Derivatives	17	14,427	88,449	102,876	8,810	58,299	67,109
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	35	738	773	25	344	369
Current tax liabilities	12	41	-	41	8	-	8
Other liabilities	29	18,577	-	18,577	18,855	-	18,855
Accrued expenses and prepaid income	30	801	3	804	863	3	866
Deferred tax liabilities	12	41	16	57	39	14	53
Provisions	31	0	85	85	2	70	72
Retirement benefit liabilities	32	3	25	28	-	21	21
Subordinated liabilities	33	-	620	620	360	69	429
Total liabilities		**219,372**	**117,208**	**336,580**	**208,421**	**86,826**	**295,247**

Parent company

Expected maturity

		31 Dec 2014 Expected to be recovered or settled:			31 Dec 2013 Expected to be recovered or settled:		
EURm	Note	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with central banks		28,846	-	28,846	30,904	-	30,904
Loans to central banks	13	300	-	300	657	-	657
Loans to credit institutions	13	30,631	10,160	40,791	25,671	14,892	40,563
Loans to the public	13	52,012	54,627	106,639	54,647	52,621	107,268
Interest-bearing securities	14	12,775	21,868	34,643	10,031	24,215	34,246
Financial instruments pledged as collateral	15	4,065	6,993	11,058	7,088	2,651	9,739
Shares	16	1,917	-	1,917	665	14	679
Derivatives	17	14,822	90,432	105,254	8,026	62,208	70,234
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	2	74	76	7	51	58
Investments in group undertakings	19	-	308	308	-	376	376
Investments in associated undertakings	20	-	28	28	-	34	34
Intangible assets	21	-	35	35	-	98	98
Properties and equipment		-	71	71	-	74	74
Investment properties	23	-	2	2	-	8	8
Deferred tax assets	12	41	-	41	2	-	2
Current tax assets	12	-	-	-	-	-	-
Retirement benefit assets	32	-	25	25	-	132	132
Other assets	24	14,586	-	14,586	8,233	-	8,233
Prepaid expenses and accrued income	25	259	-	259	386	-	386
Total assets		**160,256**	**184,623**	**344,879**	**146,317**	**157,374**	**303,691**
Deposits by credit institutions	26	82,051	5,077	87,128	73,949	5,366	79,315
Deposits and borrowings from the public	27	76,646	227	76,873	79,819	1,089	80,908
Debt securities in issue	28	26,510	21,962	48,472	25,648	21,482	47,130
Derivatives	17	14,427	88,449	102,876	8,810	58,299	67,109
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	35	738	773	25	344	369
Current tax liabilities	12	39	-	39	4	-	4
Other liabilities	29	18,370	-	18,370	18,687	-	18,687
Accrued expenses and prepaid income	30	611	-	611	668	-	668
Deferred tax liabilities	12	-	-	-	-	-	-
Provisions	31	-	82	82	-	67	67
Retirement benefit liabilities	32	-	25	25	-	20	20
Subordinated liabilities	33	-	620	620	360	69	429
Total liabilities		**218,689**	**117,180**	**335,869**	**207,970**	**86,736**	**294,706**

Contractual undiscounted cash flows

Group

31 Dec 2014, EURm	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest bearing financial assets	30,571	69,519	35,671	60,185	37,974	233,920
Non interest bearing financial assets					121,682	121,682
Non-financial assets					869	869
Total assets	**30,571**	**69,519**	**35,671**	**60,185**	**160,525**	**356,471**
Interest bearing financial liabilities	46,057	106,000	34,041	23,669	6,025	215,792
Non interest bearing financial liabilities					122,209	122,209
Non-financial liabilities and equity					10,649	10,649
Total liabilities and equity	**46,057**	**106,000**	**34,041**	**23,669**	**138,883**	**348,650**
Derivatives, cash inflow		460,348	126,316	221,216	69,384	877,264
Derivatives, cash outflow		480,726	124,947	212,268	70,075	888,017
Net exposure	**-**	**-20,378**	**1,369**	**8,948**	**-691**	**-10,752**
Exposure	**-15,486**	**-56,859**	**2,998**	**45,463**	**20,952**	**-2,932**
Cumulative exposure	**-15,486**	**-72,345**	**-69,347**	**-23,883**	**-2,932**	

31 Dec 2013, EURm	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest bearing financial assets	36,850	67,487	26,151	67,676	41,783	239,948
Non-interest bearing financial assets					79,409	79,409
Non-financial assets					1,014	1,014
Total assets	**36,850**	**67,487**	**26,151**	**67,676**	**122,206**	**320,370**
Interest bearing financial liabilities	41,808	110,698	28,689	21,628	7,964	210,786
Non-interest bearing financial liabilities					86,446	86,446
Non-financial liabilities and equity					10,420	10,420
Total liabilities and equity	**41,808**	**110,698**	**28,689**	**21,628**	**104,830**	**307,652**
Derivatives, cash inflow		467,888	125,713	212,976	68,318	874,896
Derivatives, cash outflow		469,864	125,876	212,411	69,415	877,566
Net exposure	**-**	**-1,975**	**-162**	**565**	**-1,097**	**-2,670**
Exposure	**-4,958**	**-45,186**	**-2,700**	**46,613**	**16,279**	**10,048**
Cumulative exposure	**-4,958**	**-50,144**	**-52,844**	**-6,230**	**10,048**	

Note 43 *Maturity analysis for assets and liabilities, cont.*

Contractual undiscounted cash flows

Parent company

31 Dec 2014, EURm	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest bearing financial assets	29,728	70,756	35,183	58,635	37,565	231,866
Non-interest bearing financial assets					121,757	121,757
Non-financial assets					958	958
Total assets	**29,728**	**70,756**	**35,183**	**58,635**	**160,280**	**354,582**
Interest bearing financial liabilities	45,986	105,721	33,911	22,990	6,671	215,279
Non-interest bearing financial liabilities					122,115	122,115
Non-financial liabilities and equity					9,785	9,785
Total liabilities and equity	**45,986**	**105,721**	**33,911**	**22,990**	**138,570**	**347,179**
Derivatives, cash inflow		460,348	126,316	221,216	69,384	877,264
Derivatives, cash outflow		480,726	124,947	212,268	70,075	888,017
Net exposure	**-**	**-20,378**	**1,369**	**8,948**	**-691**	**-10,752**
Exposure	**-16,258**	**-55,343**	**2,641**	**44,592**	**21,019**	**-3,350**
Cumulative exposure	**-16,258**	**-71,602**	**-68,961**	**-24,369**	**-3,350**	

31 Dec 2013, EURm	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest bearing financial assets	37,624	67,494	25,779	66,139	41,434	238,470
Non-interest bearing financial assets					79,280	79,280
Non-financial assets					1,043	1,043
Total assets	**37,624**	**67,494**	**25,779**	**66,139**	**121,757**	**318,794**
Interest bearing financial liabilities	47,209	105,119	28,556	20,882	8,593	210,360
Non-interest bearing financial liabilities					86,259	86,259
Non-financial liabilities and equity					9,650	9,650
Total liabilities and equity	**47,209**	**105,119**	**28,556**	**20,882**	**104,502**	**306,269**
Derivatives, cash inflow		467,888	125,713	212,976	68,318	874,896
Derivatives, cash outflow		469,864	125,876	212,411	69,415	877,566
Net exposure	**-**	**-1,975**	**-162**	**565**	**-1,097**	**-2,670**
Exposure	**-9,584**	**-39,601**	**-2,939**	**45,821**	**16,158**	**9,855**
Cumulative exposure	**-9,584**	**-49,185**	**-52,124**	**-6,303**	**9,855**	

The table is based on contractual maturities for the on balance sheet items financial instruments. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and derivative liabilities, as derivatives are managed on a net basis. In addition to the instruments on the balance sheet items and derivative instruments, Nordea has credit commitments amounting to EUR 16,021m (15,882), which could be drawn on at any time.

NBF has also issued guarantees of EUR 13,283m (14,323) which may lead to future cash outflows if certain events occur.

Note 44 Related-party transactions

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

Group

	Nordea Group undertakings		Nordea Group associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013	2014	2013
Assets						
Loans	31,145	28,488	185	143	-	-
Interest-bearing securities	2,750	3,683	57	120	-	-
Financial instruments pledged as collateral	1,823	1,097	-	-	-	-
Derivatives	4,455	2,163	218	141	-	-
Other assets	2,193	1,259	-	-	-	-
Prepaid expenses and accrued income	24	23	-	-	-	-
Total assets	**42,390**	**36,713**	**460**	**404**	**-**	**-**
Liabilities						
Deposits	52,794	42,073	106	44	1	74
Debt securities in issue	759	1,243	0	11	-	-
Derivatives	7,398	2,795	154	34	-	-
Subordinated liabilities	550	-	-	-	-	-
Other liabilities	230	403	-	-	-	-
Accrued expenses and deferred income	210	261	-	-	-	-
Total liabilities	**61,941**	**46,775**	**260**	**89**	**1**	**74**
Off balance[1]	**242,058**	**203,052**	**4,123**	**5,662**	**-**	**-**

[1] Including nominal values on derivatives.

Group	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013	2014	2013
Net interest income	162	128	3	3	-	-
Net fee and commission income	-477	-649	1	2	1	1
Net result from items at fair value	-1,237	24	-102	9	-	-
Other operating income	76	9	0	-	-	-
Total operating expenses	-194	-157	0	-1	-	-
Profit before loan losses	**-1,670**	**-645**	**-98**	**13**	**1**	**1**

Parent company

	Group undertakings		Associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2014	2013	2014	2013	2014	2013
Assets						
Loans	5,748	5,775	121	143	-	-
Interest-bearing securities	-	-	-	-	-	-
Financial instruments pledged as collateral	-	-	-	-	-	-
Derivatives	0	-	4	9	-	-
Investments in associated undertakings	-	-	28	34	-	-
Investments in group undertakings	308	376	-	-	-	-
Other assets	0	4	-	-	-	-
Prepaid expenses and accrued income	8	4	-	-	-	-
Total assets	**6,064**	**6,159**	**153**	**186**	**-**	**-**

Note 44 *Related-party transactions, cont.*

Parent company

EURm	Group undertakings 31 Dec 2014	Group undertakings 31 Dec 2013	Associated undertakings 31 Dec 2014	Associated undertakings 31 Dec 2013	Other related parties 31 Dec 2014	Other related parties 31 Dec 2013
Liabilities						
Deposits	4	9	1	1	1	74
Debt securities in issue	-	-	-	-	-	-
Derivatives	-	-	0	-	-	-
Subordinated liabilities	-	-	-	-	-	-
Other liabilities	0	0	-	-	-	-
Accrued expenses and deferred income	-	0	-	-	-	-
Total liabilities	**4**	**9**	**1**	**1**	**1**	**74**
Off balance[1]	716	651	141	174	-	-

[1] Including nominal values on derivatives.

Parent company

EURm	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Net interest income	27	35	3	2	-	-
Net fee and commission income	61	53	0	1	1	1
Net result from items at fair value	0	-	-2	2	-	-
Other operating income	4	6	-	-	-	-
Total operating expenses	-4	-28	-	-	-	-
Profit before loan losses	**88**	**66**	**1**	**5**	**1**	**1**

The terms "group undertakings" and "associated undertakings" refer to group undertakings and associated undertakings of the Nordea Bank Finland Group. In addition to the parent company figures stated above, the parent company's assets included receivables, interest-bearing securities, derivatives and other assets from other Nordea group undertakings in the amount of EUR 42,228m (36,579), liabilities in the amount of EUR 61,625m (46,588), profit before loan losses in the amount of EUR -1,657m (-641) and off-balance sheet commitments in the amount of EUR 242,058m (203,052). Off balance sheet transactions with Nordea group associated undertakings amounted to EUR 3,983m (5,488) and corresponding balance sheet values of derivatives were EUR 214m (132) in assets and EUR 154m (34) in liabilities.

Compensations and loans and receivables to Key management personnel

Compensations and loans to Key management personnel are specified in Note 8.

Note 45 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 III) 2014, which is available on www.nordea.com.

Group

Exposure types, EURm	31 Dec 2014	31 Dec 2013
On-balance sheet items	146,714	153,299
Off-balance sheet items	10,262	15,301
Securities financing	4,063	1,740
Derivatives	31,563	18,698
Exposure At Default (EAD)	**192,603**	**189,038**

Tables presented in this note, containing exposure, are presented as Exposure At Default (EAD). EAD is the exposure after applying credit conversion factors (CCF).

Link between credit risk exposure and the balance sheet
This section discloses the link between the loan portfolio as defined by accounting standards and exposure as defined in Capital Requirements Regulation (CRR). The main differences are outlined in this section to illustrate the link between the different reporting methods.

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

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

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

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

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

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

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

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

- "Assets pledged as security for own liabilities" and "Other assets pledged" (apart from leasing). These transactions are reported as securities financing (i.e. a separate exposure type)
- Derivatives

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

On-balance sheet items

Group

31 Dec 2014, EURm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Other	Balance sheet
Cash and balances with central banks	28,846				28,846
Loans to central banks and credit institutions	29,584		5,768	0	35,352
Loans to the public	69,616		44,777	-645	113,748
Interest-bearing securities and pledged instruments	17,520	28,180			45,701
Derivatives[1]			105,254		105,254
Intangible assets				47	47
Other assets and prepaid expenses	1,190	14,887	91	1,082	17,250
Total assets	**146,757**	**43,068**	**155,890**	**483**	**346,198**
Exposure at default[2]	**146,750**				

[1] Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives are included in the credit risk.
[2] The on-balance exposure have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.

On-balance sheet items

Group

31 Dec 2013, EURm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Other	Balance sheet
Cash and balances with central banks	30,904				30,904
Loans to central banks and credit institutions	28,636		7,131	0	35,767
Loans to the public	74,422		40,176	-820	113,779
Interest-bearing securities and pledged instruments	17,912	26,073			43,985
Derivatives[1]			70,234		70,234
Intangible assets				100	100
Other assets and prepaid expenses	1,551	7,271	65	1,104	9,991
Total assets	**153,425**	**33,344**	**117,607**	**384**	**304,761**

[1] Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives is included in the credit risk.

Off-balance sheet items

Group

31 Dec 2014, EURm	Credit risk in Basel III calculation
Contingent liabilities	14,906
Commitments	16,790
Total	**31,696**

31 Dec 2014, EURm	Credit risk in Basel III calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities and Checking accounts	15,922	4,036	19,958	37%	7,419
Loan commitments	857	287	1,144	45%	520
Guarantees	13,747		13,747	15%	2,017
Other	1,171		1,171	26%	306
Total	**31,696**	**4,323**	**36,019**		**10,262**

31 Dec 2013, EURm	Credit risk in Basel II calculation
Contingent liabilities	15,836
Commitments	16,603
Total	**32,439**

31 Dec 2013, EURm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities and Checking accounts	13,435	4,676	18,111	31%	5,633
Loan commitments	2,767	259	3,026	26%	793
Guarantees	14,760		14,760	57%	8,415
Other	1,476		1,476	31%	459
Total	**32,439**	**4,935**	**37,374**		**15,301**

Exposure split by industry group

In the table below, the total exposure is split by industry. The industry breakdown mainly follows the Global Industries Classification Standard (GICS) and is based on NACE codes (i.e. statistical classification codes of economic activities in the European community). The banks is the largest sector which together with other public and organisations are the only industries that account for more than 7% of the total exposure of EUR 193bn. The largest nominal and relative increase was found within the other financial companies, industry while the highest nominal and relative decrease was found within industrial capital goods industry.

Group

EURm	31 Dec 2014	31 Dec 2013
Banks	76,007	74,069
Construction and engineering	1,265	2,193
Consumer durables (cars, appliances, etc.)	1,504	1,585
Consumer staples (food, agriculture etc.)	2,660	2,813
Energy (oil, gas, etc.)	1,352	1,450
Health care and pharmaceuticals	914	938
Industrial capital goods	2,151	3,382
Industrial commercial services	3,574	4,043
IT software, hardware and services	769	765
Media and leisure	862	1,123
Metals and mining materials	270	308
Paper and forest materials	1,148	1,572
Real estate management and investment	13,150	12,512
Retail trade	3,757	4,060
Shipping and offshore	5,268	5,188
Telecommunication equipment	161	404
Telecommunication operators	613	715
Transportation	1,914	2,401
Utilities (distribution and production)	3,993	4,502
Other financial companies	12,001	8,497
Other materials (chemical, building materials etc)	2,652	3,337
Other, public and organisations	56,617	53,180
Total exposure	**192,603**	**189,038**

Collateral distribution

The table below presents the distribution of collateral used in the capital adequacy calculation process. The table shows real estate to constitute a major share of eligible collateral items in relative terms. The real estate collateral category saw the largest relative decrease during the year, while the share of other physical collaterals increased. Real estate is commonly used as collateral for credit risk mitigation purposes, and the majority of real estate collaterals are found in Finland. Other physical collateral consist mainly of ships and vehicles.

Group

EURm	31 Dec 2014	31 Dec 2013
Financial Collateral	2%	2%
Receivables	2%	2%
Residential Real Estate	73%	82%
Commercial Real Estate	10%	8%
Other Physical Collateral	13%	7%
Total	**100%**	**100%**

Collaterised Debt Obligations (CDO) - Exposure[1]

Nordea acts as an intermediary in the credit derivatives market, especially in Nordic names. Nordea also uses credit derivatives to hedge positions in corporate bonds and syntehetic CDOs. When Nordea sells protection in a CDO transaction, it carries the risk of losses in the reference portfolio if a credit event occurs. When Nordea buys protection in a CDO transaction, any losses in the reference portfolio triggered by a credit event are carried by the seller of protection.

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

Group and parent company

	31 Dec 2014		31 Dec 2013	
Nominals, EURm	Bought protection	Sold protection	Bought protection	Sold protection
CDOs, gross	1,204	1,691	1,266	1,587
Hedged exposures	1,005	1,004	965	966
CDOs, net[2]	**199[3]**	**687[4]**	**301[3]**	**621[4]**
- of which Equity	20	67	57	102
- of which Mezzanine	98	370	108	306
- of which Senior	81	250	136	213

[1] First-to-Default swaps are not classified as CDOs and are therefore not included in the table. Net bought protection amounts to EUR 47m (47) and net sold protection to EUR 46m (18). 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 90m (184) and sub investment grade EUR 109m (115).

[4] Of which investment grade EUR 423m (411) and sub investment grade EUR 264m (273) and not rated EUR 0m (0).

Assets taken over for protection of claims[1]

	Group		Parent company	
EURm	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Current assets, carrying amount:				
Land and buildings		108		108
Shares and other participations	2		2	
Other assets	1	3	1	0
Total	**3**	**111**	**3**	**108**

[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

The table below shows past due loans not impaired split by corporate and household customers. Past due loans to corporate customers that are not considered impaired were at end of 2014 EUR 223m down from EUR 251m one year ago. Past due loans for household customers decreased to EUR 280m (438) mainly due to transfer of Baltic branches to Nordea Bank AB (publ).

	Group				Parent company			
	31 Dec 2014		31 Dec 2013		31 Dec 2014		31 Dec 2013	
EURm	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers
6-30 days	80	147	92	215	27	125	34	194
31-60 days	64	91	70	144	27	80	37	101
61-90 days	50	42	30	71	18	40	18	51
>90 days	28	0	58	8	20	0	53	8
Total	**223**	**280**	**251**	**438**	**92**	**244**	**142**	**354**
Past due not impaired loans divided by loans to the public after allowances, %	0.29	0.77	0.34	1.15	0.13	0.73	0.20	1.00

Note 45 *Credit risk disclosure, cont.*

Loans to corporate customers, by size of loan

The distribution of loans to corporate by size of loans, seen in the table below, shows a high degree of diversification where approximately 81% of the corporate volume represents loans up to EUR 50m per customer.

	Group				Parent company			
EURm	31 Dec 2014	%	31 Dec 2013	%	31 Dec 2014	%	31 Dec 2013	%
0-10	42,561	55.8	41,146	54.9	40,213	55.8	39,041	54.9
10-50	19,552	25.6	19,140	25.6	18,473	25.6	18,161	25.6
50-100	5,673	7.4	5,199	6.9	5,360	7.4	4,933	6.9
100-250	7,433	9.8	5,939	7.9	7,023	9.8	5,635	7.9
250-500	1,018	1.3	3,471	4.6	962	1.3	3,293	4.6
500-	0	0.0	0	0.0	0	0.0	0	0.0
Total	**76,238**	**100.0**	**74,895**	**100.0**	**72,031**	**100.0**	**71,064**	**100.0**

Interest-bearing securities

For more information about credit risk related to interest-bearing securities, see Note 14 where the carrying amount of interest-bearing securities is split on different types of counterparties.

Note 46 Interests in structured entities

Structured entities are entities designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. It normally has restricted activities with a narrow and well defined objective. If Nordea controls such an entity, it is consolidated.

Unconsolidated structured entities

For structured entities in which Nordea has an interest but do not control it, disclosures are provided. To be considered to have an interest in such an entity, Nordea must be exposed to variability in returns on the investment in the structured entity. Investment funds are the only interest in unconsolidated structured entities Nordea currently holds. Variability in returns is assessed based on both fees received and revaluation of holdings in the funds.

There are several different products where Nordea invests in investment funds:

- on behalf of depositors where the return is based the investment
- to hedge exposures in structured products issued to customers.
- illiquid investments in private equity and credit funds

As Nordea is exposed to variability in returns on a gross basis, information about these funds are disclosed although the net exposure is considerably less.

Investment funds acquired to hedge exposures in structured products reduce the exposures and to the extent hedges are effective, Nordea is not exposed to changes in value. The maximum loss on these funds is estimated to EUR 6m, net of hedges.

Nordeas interests in unconsolidated structured entities and any related liability are disclosed in the table below:

EURm	Group 31 Dec 2014	Parent company 31 Dec 2014
Assets, carrying amount		
Loans to credit institutions	-	-
Shares	701	701
Total assets	**701**	**701**
Liabilities		
Deposits and borrowings from the public	-	-
Liabilities to policy holders	-	-
Derivatives	105	105
Total liabilities	**105**	**105**
Off balance, nominal amount		
Loan commitments	-	-

Nordea have not sponsored any unconsolidated structured entity in which Nordea do not currently have an interest.

Note 47 Mergers, acquisitions, disposals and dissolutions

Subsidiaries acquired during 2014	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Other subsidiaries established during 2014	Number of companies	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Subsidiaries sold during 2014	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Other subsidiaries sold during 2014	Number of companies	Total assets EURm	Profit/loss for the year as included in the Bank Group
	10	271	-9

Subsidiaries merged during 2014	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Subsidiaries dissolved during 2014	Number of companies	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Associated undertakings dissolved during 2014	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

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. The increased volumes are explained by higher trading activity in NBF.

Acquisitions Month	Quantity	Average acq.price	Amount, EUR
January	784,416	10.08	7,906,710.77
February	2,641,463	9.99	26,393,391.61
March	2,007,082	10.20	20,468,456.74
April	2,772,290	10.22	28,328,988.16
May	1,521,412	10.42	15,849,726.88
June	1,562,640	10.64	16,619,459.20
July	3,487,072	10.26	35,777,712.41
August	1,992,066	9.92	19,751,797.59
September	2,272,098	10.00	22,731,408.82
October	8,391,659	9.68	81,203,136.49
November	2,995,501	10.01	29,989,755.07
December	4,111,184	9.46	38,883,223.31
	34,538,883		343,903,767.06

Sales Month	Quantity	Average price	Amount, EUR
January	-705,300	10.07	-7,099,132.22
February	-2,699,582	10.00	-26,994,709.05
March	-2,059,931	10.19	-20,989,470.17
April	-2,486,740	10.24	-25,471,352.50
May	-1,688,116	10.44	-17,626,848.24
June	-2,150,822	10.60	-22,803,794.83
July	-4,903,803	10.26	-50,311,913.90
August	-2,068,983	9.90	-20,491,974.88
September	-2,267,013	9.99	-22,649,521.97
October	-2,022,725	9.89	-19,999,896.78
November	-3,540,465	10.02	-35,460,869.92
December	-3,148,867	9.44	-29,730,329.59
	-29,742,347		-299,629,814.05

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 2014 NBF owned 4,828,977 shares of the parent company.

Note 49 Transferred operations

Transferred Baltic operations

	Group		Parent company	
EURm	2014	2013	2014	2013
Net interest income	35	138	35	137
Net fee and commission income	0	1	0	1
Net result from items at fair value	-10	-4	0	-1
Other operating income	0	1	0	1
Total operating income	**25**	**136**	**35**	**138**
Staff costs	-9	-36	-9	-36
Other expenses	-7	-37	-7	-37
Depreciation of tangible and intangible assets	-1	-3	-1	-3
Total operating expenses	**-17**	**-76**	**-17**	**-76**
Profit before loan losses	**8**	**60**	**18**	**62**
Net loan losses	-38	-26	-38	-26
Impairment of securities held as non-financial assets	-	-	-17	-
Operating profit	**-30**	**34**	**-37**	**36**
Income tax expense	1	-8	1	-8
Net profit for the period	**-29**	**26**	**-36**	**28**

International operations to be transferred[1]

	Group		Parent company	
EURm	2014	2013	2014	2013
Net interest income	81	73	81	73
Net fee and commission income	48	39	48	39
Net result from items at fair value	3	3	3	3
Other operating income	0	0	0	0
Total operating income	**132**	**115**	**132**	**115**
Staff costs	-21	-15	-21	-15
Other expenses	-10	-10	-10	-10
Depreciation of tangible and intangible assets	-1	-1	-1	-1
Total operating expenses	**-32**	**-26**	**-32**	**-26**
Profit before loan losses	**100**	**89**	**100**	**89**
Net loan losses	-10	-3	-10	-3
Operating profit	**90**	**86**	**90**	**86**
Income tax expense	-4	-6	-4	-6
Net profit for the period	**86**	**80**	**86**	**80**

[1] The operations of London and Frankfurt branches were sold on 1 January 2015.

The proposal of the Board of Directors to the Annual General Meeting

The parent company's distributable funds on 31 December 2014 were EUR 6,113,829,734.71, of which the profit for the year was EUR 821,220,326.24. The Board of Directors proposes that

1. a dividend of EUR 450,000,000.00 be paid
2. whereafter the distributable funds will be EUR 5,663,829,734.71.

Signatures of the Directors' report and of the Financial Statements:

Helsinki, 27 February 2015

Torsten Hagen Jørgensen

Casper von Koskull

Carl-Johan Granvik

Gunn Wærsted

Ari Kaperi
President

Our auditors' report has been issued today.

Helsinki, 27 February 2015

KPMG OY AB

Marcus Tötterman
Authorised Public Accountant

Auditors’ report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Nordea Bank Finland Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Nordea Bank Finland Plc for the year ended on 31 December 2014. 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 27 February 2015

KPMG OY AB

Marcus Tötterman
Authorized Public Accountant in Finland

ANNEX 2 - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER FOR THE YEAR ENDED 31 DECEMBER 2013, INCLUDING THE AUDITOR'S REPORT AND NOTES RELATING THERETO

Nordea Bank Finland Group and Nordea Bank Finland Plc

Income statement

		Group		Parent company	
EURm	Note	2013	2012	2013	2012
Operating income					
Interest income	3	1,849	2,337	1 613	2,110
Interest expense	3	-666	-1,079	-665	-1,076
Net interest income	3	**1,183**	**1,258**	**948**	**1,034**
Fee and commission income	4	759	741	715	700
Fee and commission expense	4	-872	-446	-866	-439
Net fee and commission income	**4**	**-113**	**295**	**-151**	**261**
Net result from items at fair value	5	1,114	1,217	1 110	1,208
Profit from companies accounted for under the equity method	20	8	18	-	-
Dividends	6	-	-	128	99
Other operating income	7	32	36	26	32
Total operating income		**2,224**	**2,824**	**2 061**	**2,634**
Operating expenses					
General administrative expenses:					
Staff costs	8	-553	-574	-516	-527
Other expenses	9	-466	-447	-447	-444
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 21, 22	-40	-50	-33	-38
Total operating expenses		**-1,059**	**-1,071**	**-996**	**-1,009**
Profit before loan losses		**1,165**	**1,753**	**1 065**	**1,625**
Net loan losses	11	-53	-144	-43	-125
Impairment of securities held as financial non-current assets		1	-	1	-
Operating profit		**1,113**	**1,609**	**1 023**	**1,500**
Income tax expense	12	-285	-428	-243	-384
Net profit for the year		**828**	**1,181**	**780**	**1,116**
Attributable to:					
Shareholders of Nordea Bank Finland Plc		828	1,179	780	1,116
Non-controlling interests		-	2	-	-
Total		**828**	**1,181**	**780**	**1,116**

Statement of comprehensive income

	Group		Parent company	
EURm	2013	2012	2013	2012
Net profit for the year	**828**	**1,181**	**780**	**1,116**
Items that may be reclassified subsequently to the income statement				
Currency translation differences during the year	-3	-6	-	-
Available-for-sale investments[1]:				
- Valuation gains/losses during the year	3	24	3	24
- Tax on valuation gains/losses during the year	1	-7	1	-7
Cash flow hedges:				
- Valuation gains/losses during the year	36	-46	36	-46
- Tax on valuation gains/losses during the year	-9	11	-9	11
Items that may be reclassified subsequently to the income statement				
Defined benefit plans:				
- Remeasurement of defined benefit plans	73	-50	68	-46
- Tax on remeasurement of defined benefit plans	-17	12	-16	11
Other comprehensive income, net of tax	**84**	**-62**	**83**	**-53**
Total comprehensive income	**912**	**1,119**	**863**	**1,063**
Attributable to:				
Shareholders of Nordea Bank Finland Plc	912	1,117	863	1,063
Non-controlling interests	-	2	-	-
Total	**912**	**1,119**	**863**	**1,063**

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

Balance sheet

		Group		
EURm	Note	31 Dec 2013	31 Dec 2012	1 Jan 2012
Assets				
Cash and balances with central banks		30,904	30,004	286
Loans to central banks	13	657	809	31,276
Loans to credit institutions	13	35,110	36,018	48,074
Loans to the public	13	113,779	100,765	99,331
Interest-bearing securities	14	34,246	29,818	25,418
Financial instruments pledged as collateral	15	9,739	8,078	8,346
Shares	16	680	838	1,312
Derivatives	17	70,234	117,213	170,228
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	58	124	138
Investments in group undertakings	19	-	-	-
Investments in associated undertakings	20	59	79	79
Intangible assets	21	100	108	106
Property and equipment	22, 23	94	96	124
Investment property	24	113	104	71
Deferred tax assets	12	5	37	22
Current tax assets	12	1	1	132
Retirement benefit assets	33	133	80	99
Other assets	25	8,277	10,320	8,078
Prepaid expenses and accrued income	26	572	969	704
Total assets		**304,761**	**335,461**	**393,824**
Liabilities				
Deposits by credit institutions	27	79,426	74,666	76,007
Deposits and borrowings from the public	28	80,909	70,212	68,260
Debt securities in issue	29	47,130	48,999	49,153
Derivatives	17	67,109	115,836	168,436
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	369	637	195
Current tax liabilities	12	8	4	0
Other liabilities	30	18,855	14,239	18,680
Accrued expenses and prepaid income	31	866	946	810
Deferred tax liabilities	12	53	58	53
Provisions	32	72	83	97
Retirement benefit liabilities	33	21	50	29
Subordinated liabilities	34	429	514	503
Total liabilities		**295,247**	**326,244**	**382,223**
Equity				
Non-controlling interests		1	4	5
Share capital		2,319	2,319	2,319
Share premium reserve		599	599	599
Other reserves		2,875	2,788	2,844
Retained earnings		3,720	3,507	5,834
Total equity		**9,514**	**9,217**	**11,601**
Total liabilities and equity		**304,761**	**335,461**	**393,824**
Assets pledged as security for own liabilities	35	35,061	32,266	27,324
Other assets pledged	36	4,393	6,978	7,692
Contingent liabilities	37	15,836	16,419	19,041
Credit commitments	38	15,882	15,956	17,949
Other commitments	38	721	634	775

Other notes

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Note 48 Nordea shares

Balance sheet

EURm	Note	Parent company 31 Dec 2013	31 Dec 2012	1 Jan 2012
Assets				
Cash and balances with central banks		30,904	30,004	286
Loans to central banks	13	657	809	31,276
Loans to credit institutions	13	40,563	41,463	53,421
Loans to the public	13	107,268	94,313	93,097
Interest-bearing securities	14	34,246	29,818	25,418
Financial instruments pledged as collateral	15	9,739	8,078	8,346
Shares	16	679	835	1,309
Derivatives	17	70,234	117,213	170,228
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	58	124	138
Investments in group undertakings	19	376	373	370
Investments in associated undertakings	20	34	34	34
Intangible assets	21	98	106	103
Property and equipment	22, 23	74	59	69
Investment property	24	8	10	10
Deferred tax assets	12	2	31	17
Current tax assets	12	-	-	131
Retirement benefit assets	33	132	80	98
Other assets	25	8,233	10,278	8,055
Prepaid expenses and accrued income	26	386	777	524
Total assets		**303,691**	**334,405**	**392,930**
Liabilities				
Deposits by credit institutions	27	79,315	74,553	75,919
Deposits and borrowings from the public	28	80,908	70,224	68,265
Debt securities in issue	29	47,130	48,999	49,153
Derivatives	17	67,109	115,836	168,436
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	369	637	195
Current tax liabilities	12	4	4	0
Other liabilities	30	18,687	14,024	18,541
Accrued expenses and prepaid income	31	668	744	615
Deferred tax liabilities	12	-	-	-
Provisions	32	67	79	94
Retirement benefit liabilities	33	20	45	29
Subordinated liabilities	34	429	514	503
Total liabilities		**294,706**	**325,659**	**381,750**
Equity				
Share capital		2,319	2,319	2,319
Share premium reserve		599	599	599
Other reserves		2,874	2,791	2,844
Retained earnings		3,193	3,037	5,418
Total equity		**8,985**	**8,746**	**11,180**
Total liabilities and equity		**303,691**	**334,405**	**392,930**
Assets pledged as security for own liabilities	35	35,056	32,266	27,324
Other assets pledged	36	4,393	6,978	7,692
Contingent liabilities	37	16,067	16,723	19,348
Credit commitments	38	13,422	13,275	15,006
Other commitments	38	326	260	492

Other notes

Note 1 Accounting policies
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Statement of changes in equity

Group

EURm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Other reserves	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of Nordea Bank Finland Plc									
			Other reserves							
Balance at 1 Jan 2013	**2,319**	**599**	**-35**	**13**	**2,848**	**-38**	**3,507**	**9,213**	**4**	**9,217**
Net profit for the year	-	-	-	-	-	-	828	828	-	828
Items that may be reclassified subsequently to the income statement										
Currency translation differences during the year	-	-	-	-	0	-	-3	-3	-	-3
Available-for-sale investments										
- Valuation gains/losses during the year	-	-	-	3	-	-	-	3	-	3
- Tax on valuation gains/losses during the year	-	-	-	1	-	-	-	1	-	1
Cash flow hedges:										
- Valuation gains/losses during the year	-	-	36	-	-	-	-	36	-	36
- Tax on valuation gains/losses during the year	-	-	-9	-	-	-	-	-9	-	-9
Items that may not be reclassified subsequently to the income statement										
Defined benefit plans										
- Remeasurement of defined benefit plans	-	-	-	-	-	73	-	73	-	73
- Tax on remeasurement of defined benefit plans	-	-	-	-	-	-17	-	-17	-	-17
Other comprehensive income, net of tax	-	-	27	4	0	56	-3	84	-	84
Total comprehensive income	-	-	27	4	0	56	825	912	-	912
Share-based payments	-	-	-	-	-	-	2	2	-	2
Dividend for 2012	-	-	-	-	-	-	-625	-625	-	-625
Other changes	-	-	-	-	-	-	11	11	-3	8
Balance at 31 Dec 2013	**2,319**	**599**	**-8**	**17**	**2,848**	**18**	**3,720**	**9,513**	**1**	**9,514**

[1] Total shares registered were 1,030.8 million (31 Dec 2012: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.

Statement of changes in equity *cont.*

Group

EURm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Other reserves	Defined benefit plans	Retained earnings	**Total**	**Non-controlling interests**	**Total equity**
	Attributable to the shareholders of Nordea Bank Finland Plc									
			Other reserves							
Balance at 1 Jan 2012	**2,319**	**599**	**-**	**-4**	**2,848**	**-**	**5,853**	**11,615**	**5**	**11,620**
Restatement due to changed accounting policy[2]	-	-	-	-	-	-	-19	-19	0	-19
Restated opening balance at 1 Jan 2012	**2,319**	**599**	**-**	**-4**	**2,848**	**-**	**5,834**	**11,596**	**5**	**11,601**
Net profit for the year	-	-	-	-	-	-	1,179	1,179	2	1,181
Items that may be reclassified subsequently to the income statement										
Currency translation differences during the year	-	-	-	-	0	-	-6	-6	-	-6
Available-for-sale investments:										
- Valuation gains/losses during the year	-	-	-	24	-	-	-	24	-	24
- Tax on valuation gains/losses during the year	-	-	-	-7	-	-	-	-7	-	-7
Cash flow hedges:										
- Valuation gains/losses during the year	-	-	-46	-	-	-	-	-46	-	-46
- Tax on valuation gains/losses during the year	-	-	11	-	-	-	-	11	-	11
Items that may not be reclassified subsequently to the income statement										
Defined benefit plans										
- Remeasurement of defined benefit plans	-	-	-	-	-	-50	-	-50	-	-50
- Tax on remeasurement of defined benefit plans	-	-	-	-	-	12	-	12	-	12
Other comprehensive income, net of tax	-	-	-35	17	0	-38	-6	-62	-	-62
Total comprehensive income	-	-	-35	17	0	-38	1,173	1,117	2	1,119
Share-based payments	-	-	-	-	-	-	2	2	-	2
Dividend for 2011	-	-	-	-	-	-	-3,500	-3,500	-	-3,500
Other changes	-	-	-	-	0	-	-2	-2	-3	-5
Balance at 31 Dec 2012	**2,319**	**599**	**-35**	**13**	**2,848**	**-38**	**3,507**	**9,213**	**4**	**9,217**

[1] Total shares registered were 1,030.8 million (31 Dec 2011: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.

[2] Related to the amended IAS 19. See Note 1 for more information.

Statement of changes in equity *cont.*

Parent company

EURm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Other reserves	Defined benefit plans	Retained earnings	**Total equity**
	Attributable to the shareholders of Nordea Bank Finland Plc							
			Other reserves					
Balance at 1 Jan 2013	**2,319**	**599**	**-35**	**13**	**2,848**	**-35**	**3,037**	**8,746**
Net profit for the year	-	-	-	-	-	-	780	780
Items that may be reclassified subsequently to the income statement								
Currency translation differences during the year	-	-	-	-	-	-	-	-
Available-for-sale investments								
- Valuation gains/losses during the year	-	-	-	3	-	-	-	3
- Tax on valuation gains/losses during the year	-	-	-	1	-	-	-	1
Cash flow hedges:								
- Valuation gains/losses during the year	-	-	36	-	-	-	-	36
- Tax on valuation gains/losses during the year	-	-	-9	-	-	-	-	-9
Items that may not be reclassified subsequently to the income statement								
Defined benefit plans								
- Remeasurement of defined benefit plans	-	-	-	-	-	68	-	68
- Tax on remeasurement of defined benefit plans	-	-	-	-	-	-16	-	-16
Other comprehensive income, net of tax	-	-	27	4	-	52	-	83
Total comprehensive income	-	-	27	4	-	52	780	863
Share-based payments	-	-	-	-	-	-	2	2
Dividend for 2012	-	-	-	-	-	-	-625	-625
Other changes	-	-	-	-	-	-	-1	-1
Balance at 31 Dec 2013	**2,319**	**599**	**-8**	**17**	**2,848**	**17**	**3,193**	**8,985**

[1] Total shares registered were 1,030.8 million (31 Dec 2012: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.

Statement of changes in equity *cont.*

Parent company

EURm	Share capital[1]	Share premium reserve	Cash flow hedges	Available-for-sale investments	Other reserves	Defined benefit plans	Retained earnings	**Total equity**
	Attributable to the shareholders of Nordea Bank Finland Plc		Other reserves					
Balance at 1 Jan 2012	**2,319**	**599**	**-**	**-4**	**2,848**	**-**	**5,432**	**11,194**
Restatement due to changed accounting policy[2]	-	-	-	-	-	-	-14	-14
Restated opening balance at 1 Jan 2012	**2,319**	**599**	**-**	**-4**	**2,848**	**-**	**5,418**	**11,180**
Net profit for the year	-	-	-	-	-	-	1,116	1,116
Items that may be reclassified subsequently to the income statement								
Currency translation differences during the year								
Available-for-sale investments								
- Valuation gains/losses during the year	-	-	-	24	-	-	-	24
- Tax on valuation gains/losses during the year	-	-	-	-7	-	-	-	-7
Cash flow hedges:								
- Valuation gains/losses during the year	-	-	-46	-	-	-	-	-46
- Tax on valuation gains/losses during the year	-	-	11	-	-	-	-	11
Items that may not be reclassified subsequently to the income statement								
Defined benefit plans								
- Remeasurement of defined benefit plans	-	-	-	-	-	-46	-	-46
- Tax on remeasurement of defined benefit plans	-	-	-	-	-	11	-	11
Other comprehensive income, net of tax	-	-	-35	17	-	-35	-	-53
Total comprehensive income	-	-	-35	17	-	-35	1,116	1,063
Share-based payments	-	-	-	-	-	-	2	2
Dividend for 2011	-	-	-	-	-	-	-3,500	-3,500
Other changes	-	-	-	-	-	-	1	1
Balance at 31 Dec 2012	**2,319**	**599**	**-35**	**13**	**2,848**	**-35**	**3,037**	**8,746**

[1] Total shares registered were 1,030.8 million (31 Dec 2011: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.

[2] Related to the amended IAS 19. See Note 1 for more information.

Description of items in equity is included in Note 1 Accounting policies.

No decision was made during the financial year to issue equity warrants or convertible bonds entitling to subscription of shares in the NBF. At the end of 2013, the NBF held no authorisations given by the General Meeting for issuance or buybacks of shares, equity warrants or convertible bonds.

Cash flow statement

EURm	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Operating activities				
Operating profit	1,113	1,609	1,023	1,500
Adjustments for items not included in cash flow	658	-1,763	628	-1,782
Income taxes paid	-282	-286	-239	-247
Cash flow from operating activities before changes in operating assets and liabilities	**1,489**	**-440**	**1,412**	**-529**
Changes in operating assets				
Change in loans to central banks	-40	19,408	-40	19,408
Change in loans to credit institutions	2,784	8,059	3,662	8,179
Change in loans to the public	-13,375	-1,507	-13,006	-1,350
Change in interest-bearing securities	1,634	-12,193	1,634	-12,193
Change in financial assets pledged as collateral	-1,661	267	-1,661	268
Change in shares	184	469	182	468
Change in derivatives, net	-2,067	2,644	-2,068	2,644
Change in investment properties	-9	-33	2	0
Change in other assets	2,046	-2,242	2,046	-2,222
Changes in operating liabilities				
Change in deposits by credit institutions	6,635	-757	4,762	-1,366
Change in deposits and borrowings from the public	11,051	1,859	10,685	1,959
Change in debt securities in issue	-1,152	172	-1,868	-155
Change in other liabilities	-1,833	3,013	-1,789	2,937
Cash flow from operating activities	**5,686**	**18,719**	**3,953**	**18,048**
Investing activities				
Acquisition of business operations	0	0	-7	-2
Sale of business operations	1	-	4	0
Dividends from associated companies	27	19	-	0
Acquisition of associated undertakings	-	-	-	0
Sale of associated undertakings	-	-	0	0
Acquisition of property and equipment	-59	-34	-58	-29
Sale of property and equipment	13	15	1	2
Acquisition of intangible assets	-11	-28	-9	-27
Sale of intangible assets	0	0	0	-1
Divestments/Investments in debt securities, held to maturity	114	344	208	391
Purchase/sale of other financial fixed assets	0	17	0	17
Cash flow from investing activities	**85**	**333**	**139**	**351**
Financing activities				
Issued subordinated liabilities	-	0	-	0
Amortised subordinated liabilities	-27	-3	-27	-3
Dividend paid	-627	-3,500	-625	-3,500
Other changes	39	-23	30	-15
Cash flow from financing activities	**-615**	**-3,526**	**-622**	**-3,518**
Cash flow for the year	**5,156**	**15,526**	**3,470**	**14,881**
Cash and cash equivalents at the beginning of year	32,859	17,981	32,847	17,966
Translation difference	1,691	648	-	-
Cash and cash equivalents at the end of year	36,324	32,859	36,317	32,847
Change	**5,156**	**15,526**	**3,470**	**14,881**

Cash flow statement *cont.*

Comments on the cash flow statement

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

Operating activities

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

	Group		Parent company	
EURm	2013	2012	2013	2012
Depreciation	39	43	31	31
Impairment charges	1	7	1	7
Loan losses	77	171	50	134
Unrealised gains/losses	476	-2,293	475	-2,293
Capital gains/losses (net)	-8	-3	-1	0
Change in accruals and provisions	312	-148	310	-144
Translation differences	2	-6	1	-
Other	-241	466	-239	483
Total	**658**	**-1,763**	**628**	**-1,782**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

	Group		Parent company	
EURm	2013	2012	2013	2012
Interest payments received	1,880	2,486	1,643	2,266
Interest expenses paid	-708	-1,090	-706	-1,087

Cash and cash equivalents

The following items are included in Cash and cash equivalents assets:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Cash and balances with central banks	30,904	30,004	30,904	30,004
Loans to credit institutions, payable on demand	5,420	2,855	5,413	2,843
	36,324	**32,859**	**36,317**	**32,847**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority, where the following conditions are fulfilled;
- the central bank or the postal giro system is domiciled in the country where the institution is established
- the balance on the account is readily available any time.

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

Notes to the financial statements

Note 1 Accounting policies

Contents for Note 1

1. Basis for presentation

NBF's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission. In addition, certain complementary rules in the Finnish Accounting Act, the Finnish Credit Institutions Act, the Financial Supervision Authority's Regulations and Guidelines and the Decision of the Ministry of Finance on the financial statements and consolidated statements of credit institutions have also been applied.

The disclosures, required in the standards, recommendations and legislation above, have been included in the notes, the Risk, Liquidity and Capital management section or in other parts of the "Financial statements".

On 28 February 2014 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 11 March 2014.

2. Changed accounting policies and presentation

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

The new standard IFRS 13 "Fair Value Measurement" was implemented 1 January 2013 but has not had any significant impact on the measurement of assets and liabilities in Nordea. IFRS 13 clarifies how to measure fair value but does not change the requirements regarding which items should be measured at fair value. In addition IFRS 13 requires additional disclosures about fair value measurements. The additional disclosures required by IFRS 13 are presented in Note 41 "Assets and liabilities at fair value".

IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" have been amended as regards offsetting of financial assets and financial liabilities. Nordea implemented these changes in 2013 (IAS 32 early adopted). The amendments intend to clarify the criteria for offsetting and to add disclosures. Nordea's principles for offsetting are already in accordance with the clarified requirements and therefore there was no impact from the amendments in IAS 32. The additional disclosures required by IFRS 7 are presented in Note 42 "Financial instruments set off on balance or subject to netting agreements".

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

IAS 19 "Employee Benefits"

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

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

The comparative figures on the balance sheet and income statement have been restated accordingly and are disclosed in the table below.

At transition 1 January 2013 the negative impact on equity was EUR 62m, after income tax and the core tier 1 capital was reduced by EUR 41m, including the impact from changes in deferred tax assets.

Group

	Full year 2012	
Income statement, EURm	New policy	Old policy
Staff costs	-574	-567
Taxes	-428	-430
Net profit for the year	1,181	1,186

	31 Dec 2012		1 Jan 2012	
Balance sheet, EURm	New policy	Old policy	New policy	Old policy
Deferred tax assets	37	16	22	16
Retirement benefit asset	80	136	99	120
Retirement benefit obligation	50	23	29	25
Other reserves[1]	2,788	2,826	2,844	2,844
Retained earnings	3,507	3,531	5,834	5,853

[1] Impact through "Other comprehensive income"

Parent company

	Full year 2012	
Income statement, EURm	New policy	Old policy
Staff costs	-527	-520
Taxes	-384	-385
Net profit for the year	1,116	1,122

	31 Dec 2012		1 Jan 2012	
Balance sheet, EURm	New policy	Old policy	New policy	Old policy
Deferred tax assets	31	13	17	12
Retirement benefit asset	80	130	98	113
Retirement benefit obligation	45	23	29	25
Other reserves[1]	2,791	2,826	2,844	2,844
Retained earnings	3,037	3,056	5,418	5,432

[1] Impact through "Other comprehensive income"

The amended IAS 19 also requires additional disclosures which are presented in Note 33 "Retirement benefit obligations", where also more information on the different defined benefit pension plans can be found.

Forward starting bonds

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

3. Changes in IFRSs not yet applied by Nordea

IFRS 9 "Financial Instruments" (Phase 1)

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

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

Group	31 Dec 2012		1 Jan 2012	
Balance sheet, EURm	New policy	Old policy	New policy	Old policy
Interest bearing securities	29,818	36,269	25,418	30,866
Other liabilities	14,239	20,690	18,680	24,128

Parent company	31 Dec 2012		1 Jan 2012	
Balance sheet, EURm	New policy	Old policy	New policy	Old policy
Interest bearing securities	29,818	36,269	25,418	30,866
Other liabilities	14,024	20,475	18,541	23,990

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

The main change is that the standard aligns hedge accounting more closely with the risk management activities. As Nordea generally uses macro (portfolio) hedge accounting Nordea´s assessment is that the new requirements will not have any significant impact on Nordea´s financial statement, capital adequacy or large exposures.

IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in Other Entities", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"
The IASB has published three new standards relating to consolidation, IFRS 10, IFRS 11 and IFRS 12, as well as amended IAS 27 and IAS 28. The effective date for these standards and amendments is as from 1 January 2013, but earlier application is permitted. The EU commission endorsed these standards and amendments during 2012. In contrast to IFRS, the EU commission requires the standards to be applied for annual periods beginning on or after 1 January 2014. Nordea will apply these standards as from 1 January 2014.

Nordea's assessment is that IFRS 10 "Consolidated Financial Statements" will not have any significant impact on Nordea's income statement or balance sheet at transition.

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

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

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

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

4. Critical judgements and estimation uncertainty

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

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

Critical judgements and estimates are in particular associated with:

- the fair value measurement of certain financial instruments
- the impairment testing of:
  – goodwill and
  – loans to the public/credit institutions
- the effectiveness testing of cash flow hedges
- the actuarial calculations of pension liabilities and plan assets related to employees
- the valuation of investment properties
- the classification of leases
- the translations of assets and liabilities denominated in foreign currencies
- the valuation of deferred tax assets
- claims in civil lawsuits.

Fair value measurement of certain financial instruments

Nordea's accounting policy for determining the fair value of financial instruments is described in section 10 "Determination of fair value of financial instruments" and Note 41 "Assets and liabilities at fair value". Critical judgements that have a significant impact on the recognised amounts for financial instruments is exercised when determining fair value of OTC derivatives and other financial instruments that lack quoted prices or recently observed market prices. Those judgements relate to the following areas:

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

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

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

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

The fair value of financial assets and liabilities measured at fair value using a valuation technique, level 2 and 3 in the fair value hierarchy, was EUR 138,488m (252,558) and EUR 164,762m (185,506) respectively at the end of the year.

Sensitivity analysis disclosures covering fair values of financial instruments with significant unobservable inputs can be found in Note 41 "Assets and liabilities at fair value".

Estimation uncertainty also arises at initial recognition of financial instruments that are part of larger structural transactions. Although subsequently not necessarily held at fair value such instruments are initially recognised at fair value and as there is normally no separate transaction price or active market for such individual instruments the fair value has to be estimated.

Impairment testing of goodwill

Nordea's accounting policy for goodwill is described in section 15 "Intangible assets" and Note 21 "Intangible assets" lists the cash generating units to which goodwill has been allocated.

The estimation of future cash flows and the calculation of the rate used to discount those cash flows are subject to estimation uncertainty. The forecast of future cash flows is sensitive to the cash flow projections for the near future (generally 3-5 years) and to the estimated sector growth rate for the period beyond 3-5 years. The growth rates are based on historical data, updated to reflect the current situation, which implies estimation uncertainty.

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

Impairment testing of loans to the public/credit institutions

Nordea's accounting policy for impairment testing of loans is described in section 13 "Loans to the public/credit institutions".

Management is required to exercise critical judgements and estimates when calculating loan impairment allowances on both individually assessed and collectively assessed loans. NBF's total lending before impairment allowances was EUR 150,385m (138,427) at the end of the year. For more information, see Note 13 "Loans and impairment".

The most judgemental area is the calculation of collective impairment allowances. When testing a group of loans collectively for impairment, judgement has to be exercised when identifying the events and/or the observable data that indicate that losses have been incurred in the group of loans.

Nordea monitors its portfolio through rating migrations and a loss event is an event resulting in a negative rating migration. Assessing the net present value of the cash flows generated by the customers in the group of loans also includes estimation uncertainty. This includes the use of historical data on probability of default and loss given default supplemented by acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

Effectiveness testing of cash flow hedges
Nordea's accounting policies for cash flow hedges are described in section 9 "Hedge accounting".

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

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

Actuarial calculations of pension liabilities and plan assets related to employees
Nordea's accounting policy for post-employment benefits is described in section 19 "Employee benefits".

The defined benefit obligation for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used.

The estimation of the discount rate is subject to uncertainty around whether corporate bond markets are deep enough, of high quality and also in connection to the extrapolation of yield curves to relevant maturities. In Finland the discount rate is determined with reference to corporate bonds. Other parameters, like assumptions about salary increases and inflation, are based on the expected long-term development of these parameters and also subject to estimation uncertainty. The fixing of these parameters at year-end is disclosed in Note 33 "Retirement benefit obligations" together with a description of the sensitivity to changes in assumptions.

Valuation of investment properties
Nordea's accounting policies for investment properties are described in section 17 "Investment property".

Investment properties are measured at fair value. As there normally are no active markets for investment properties, the fair values are estimated based on discounted cash flow models. These models are based on assumptions on future rents, vacancy levels, operating and maintenance costs, yield requirements and interest rates.

The carrying amounts of investment property were EUR 113m (104) at the end of the year. See Note 24 "Investment property" for more information on amounts and parameters used in these models.

Classification of leases
Nordea's accounting policies for leases are described in section 14 "Leasing".

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

The central district properties in Finland that Nordea has divested are leased back. The duration of the lease agreement was initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, nor any economic benefit from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets' economic life. As a result, Nordea has classified these leases as operating leases. This judgement is a critical judgement that has a significant impact on the carrying amounts in the financial statement. More information on lease contracts can be found in Note 23 "Leasing".

Translation of assets and liabilities denominated in foreign currencies
Nordea's accounting policies covering the translation of assets and liabilities denominated in foreign currencies is described in section 8 "Translation of assets and liabilities denominated in foreign currencies".

Valuation of deferred tax assets
Nordea's accounting policy for the recognition of deferred tax assets is described in section 18 "Taxes" and Note 12 "Taxes".

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

The carrying amount of deferred tax assets was EUR 5m (37) at the end of the year.

Claims in civil lawsuits
Within the framework of the normal business operations, Nordea faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently, none of the current disputes are considered likely to have any significant adverse effect on Nordea or its financial position. See also Note 32 "Provisions" and Note 37 "Contingent liabilities".

5. Principles of consolidation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nordea has created a number of SPEs to allow clients to invest in assets invested in by the SPEs. Some SPEs invest in tradable financial instruments, such as shares and bonds (mutual funds). Other SPEs invest in structured credit products or acquire assets from customers of Nordea. Nordea is generally the investment manager and has sole discretion about investments and other administrative decisions. Typically, Nordea will receive service and commission fees in connection to the creation of the SPEs, or because it acts as investment manager, custodian or in some other function. This in itself does not constitute a beneficial interest triggering consolidation. In some SPEs Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these SPEs Nordea has a beneficial interest and retains the majority of the risks and rewards, which is why these SPEs are consolidated. Note 19 "Investments in group undertakings" lists the major group undertakings in the NBF Group, including consolidated SPEs.

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

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

6. Recognition of operating income and impairment

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

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

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

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

Net fee and commission income
Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan, as well as other fees received as payments for certain acts, are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

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

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

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

Realised and unrealised gains and losses derive from:

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

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

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

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

"Net result from items at fair value" includes also losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale.

Impairment losses from instruments within other categories are recognised in the items "Net loan losses" or "Impairment of securities held as financial non-current assets" (see also the sub-sections "Net loan losses" and "Impairment of securities held as financial non-current assets" below).

Dividends received are recognised in the income statement as "Net result from items at fair value" and classified as "Shares/participations and other share-related instruments" in the note. Income is recognised in the period in which the right to receive payment is established.

Profit from companies accounted for under the equity method
The profit from companies accounted for under the equity method is defined as the post-acquisition change in NBF's share of net assets in the associated undertakings. NBF's share of items accounted for in other comprehensive income in the associated undertakings is accounted for in other comprehensive income in NBF. Profits from companies accounted for under the equity method are, as stated in section 5 "Principles of consolidation", reported in the income statement post-taxes. Consequently the tax expense related to these profits is excluded from the income tax expense for NBF.

Fair values are, at acquisition, allocated to the associated undertaking's identifiable assets, liabilities and contingent liabilities. Any difference between NBF's share of the fair values of the acquired identifiable net assets and the purchase price is goodwill or negative goodwill. Goodwill is included in the carrying amount of the associated undertaking. Subsequently the investment in the associated undertaking increases/decreases with NBF's share of the post-acquisition change in net assets in the associated undertaking and decreases through received dividends and impairment. An impairment charge can be reversed in a subsequent period.

The change in Nordea's share of the net assets is generally based on monthly reporting from the associated undertakings. For some associated undertakings not individually significant the change in Nordea's share of the net assets is based on the external reporting of the associated undertakings and affects the financial statements of Nordea in the period in which the information is available. The reporting from the associated undertakings is, if applicable, adjusted to comply with Nordea's accounting policies.

Other operating income
Net gains from divestments of shares in group undertakings and associated undertakings and net gains on sale of tangible assets as well as other operating income, not related to any other income line, are generally recognised when it is probable that the benefits associated with the transaction will flow to Nordea and if the significant risks and rewards have been transferred to the buyer (generally when the transactions are finalised).

Net loan losses
Impairment losses from financial assets classified into the category Loans and receivables (see section 12 “Financial instruments”), in the items “Loans to central banks”, “Loans to credit institutions” and “Loans to the public” on the balance sheet, are reported as ”Net loan losses” together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. Nordea’s accounting policies for the calculation of impairment losses on loans can be found in section 13 “Loans to the public/credit institutions”.

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

Impairment of securities held as financial non-current assets
Impairment on investments in interest-bearings securities, classified into the categories Loans and receivables or Held to maturity, and on investments in associated undertakings are classified as “Impairment of securities held as financial non-current assets” in the income statement. The policies covering impairment of financial assets classified into the categories Loans and receivables and Held to maturity are disclosed in section 12 “Financial instruments” and section 13 “Loans to the public/credit institutions”.

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

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

7. Recognition and derecognition of financial instruments on the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised (reclassified to the items “Other assets” or ”Other liabilities” on the balance sheet between trade date and settlement date) from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards from the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the balance sheet. If Nordea’s counterpart can sell or repledge the transferred assets, the assets are reclassified to the item “Financial instruments pledged as collateral” on the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. securities lending agreements and repurchase agreements.

Financial liabilities are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when Nordea performs, for example when Nordea repays a deposit to the counterpart, i.e. on settlement date. Financial liabilities under trade date accounting are generally reclassified to “Other liabilities” on the balance sheet on trade date.

For further information, see sections “Securities borrowing and lending agreements” and “Repurchase and reverse repurchase agreements” within 12 “Financial instruments”, as well as Note 43 “Transferred assets and obtained collaterals”.

8. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates. Foreign currency is defined as any currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

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

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

9. Hedge accounting

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

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

There are three forms of hedge accounting:

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

NBF currently applies fair value hedge accounting and cash flow hedge accounting.

Fair value hedge accounting
Fair value hedge accounting is used when derivatives are hedging changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged are recognised separately in the income statement in the item "Net result from items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result is close to zero. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value change of the hedged items held at amortised cost in a portfolio hedge of interest rate risks is reported separately from the portfolio in the item "Fair value changes of the hedged items in portfolio hedge of interest rate risk" on the balance sheet.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. Any ineffectiveness is recognised in the income statement under the item "Net result from items at fair value".

Hedged items
A hedged item in a fair value hedge can be a recognised single asset or liability, an unrecognised firm commitment, or a portion thereof. The hedged item can also be a group of assets, liabilities or firm commitments with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets and/or liabilities.

Hedging instruments
The hedging instruments used in Nordea are predominantly interest rate swaps and cross currency interest rate swaps, which are always held at fair value. Cash instruments are only used as hedging instruments when hedging currency risk.

Cash flow hedge accounting
Cash flow hedge accounting can be used for the hedging of exposure to variations in future interest payments on instruments with variable interest rates and for the hedging of currency exposures. The portion of the gain or loss on the hedging instrument, that is determined to be an effective hedge, is recognised in other comprehensive income and accumulated in the cash flow hedge reserve in equity. The ineffective portion of the gain or loss on the hedging instrument is recycled to the item "Net result from items at fair value" in the income statement.

Gains or losses on hedging instruments recognised in the cash flow hedge reserve in equity through other comprehensive income are recycled and recognised in the income statement in the same period as the hedged item affects profit or loss, normally in the period that interest income or interest expense is recognised.

Hedged items
A hedged item in a cash flow hedge can be highly probable floating interest rate cash flows from recognised assets or liabilities or from future assets or liabilities. Nordea uses cash flow hedges when hedging currency risk in future payments of interest and principal in foreign currency.

Hedging instruments
The hedging instruments used in Nordea are predominantly cross currency interest rate swaps, which are always held at fair value, where the currency component is designated as a cash flow hedge of currency risk and the interest component as a fair value hedge of interest rate risk.

Hedge effectiveness
The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life it can be expected that changes in fair value of the hedged item as regards the hedged risk can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent. When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis. The hypothetical derivative method is used when measuring the effectiveness of cash flow hedges, meaning that the change in a perfect hypothetical swap is used as proxy for the present value of the cumulative change in expected future cash flows from the hedged transaction (the currency component).

If the hedge relationship does not fulfil the requirements, hedge accounting is terminated. For fair value hedges the hedging instrument is reclassified to a trading derivative and the change in the fair value of the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

In cash flow hedges, changes in the unrealised value of the hedging instrument will prospectively from the last time it was proven effective be accounted for in the income statement. The cumulative gain or loss on the hedging instrument that has been recognised in the cash flow hedge reserve in equity through other comprehensive income from the period when the hedge was effective is reclassified from equity to “Net result from items at fair value” in the income statement if the expected transaction no longer is expected to occur. If the expected transaction no longer is highly probable, but is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective remains in other comprehensive income until the transaction occurs or is no longer expected to occur.

10. Determination of fair value of financial instruments

Financial assets and liabilities classified into the categories Financial assets/liabilities at fair value through profit or loss (including derivative instruments) are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement in the item “Net result from items at fair value”.

Fair value is defined as the price that at the measurement date would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis. The absolute level for liquidity and volume required for a market to be considered active vary with the instrument classes. For some classes low price volatility is seen, also for those instruments within the class where the trade frequency is high. For instruments in such a class the liquidity requirements are lower and, correspondingly, the age limit for the prices used for establishing fair value is higher.

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

Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Interest-bearing securities
- Shares (listed)
- Derivatives (listed)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. The adequacy of the valuation technique, including an assessment of whether to use quoted prices or theoretical prices, is monitored on a regular basis.

Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. The adequacy of the valuation model is assessed by measuring its capability to hit market prices. This is done by comparison of calculated prices to relevant benchmark data, e.g. quoted prices from exchanges, the counterparty´s valuations, price data from consensus services etc.

Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:

- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. By data from observable markets, Nordea considers data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the instrument. The deferred upfront gains are subsequently released to income if the non-observable data becomes observable.

Note 41 “Assets and liabilities at fair value” provides a breakdown of fair values of financial instruments measured on the basis of:

- quoted prices in active markets for the same instrument (level 1),
- valuation technique using observable data (level 2), and
- valuation technique using non-observable data (level 3).

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

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

For further information, see Note 41 “Assets and liabilities at fair value”.

11. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:

- The central bank is domiciled in a country where Nordea is operating under a banking licence
- The balance is readily available at any time

Cash and cash equivalents are financial instruments classified into the category Loans and receivables, see section 12 “Financial instruments”.

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

12. Financial instruments

Classification of financial instruments

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

Financial assets:

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

Financial liabilities:

- Financial liabilities at fair value through profit or loss:
  – Held for trading
  – Designated at fair value through profit or loss (Fair Value Option)
- Other financial liabilities

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured on the balance sheet and how changes in its value are recognised. The classification of the financial instruments on Nordea's balance sheet into different categories is presented in Note 40 "Classification of financial instruments".

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

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

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

The major parts of the financial assets/liabilities classified into the category Designated at fair value through profit or loss are certain other assets/liabilities, interest-bearing securities and shares. Nordea also applies the Fair value option on certain financial assets and financial liabilities related to Markets. The classification stems from the fact that Markets is managing and measuring its financial assets and liabilities at fair value. Consequently, the majority of financial assets and financial liabilities in Markets are classified into the categories Financial assets/Financial liabilities at fair value through profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 13 "Loans to the public/credit institutions".

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

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

Nordea assesses at each reporting date whether there is any objective evidence that the asset is impaired. If there is such evidence, an impairment loss is recorded. The loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows and is recognised as "Impairment of securities held as financial non-current assets" in the income statement. See section 13 "Loans to the public/credit institutions" for more information on the identification and measurement of objective evidence of impairment, which is applicable also for interest-bearings securities classified into the category Held to maturity.

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

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

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

Other financial liabilities
Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interest on Other financial liabilities is recognised in the item “Interest expense” in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Markets as part of the trading portfolio are classified into the category Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item “Net result from items at fair value”.

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not recognised on or derecognised from the balance sheet. In the cases where the counterpart is entitled to resell or repledge the securities, the securities are reclassified to the balance sheet item “Financial instruments pledged as collateral”.

Securities in securities lending transactions are also disclosed in the item “Assets pledged as security for own liabilities”.

Cash collateral advanced (securities borrowing) to the counterparts is recognised on the balance sheet as “Loans to central banks”, “Loans to credit institutions” or as “Loans to the public”. Cash collateral received (securities lending) from the counterparts is recognised on the balance sheet as “Deposits by credit institutions” or as “Deposits and borrowings from the public”.

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are reclassified to the balance sheet line “Financial instruments pledged as collateral”.

Securities delivered under repurchase agreements are also disclosed in the item “Assets pledged as security for own liabilities”.

Cash received under repurchase agreements is recognised on the balance sheet as “Deposits by credit institutions” or as “Deposits and borrowings from the public”. Cash delivered under reverse repurchase agreements is recognised on the balance sheet as “Loans to central banks”, “Loans to credit institutions” or as “Loans to the public”.

Additionally, the sale of securities received in reverse repurchase agreements trigger the recognition of a trading liability (short sale).

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item “Derivatives” on the asset side. Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item “Derivatives” on the liability side.

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item “Net result from items at fair value”.

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

Exchanged traded derivatives are generally accounted for as settled on a daily basis when cash is paid or received and the instrument is reset to market terms. Derivative assets and liabilities against central counterparty clearing houses are, as mentioned above, generally set off on the balance sheet, but net cash collateral received or paid is generally accounted for separately as cash collateral paid (asset) or received (liability), which is also the case for cash collateral paid or received in bilateral OTC derivative transactions.

13. Loans to the public/credit institutions

Financial instruments classified as “Loans to the public/credit institutions” (including loans to central banks) on the balance sheet and into the category Loans and receivables are measured at amortised cost (see also the separate section 7 “Recognition and derecognition of financial instruments on the balance sheet” as well as Note 40 ”Classification of financial instruments”).

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

Also interest-bearings securities classified into the categories Loans and receivables and Held to maturity are held at amortised cost and the description below is valid also for the identification and measurement of impairment on these assets. Possible impairment losses on interest-bearing securities classified into the categories Loans and receivables and Held to maturity are recognised as “Impairment of securities held as non-current financial assets” in the income statement.

Impairment test of individually assessed loans
Nordea tests all loans for impairment on an individual basis. The purpose of the impairment tests is to find out if the loans have become impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators of impairment (loss event) and whether these loss events represent objective evidence of impairment. More information on the identification of loss events can be found in the Risk, Liquidity and Capital management section.

Loans that are not individually impaired will be transferred to a group of loans with similar risk characteristics for a collective impairment test.

Impairment test of collectively assessed loans
Loans not impaired on an individual basis are collectively tested for impairment.

These loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors´ ability to pay all amounts due according to the contractual terms. Nordea monitors its portfolio through rating migrations, the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes Nordea identifies loss events indicating incurred losses in a group. A loss event is an event resulting in a deterioration of the expected future cash flows. Only loss events incurred up to the reporting date are included when performing the assessment of the group.

The objective for the group assessment process is to evaluate if there is a need to make a provision due to the fact that a loss event has occurred, which has not yet been identified on an individual basis. This period between the date when the loss event occurred and the date when it is identified on an individual basis is called “Emergence period”. The impairment remains related to the group of loans until the losses have been identified on an individual basis. The identification of the loss is made through a default of the engagement or by other indicators.

For corporate customers and bank counterparts, Nordea uses the existing rating system as a basis when assessing the credit risk. Nordea uses historical data on probability of default to estimate the risk for a default in a rating class. These loans are rated and grouped mostly based on type of industry and/or sensitivity to certain macro parameters, e.g. dependency to oil prices etc.

Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on Risk, Liquidity and Capital management.

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

Impairment loss
If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows (discounted with the original effective interest rate), including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

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

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

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses are accounted for as changes in the allowance account and as ”Net loan losses” in the income statement (see also section 6 “Recognition of operating income and impairment”).

If the impairment loss is regarded as final, it is reported as a realised loss and the value of the loan and the related allowance for impairment loss are derecognised. An impairment loss is regarded as final when the obligor is filed for bankruptcy and the administrator has declared the economic outcome of the bankruptcy procedure, or when Nordea forgives its claims either through a legal based or voluntary reconstruction or when Nordea, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate
The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans. If considered appropriate, the discount rate can be based on a method that results in an impairment that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Restructured loans
In this context a restructured loan is defined as a loan where Nordea has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for Nordea. After a reconstruction the loan is normally regarded as not impaired if it performs according to the new conditions. Concessions made in reconstructions are regarded as loan losses unless Nordea retains the possibility to regain the loan losses incurred. In the event of a recovery the payment is reported as a recovery of loan losses.

Assets taken over for protection of claims
In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquire an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea’s own use, is reported together with other investment properties.

At initial recognition, all assets taken over for protection of claims are recognised at fair value and the possible difference between the carrying amount of the loan and the fair value of the assets taken over is recognised as “Net loan losses”. The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified into the categories Available for sale or Designated at fair value through profit or loss (Fair Value Option) (see section 12 “Financial instruments”) and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line “Net result from items at fair value”.

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

14. Leasing

NBF as lessor

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

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

NBF as lessee

Finance leases

No leases in NBF have been classified as finance leases.

Operating leases

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

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

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

Embedded leases

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

15. Intangible assets

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is not recognised as a separate asset, but included in "Investments in associated undertakings". Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill cannot be reversed in subsequent periods. Goodwill related to associated undertakings is not tested for impairment separately, but included in the total carrying amount of the associated undertakings. The policies covering impairment testing of associated undertakings is disclosed in section 6 "Recognition of operating income and impairment".

IT-development/Computer software

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

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

Customer related intangible assets

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

Impairment

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

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

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates largely independent cash flows in relation to other assets. For goodwill, the cash generating units are defined as the operating segments. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a rate based on the long-term risk free interest rate plus a risk premium (post tax). If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See Note 21 “Intangible assets” for more information on the impairment testing.

16. Property and equipment

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

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

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

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

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

17. Investment property

Investment properties are primarily properties held to earn rent and/or capital appreciation. Nordea applies the fair value model for subsequent measurement of investment properties. The best evidence of a fair value is normally given by quoted prices in an active market for similar properties in the same location and condition. As these prices are rarely available discounted cash flow projection models based on reliable estimates of future cash flows are also used.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as “Net result from items at fair value”.

18. Taxes

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

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, nor for differences relating to investments in group undertakings and associated undertakings to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists. Deferred tax assets and deferred tax liabilities are generally offset if there is a legally enforceable right to offset current tax assets and current tax liabilities.

19. Employee benefits

All forms of consideration given by Nordea to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed. Post-employment benefits are benefits payable after the termination of the employment. Post-employment benefits in Nordea consist only of pensions. Termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy.

Short-term benefits
Short term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees have performed services to Nordea. Nordea has also issued share-based payment programmes, which are further described in section 22 “Share-based payment”.

More information can be found in Note 8 “Staff costs”.

Post-employment benefits
Pension plans
The companies within Nordea have various pension plans, consisting of both defined benefit pension plans and defined contribution pension plans, reflecting national practices and conditions in the countries where Nordea operates. The major defined benefit pension plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation, the net amount is recognised as a liability (“Retirement benefit liabilities”). If not, the net amount is recognised as an asset (“Retirement benefit assets”). Non-funded pension plans are recognised as Retirement benefit liabilities.

Most pensions are based on defined contribution arrangements that hold no pension liability for Nordea. All defined benefit pension plans are closed for new employees.

Pension costs
Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. Nordea’s net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Actuarial calculations are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note 33 “Retirement benefit obligations”).

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

When the calculation results in a benefit the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan and is included on the balance sheet as “Retirement benefit liabilities” or “Retirement benefit assets”.

Discount rate in defined benefit pension plans
The discount rate is determined by reference to high quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In countries where no such market exists the discount rate is determined by reference to government bond yields. In Finland the discount rate is determined with reference to corporate bonds.

Termination benefits
As mentioned above termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy. Termination benefits do not arise if the employees have to continue performing services and the termination benefits can be considered to be normal compensation for those services.

Termination benefits are expensed when Nordea has an obligation to make the payment. An obligation arises when there is a formal plan committed to on the appropriate organisational level and when Nordea is without realistic possibility of withdrawal, which normally occurs when the plan has been communicated to the group affected or to their representatives.

Termination benefits can include both short-term benefits, for instance a number of months' salary, and post-employment benefits, normally in the form of early retirement. Short-term benefits are classified as "Salaries and remuneration" and post-employment benefits as "Pension costs" in Note 8 "Staff costs".

20. Equity

Non-controlling interests
Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Finland Plc.

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

Share premium reserve
The share premium reserve consists of the difference between the subscription price and the quota value of the shares in NBF. Transaction costs in connection to the rights issue have been deducted.

Other reserves
Other reserves comprise income and expenses, net after tax effects, which are reported in equity through other comprehensive income. These reserves include fair value reserves for cash flow hedges, financial assets classified into the category Available for sale and accumulated remeasurements of defined benefit pension plans, as well as a reserve for translation differences.

Retained earnings
Apart from undistributed profits from previous years, retained earnings include the equity portion of untaxed reserves. Untaxed reserves according to national rules are accounted for as equity net of deferred tax at prevailing tax rates in the respective country.

In addition, NBF's share of the earnings in associated undertakings, after the acquisition date, that have not been distributed is included in retained earnings.

21. Financial guarantee contracts and credit commitments

Upon initial recognition, premiums received in issued financial guarantee contracts and credit commitments are recognised as prepaid income on the balance sheet. The guarantees and irrevocable credit commitments are subsequently measured, and recognised as a provision on the balance sheet, at the higher of either the received fee less amortisation, or an amount calculated as the discounted best estimate of the expenditure required to settle the present obligation. Changes in provisions are recognised in the income statement in the item ”Net loan losses”.

Premiums received for financial guarantees are, as stated in section 6 "Recognition of operating income and impairment", amortised over the guarantee period and recognised as ”Fee and commission income” in the income statement. Premiums received on credit commitments are generally amortised over the loan commitment period. The contractual amounts are recognised off-balance sheet, financial guarantees in the item "Contingent liabilities" and irrevocable credit commitments in the item "Credit commitments".

22. Share-based payment

Equity-settled programmes
Nordea has annually issued Long Term Incentive Programmes from 2007 through 2012. Employees participating in these programmes are granted share-based equity-settled rights, i.e. rights to receive shares for free or to acquire shares in Nordea at a significant discount compared to the share price at grant date. The value of such rights is expensed. The expense is based on the estimated fair value of each right at grant date.

The total fair value of these rights is determined based on the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date. The fair value is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights/Performance Share II are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

For more information see Note 8 "Staff costs".

Cash-settled programmes
Nordea has to defer payment of variable salaries under Nordic FSA's regulations and general guidelines, as is also the case with the Executive Incentive Programme (EIP). The deferred amounts are to some extent indexed using Nordea's TSR (Total Shareholders' Return) and these "programmes" are cash-settled share-based programmes. These programmes are fully vested when the payments of variable salaries are initially deferred and the fair value of the obligation is remeasured on a continuous basis. The remeasurements are, together with the related social charges, recognised in the income statement in the item "Net result from items at fair value".

For more information see Note 8 "Staff costs".

23. Related party transactions

Nordea defines related parties as:

- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Key management personnel
- Other related parties

All transactions with related parties are made on an arm's length basis.

Shareholders with significant influence
Shareholders with significant influence are shareholders that have the power to participate in the financial and operating decisions of NBF but do not control those policies. Nordea and its group companies are considered as having such a power.

Group undertakings
For the definition of group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the NBF Group is found in Note 19 "Investments in group undertakings".

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

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

Further information on the associated undertakings included in the Nordea Group is found in Note 20 "Investments in associated undertakings".

Key management personnel
Key management personnel include the following positions:

- The Board of Directors of NBF and Nordea Bank AB (publ)
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM)

For information about compensation, pensions and other transactions with key management personnel, see Note 8 "Staff costs".

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

Information concerning transactions between Nordea and other related parties is found in Note 45 "Related-party transactions".

Note 2 Segment reporting

Operating segments

Group

Measurement of Operating segments' performance
The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision Maker (CODM), as required by IFRS 8. In NBF the CODM has been defined as Group Executive Management.

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

Reportable Operating segments
Retail Banking conducts a full service banking operation and offers a wide range of products. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic markets (Retail Banking Nordic) as well as in the Baltic countries (Retail Banking Baltic). Wholesale Banking provides banking and other financial solutions to large Nordic and international corporate, institutional and public companies. The division Corporate & Institutional Banking is a customer oriented organisation serving the largest globally operating corporates. This division is also responsible for Nordea's customers within the financial sector, and offers single products such as funds and equity products as well as consulting services within asset allocation and fund sales. The division Shipping, Oil Services & International is responsible for Nordea's customers within the shipping, offshore and oil services industries and provides tailormade solutions and syndicated loan transactions. Capital Markets unallocated includes the result in Capital Markets which is not allocated to the main business areas. Group Corporate Centre's main objective is to manage the Group's funding and to support the management and control of the NBF Group. The main income in Group Corporate Centre originates from Group Treasury.

	Retail Banking		Wholesale Banking		Group Corporate Centre	
Income statement, EURm	2013	2012	2013	2012	2013	2012
Net interest income	811	739	294	292	85	210
Net fee and commission income	622	577	-186	-92	-5	-7
Net result from items at fair value	91	86	1,011	1,163	-9	12
Profit from companies accounted for under the equity method	7	18	-	-	-	-
Other income	27	27	0	1	8	15
Total operating income	**1,558**	**1,447**	**1,119**	**1,364**	**79**	**230**
Staff costs	-351	-346	-146	-143	-41	-40
Other expenses	-485	-479	-36	-39	9	10
Depreciation, amortisation and impairment charges of tangible and intangible assets	-22	-27	-8	-9	-7	-10
Total operating expenses	**-858**	**-852**	**-190**	**-191**	**-39**	**-40**
Profit before loan losses	**700**	**595**	**929**	**1,173**	**40**	**190**
Net loan losses	-100	-79	-52	-88	17	26
Impairment of securities held as financial non-current assets	-	-	-	-	-	-
Operating profit	**600**	**516**	**877**	**1,085**	**57**	**216**
Income tax expense	-	-	-	-	-	-
Net profit for the year	**600**	**516**	**877**	**1,085**	**57**	**216**
Balance sheet, EURm						
Loans to the public	59,101	57,836	55,081	43,166	-83	-12
Deposits and borrowings from the public	37,359	38,428	43,056	31,535	496	270

Note 2 *Segment reporting, cont.*

Operating segments

Group

Income statement, EURm	Total operating segments 2013	2012	Reconciliation 2013	2012	**Total Group 2013**	**2012**
Net interest income	1,190	1,241	-7	17	1,183	1,258
Net fee and commission income	431	478	-544	-183	-113	295
Net result from items at fair value	1,093	1,261	21	-44	1,114	1,217
Profit from companies accounted for under the equity method	7	18	1	0	8	18
Other income	35	43	-3	-7	32	36
Total operating income	**2,756**	**3,041**	**-532**	**-217**	**2,224**	**2,824**
Staff costs	-538	-529	-15	-45	-553	-574
Other expenses	-512	-508	46	61	-466	-447
Depreciation of tangible and intangible assets	-37	-46	-3	-4	-40	-50
Total operating expenses	**-1,087**	**-1,083**	**28**	**12**	**-1,059**	**-1,071**
Profit before loan losses	**1,669**	**1,958**	**-504**	**-205**	**1,165**	**1,753**
Net loan losses	-135	-141	82	-3	-53	-144
Impairment of securities held as financial non-current asset	-	-	1	-	1	-
Operating profit	**1,534**	**1,817**	**-421**	**-208**	**1,113**	**1,609**
Income tax expense	-	-	-285	-428	-285	-428
Net profit for the year	**1,534**	**1,817**	**-706**	**-636**	**828**	**1,181**
Balance sheet, EURm						
Loans to the public	114,099	100,990	-320	-225	113,779	100,765
Deposits and borrowings from the public	80,911	70,233	-2	-21	80,909	70,212

Break-down of Retail Banking

Income statement, EURm	Retail Banking Nordic[1] 2013	2012	Retail Banking Baltic[2] 2013	2012	Retail Banking Other[3] 2013	2012	**Total Retail Banking 2013**	**2012**
Net interest income	674	611	162	148	-26	-20	811	739
Net fee and commission income	580	531	46	46	-4	0	622	577
Net result from items at fair value	95	89	-3	-2	0	-1	91	86
Profit from companies accounted for under the equity method	-	-	-	-	7	18	7	18
Other income	35	25	3	3	-11	-1	27	27
Total operating income	**1,384**	**1,256**	**208**	**195**	**-34**	**-4**	**1,558**	**1,447**
Staff costs	-254	-250	-29	-28	-68	-68	-351	-346
Other expenses	-495	-495	-62	-54	72	70	-485	-479
Depreciation of tangible and intangible assets	-6	-5	-2	-2	-14	-20	-22	-27
Total operating expenses	**-755**	**-750**	**-93**	**-84**	**-10**	**-18**	**-858**	**-852**
Profit before loan losses	**629**	**506**	**115**	**111**	**-44**	**-22**	**700**	**595**
Net loan losses	-57	-46	-42	-29	-1	-4	-100	-79
Operating profit	**572**	**460**	**73**	**82**	**-45**	**-26**	**600**	**516**
Income tax expense	-	-	-	-	-	-	-	-
Net profit for the year	**572**	**460**	**73**	**82**	**-45**	**-26**	**600**	**516**
Balance sheet, EURm								
Loans to the public	45,479	44,056	8,195	8,387	5,428	5,392	59,101	57,836
Deposits and borrowings from the public	33,714	35,217	3,641	3,201	4	10	37,359	38,428

[1] Retail Banking Nordic includes banking operations in Finland.
[2] Retail Banking Baltic includes banking operations in Estonia, Latvia and Lithuania.
[3] Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT.

Note 2 *Segment reporting, cont.*

Break-down of Wholesale Banking

Income statement, EURm	Corporate & Institutional Banking 2013	Corporate & Institutional Banking 2012	Shipping, Offshore & Oil Services 2013	Shipping, Offshore & Oil Services 2012
Net interest income	169	164	113	118
Net fee and commission income	172	185	20	18
Net result from items at fair value	109	113	12	18
Profit from companies accounted for under the equity method	-	-	-	-
Other income	0	0	-	-
Total operating income	**450**	**462**	**145**	**154**
Staff costs	-7	-6	-9	-9
Other expenses	-126	-121	-14	-16
Depreciation of tangible and intangible assets	0	-	0	0
Total operating expenses	**-133**	**-127**	**-23**	**-25**
Profit before loan losses	**317**	**335**	**122**	**129**
Net loan losses	-17	-14	-36	-74
Operating profit	**300**	**321**	**86**	**55**
Income tax expense	-	-	-	-
Net profit for the year	**300**	**321**	**86**	**55**
Balance sheet, EURm				
Loans to the public	8,238	8,785	466	558
Deposits and borrowings from the public	7,319	6,276	153	157

Income statement, EURm	Capital Markets unallocated 2013	Capital Markets unallocated 2012	Wholesale Banking Other[4] 2013	Wholesale Banking Other[4] 2012	**Total Wholesale Banking 2013**	**Total Wholesale Banking 2012**
Net interest income	4	7	8	3	294	292
Net fee and commission income	-389	-350	11	56	-186	-92
Net result from items at fair value	890	1,032	-1	0	1,011	1,163
Profit from companies accounted for under the equity method	-	-	-	-	-	-
Other income	0	1	0	0	0	1
Total operating income	**505**	**690**	**18**	**59**	**1,119**	**1,364**
Staff costs	-74	-77	-56	-51	-146	-143
Other expenses	49	42	57	55	-36	-39
Depreciation of tangible and intangible assets	0	0	-8	-8	-8	-9
Total operating expenses	**-25**	**-35**	**-7**	**-4**	**-190**	**-191**
Profit before loan losses	**480**	**655**	**11**	**55**	**929**	**1,173**
Net loan losses	-	-	0	-1	-52	-88
Operating profit	**480**	**655**	**11**	**54**	**877**	**1,085**
Income tax expense	-	-	-	-	-	-
Net profit for the year	**480**	**655**	**11**	**54**	**877**	**1,085**
Balance sheet, EURm						
Loans to the public	40,176	26,716	6,201	7,106	55,081	43,166
Deposits and borrowings from the public	26,923	16,891	8,661	8,210	43,056	31,535

[4] Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT.

Note 2 *Segment reporting, cont.*

Reconciliation between total operating segments and financial statements

	Total operating income		Operating profit		Loans to the public		Deposits and borrowings from the public	
EURm	2013	2012	2013	2012	2013	2012	2013	2012
Total Operating segments	2,756	3,041	1,534	1,817	114,099	100,990	80,911	70,233
Group functions[1]	-526	-206	-421	-208	-2	-73	10	81
Eliminations	-6	-11	-	-	-318	-152	-12	-102
Total	**2,224**	**2,824**	**1,113**	**1,609**	**113,779**	**100,765**	**80,909**	**70,212**

[1] Consists of Group Risk Management, Group Internal Audit, Group Identity & Communications, Group Human Resources, Board of Directors and Group Executive Management.

Group

Total operating income split on product groups

EURm	2013	2012
Banking products	1,539	2,008
Capital Markets products	675	786
Savings Products & Asset Management	0	25
Life & Pensions	10	5
Other	0	0
Total	**2,224**	**2,824**

Banking products consists of three different product types. Account products include account-based products such as lending, deposits and cards and Netbank services. Transaction products consist of cash management as well as trade and project finance services. Financings products include asset-based financing through leasing, hire purchase and factoring as well as sales to finance partners such as dealers, vendors and retailers. Capital Markets products contains financial instruments, or arrangement for a financial instrument, that are available in the financial marketplace, including currencies, commodities, stocks and bonds. Savings products & Asset Management includes Investment Funds, Discretionary Management, Portfolio Advice, Equity Trading and Pension Accounts. Investment Funds is a bundled product where the fund company invest in stocks, bonds, derivatives or other standardised products on behalf of the fund's shareholders. Discretionary Management is a service providing the management of an investment portfolio on behalf of the customer and Portfolio Advise is a service provided to support the customers' investment decision. Life & Pensions provides life insurance and pension products and services.

Group

Geographical information

	Total operating income		Assets	
EURm	2013	2012	2013	2012
Sweden	100	65	15,886	7,575
Finland	1,177	1,562	97,083	99,721
Norway	113	146	6,431	8,763
Denmark	361	528	111,258	139,460
Baltic countries	176	210	9,721	10,145
Poland	9	7	123	116
Other	288	306	64,259	69,681
Total	**2,224**	**2,824**	**304,761**	**335,461**

NBF's main geographical market comprises the Nordic countries and the Baltic countries. Revenues and assets are distributed to geographical areas based on the location of operations. Goodwill is allocated to different countries based on the location of the business activities of the acquired entities.

Note 3 Net interest income

EURm	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Interest income				
Loans to credit institutions	65	224	97	286
Loans to the public	1,571	1,857	1,295	1,560
Interest-bearing securities	142	177	142	177
Other interest income	71	79	79	87
Interest income	**1,849**	**2,337**	**1,613**	**2,110**
Interest expense				
Deposits by credit institutions	-289	-455	-287	-452
Deposits and borrowings from the public	-191	-329	-192	-329
Debt securities in issue	-419	-464	-419	-464
Subordinated liabilities	-25	-27	-25	-27
Other interest expense[1]	258	196	258	196
Interest expense	**-666**	**-1,079**	**-665**	**-1,076**
Net interest income	**1,183**	**1,258**	**948**	**1,034**

[1] The net interest income from derivatives, measured at fair value and related to Nordea's funding can have both a positive and negative impact on other interest expense, for further information see Note 1.

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 1,724m (2,180) for the Group and EUR 1,488m (1,954) for the parent company. Interest expense from financial instruments not measured at fair value through profit and loss amounts to EUR -924m (-1,275) for the Group and EUR -923m (-1,272) for the parent company.

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

Net interest income

EURm	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Interest income	1,765	2,241	1,613	2,110
Leasing income[1]	84	96	-	-
Interest expenses	-666	-1,079	-665	-1,076
Total	**1,183**	**1,258**	**948**	**1,034**

[1] Of which contingent leasing income amounts to EUR 15m (24). Contingent leasing income in Nordea consists of variable interest rates, excluding the fixed margin. If the contingent leasing income decreases there will be an offsetting impact from lower funding expenses.

Note 4 Net fee and commission income

	Group		Parent company	
EURm	2013	2012	2013	2012
Asset Management commissions	59	52	59	52
Life insurance	9	6	9	6
Brokerage, securities issues and corporate finance	46	75	46	76
Custody and issuer services	23	33	24	33
Deposits	7	7	7	7
Total savings and investments	144	173	145	174
Payments	200	196	202	197
Cards	129	97	93	67
Total payments and cards	329	293	295	264
Lending	122	88	112	76
Guarantees and documentary payments	132	146	132	145
Total lending related to commissions	254	234	244	221
Other commission income	32	41	31	41
Fee and commission income	**759**	**741**	**715**	**700**
Savings and investments	-332	-323	-332	-323
Payments	-10	-10	-7	-7
Cards	-63	-55	-62	-53
Other commission expenses[1]	-467	-58	-465	-56
Fee and commission expenses	**-872**	**-446**	**-866**	**-439**
Net fee and commission income	**-113**	**295**	**-151**	**261**

[1] Mainly consists of Finnish bank tax and guarantee commission fee paid to Nordea Bank AB (publ)

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounted to EUR 129m (95) for the Group and EUR 119m (83) for the parent company.

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amounted to EUR 114m (134) for the Group and EUR 114m (134) for the parent company.

Note 5 Net result from items at fair value

	Group		Parent company	
EURm	2013	2012	2013	2012
Shares/participations and other share-related instruments	93	264	92	263
Interest-bearing securities and other interest-related instruments	-2	520	-2	519
Other financial instruments	90	297	90	297
Foreign exchange gains/losses	939	140	934	132
Investment properties	-6	-4	-4	-3
Total	**1,114**	**1,217**	**1,110**	**1,208**

Net result from categories of financial instruments

	Group		Parent company	
EURm	2013	2012	2013	2012
Available for sale assets, realised	-16	0	-16	0
Financial instruments designated at fair value through profit or loss	163	153	164	153
Financial instruments held for trading[1]	22	937	20	935
Financial instruments under fair value hedge accounting	7	2	7	2
- of which net result on hedging instruments	-157	392	-157	392
- of which net result on hedged items	164	-390	164	-390
Financial assets measured at amortised cost[2]	1	2	1	2
Foreign exchange gains/losses excl currency hedges	941	127	938	119
Other	-4	-4	-4	-3
Total	**1,114**	**1,217**	**1,110**	**1,208**

[1] Of which amortised deferred day one profits amounted to EUR 2m for 2013 (5) both for the Group and the parent company.

[2] Of which EUR 1m (2) related to instruments classified into the category "Loans and receivables".

Note 6 Dividends

	Group		Parent company	
EURm	2013	2012	2013	2012
Investments in group undertakings	-	-	101	80
Investments in associated undertakings	-	-	27	19
Total	**-**	**-**	**128**	**99**

Note 7 Other operating income

	Group		Parent company	
EURm	2013	2012	2013	2012
Divestment of shares	1	-	-	-
Income from real estate	2	2	1	2
Disposals of tangible and intangible assets	4	3	1	0
Other	25	31	24	30
Total	**32**	**36**	**26**	**32**

Note 8 Staff costs

	Group		Parent company	
EURm	2013	2012	2013	2012
Salaries and remuneration	-426	-434	-397	-400
Pension costs (specification below)	-60	-63	-56	-57
Social security contributions	-30	-31	-27	-28
Allocation to profit-sharing foundation[1]	-11	-20	-11	-19
Other staff costs	-26	-26	-25	-23
Total	**-553**	**-574**	**-516**	**-527**

[1] Allocation to profit-sharing foundation 2013 EUR 11m (20) in the Group and EUR 11m (19) in the parent company consists of a new allocation of EUR 12m (18) in the Group and EUR 11m (17) in the parent company and expenses related to prior years of EUR -1m (2) in the Group and EUR -1m (2) in the parent company.

	Group		Parent company	
	2013	2012	2013	2012
Pension costs:				
Defined benefit plans (Note 33)	0	1	1	2
Defined contribution plans	-60	-64	-57	-59
Total	**-60**	**-63**	**-56**	**-57**

Additional disclosures on remuneration under Nordic FSAs' regulation and general guidelines (including FIN-FSA release 62/501/2010)
The qualitative disclosures under these regulations can be found in the separate section on remuneration in the Board of Director's Report, while the quantitative disclosures will be published in a separate report on Nordea's homepage (www.nordea.com) one week before the Annual General Meeting on 20 March 2014.

Compensation etc. to the Board of Directors, President and his deputy
The members of the Board of Directors of Nordea Bank Finland Plc and the President, are all members of the Nordea Bank AB (publ) Group Executive Management except for the one external member Carl-Johan Granvik. The monthly fee for the external Board member was 1,250 euros, totalling 15,000 euros in 2013 (6,250). In 2013 Nordea Bank AB (publ) has paid all salaries, fees, pension- and other staff-related expenses to the above mentioned other members of the Board and the President. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation -expenses.

Information on salaries, loans and pension liabilities of the above mentioned other members of the Board and the President is presented in the Annual Report of Nordea Bank AB (publ).

The deputy of the president Pekka Nuuttila resigned on 28 February 2013 and Topi Manner was elected new deputy as from 1 March 2013. Salaries paid to the deputy of the President of Nordea Bank Finland Plc amounted to EUR 0m (0). Pension obligation for the deputy of the President amounted to EUR 0m (3) and pension cost to defined benefit plans to EUR 0m (2). There is at yearend no defined benefit plan for the deputy. The statutory pension cost for the deputy of the president amounted to EUR 0m (0).

EURm	2013	2012
Loans granted by Nordea Bank Finland Plc		
To members and deputy members of the Board of Directors	0	0
To the President and his deputy	1	0

Terms and conditions regarding loans to members of the Board of Directors, to President and his deputy are decided in accordance with instructions issued by the Board of Directors.

Guarantees and other off-balance-sheet commitments
No guarantees or other off-balance-sheet commitments have been granted to members of administrative or controlling boards or to auditors.

The members of the administrative and controlling boards have no holdings of shares, equity warrants or convertible bonds issued by Nordea Bank Finland Plc.

Loans to key management personnel
Loans to key management personnel as defined in Note 1 section 23 amounts to EUR 1m (2) in the Group and EUR 1m (2) in the parent company. Interest income on these loans amounts to EUR 0m (0) in the Group and EUR 0m (0) in the parent company.

Terms and conditions regarding loans for key management personnel employed by Nordea are decided in accordance with instructions issued by the Board of Directors. Loans to family members of key management personnel are granted on normal market terms, as well as loans to key management personnel who are not employees of Nordea. In Finland the employee interest rate for loans corresponds to Nordea's funding cost with a margin of 10 basis points up to EUR 400,000, and 30 basis points on the part that exceeds EUR 400,000.

The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any key management personnel.

Note 8 *Staff costs, cont.*

Long Term Incentive Programmes

Group

	2013			2012		
Conditional Rights LTIP 2012	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	207,861	497,861	207,861	-	-	-
Granted	7,816[1]	19,603[1]	7,816[1]	210,430	502,999	210,430
Forfeited	-4,414	-8,828	-4,414	-2,569	-5,138	-2,569
Outstanding at end of year	**211,263**	**508,636**	**211,263**	**207,861**	**497,861**	**207,861**
- of which currently exercisable	-	-	-	-	-	-

Parent company

	2013			2012		
Conditional Rights LTIP 2012	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	202,784	484,654	202,784	-	-	-
Granted	7,621[1]	19,009[1]	7,621[1]	205,353	489,792	205,353
Forfeited	-4,414	-8,828	-414	-2,569	-5,138	-2,569
Outstanding at end of year	**205,991**	**494,835**	**209,991**	**202,784**	**484,654**	**202,784**
- of which currently exercisable	-	-	-	-	-	-

Group

	2013			2012		
Conditional Rights LTIP 2011	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	149,531	299,062	149,531	154,236	308,472	154,236
Granted[1]	5,465	10,930	5,465	5,481	10,962	5,481
Transfer during the year	-	-	-	-6,347	-12,694	-6,347
Forfeited	-7,287	-14,574	-7,287	-3,839	-7,678	-3,839
Outstanding at end of year	**147,709**	**295,418**	**147,709**	**149,531**	**299,062**	**149,531**
- of which currently exercisable	-	-	-	-	-	-

Parent company

	2013			2012		
Conditional Rights LTIP 2011	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
Outstanding at the beginning of year	146,011	292,022	146,011	150,845	301,690	150,845
Granted[1]	5,330	10,660	5,330	5,352	10,704	5,352
Transfer during the year	-	-	-	-6,347	-12,694	-6,347
Forfeited	-7,287	-14,574	-7,287	-3,839	-7,678	-3,839
Outstanding at end of year	**144,054**	**288,107**	**144,054**	**146,011**	**292,022**	**146,011**
- of which currently exercisable	-	-	-	-	-	-

Group

	2013			2012		
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	153,128	306,256	153,128	162,974	325,948	162,974
Transfer during the year	-	-	-	-3,057	-6,114	-3,057
Forfeited	-5,032	-149,790	-86,481	-6,789	-13,578	-6,789
Allotted	-124,141	-131,156	-55,867	-	-	-
Outstanding at end of year	**23,955**	**25,310**	**10,780**	**153,128**	**306,256**	**153,128**
- of which currently exercisable	-	-	-	-	-	-

Parent company

	2013			2012		
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	150,708	301,416	150,708	160,554	321,108	160,554
Transfer during the year	-	-	-	-3,057	-6,114	-3,057
Forfeited	-5,032	-147,507	-85,150	-6,789	-13,578	-6,789
Allotted	-121,721	-128,599	-54,778	-	-	-
Outstanding at end of year	**23,955**	**25,310**	**10,780**	**150,708**	**301,416**	**150,708**
- of which currently exercisable	-	-	-	-	-	-

[1] Granted rights are compensation for dividend on the underlying Nordea share during 2012.

Group

Rights LTIP 2009	2013 A Rights	2013 B-C Rights	2013 D Rights	2012 A Rights	2012 B-C Rights	2012 D Rights
Outstanding at the beginning of year	21,528	15,317	621	74,943	71,432	24,360
Forfeited	-	-	-	-7,359	-7,359	-7,359
Exercised[2]	-21,528	-15,317	-621	-46,056	-48,756	-16,380
Outstanding at end of year	**0**	**0**	**0**	**21,528**	**15,317**	**621**
- of which currently exercisable	0	0	0	21,528	15,317	621

Parent company

Rights LTIP 2009	2013 A Rights	2013 B-C Rights	2013 D Rights	2012 A Rights	2012 B-C Rights	2012 D Rights
Outstanding at the beginning of year	21,528	15,317	621	70,614	67,103	22,628
Forfeited	-	-	-	-7,359	-7,359	-7,359
Exercised[2]	-21,528	-15,317	-621	-41,727	-44,427	-14,648
Outstanding at end of year	**0**	**0**	**0**	**21,528**	**15,317**	**621**
- of which currently exercisable	0	0	0	21,528	15,317	621

[2] Weighted average share price during the exercise period amounts to EUR 8.63 (6.88).

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

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

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

[1] The fair value has been recalculated due to dividend during the vesting period which the participants are compensated for through additional Matching and Performance Shares.

Conditions and requirements

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

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

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

	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009[1]
Service condition, A-D-rights / Matching Share / Performance Share I and II	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the three year vesting period.	Employed, with certain exemptions, within the Nordea Group during the two year vesting period.
Performance condition, B-rights / Performance Share I	Average RAROCAR during the period 2012 up to and including 2014. Full right to exercise will be obtained if the RAROCAR amounts to 17%.	Compound Annual Growth Rate in RAPPS from year 2010 (base year) to and including year 2013. Full allotment was obtained if the Compound Annual Growth Rate amounts to or exceed 10%.	Compound Annual Growth Rate in RAPPS from year 2009 (base year) to and including year 2012. Full right to exercise will be obtained if the Compound Annual Growth Rate amounts to or exceed 9%.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 8% or more.
EPS knock out, B-rights/Performance Share I	-	Average reported EPS for 2011-2013 lower than EUR 0.26.	Average reported EPS for 2010-2012 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.26.
Performance condition, C-rights	-	-	-	Increase in RAPPS 2010 compared to 2009. Full right to exercise was obtained if RAPPS increased by 8% or more.
EPS knock out, C-rights	-	-	-	Reported EPS for 2010 lower than EUR 0.26.
Performance condition, D-rights/Performance Share II	RAROCAR during the period 2012 up to and including 2014 and P/E-ranking year-end 2014 compared to a peer group. Full right to exercise will be obtained if the RAROCAR amounts to 14% and if Nordea's P/B-ranking is 1-5.	TSR during 2011-2013 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.	TSR during 2010-2012 in comparison with a peer group. Full allotment was obtained if Nordea is ranked number 1-5.	TSR during 2009-2010 in comparison with a peer group. Full right to exercise was obtained if Nordea was ranked number 1.
Cap	The market value of the allotted shares is capped to the participants' annual salary for year-end 2011.	The market value of the allotted shares is capped to the participants' annual salary for year-end 2010.	The market value of the allotted shares is capped to the participants' annual salary for year-end 2009.	The profit per A-D-right is capped to EUR 9.59 per right.
Dividend compensation	The number of Matching Shares and Performance Shares will be adjusted for dividends on the underlying Nordea share during the vesting period, as if assuming that each dividend was used to immediately invest in additional Nordea shares.	The number of Matching Shares and Performance Shares will be adjusted for dividends on the underlying Nordea share during the vesting period, as if assuming that each dividend was used to immediately invest in additional Nordea shares.	-	The exercise price was adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.

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

Fair value calculations

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

	LTIP 2012	**LTIP 2011**	**LTIP 2010**	**LTIP 2009**
Weighted average share price, EUR	6.70	8.39	6.88	5.79
Right life, years	3.0	3.0	3.0	2.5
Deduction of expected dividends	No	No	No	Yes
Risk free rate, %	Not applicable	Not applicable	Not applicable	1.84
Expected volatility, %	Not applicable	Not applicable	Not applicable	29

Expected volatility is based on historical values. As the exercise price (zero for LTIP 2012, LTIP 2011 and LTIP 2010) is significantly below the share price at grant date, the value has a limited sensitivity to expected volatility and risk-free interest. The fair value calculations are also based on estimated early exercise behaviour during the programme's exercise windows, however only applicable for LTIP 2009.

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

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

Group

EURm	**LTIP 2012**	**LTIP 2011**	**LTIP 2010**	**LTIP 2009**
Expected expense for the whole programme	-3.2	-3.3	-2.5	-3.1
Maximum expense for the whole programme	-5.2	-3.8	-2.5	-3.1
Total expense during 2013	-1.0	-1.1	-0.5	-
Total expense during 2012	-0.7	-0.9	-0.3	-

Parent company

EURm	**LTIP 2012**	**LTIP 2011**	**LTIP 2010**	**LTIP 2009**
Expected expense for the whole programme	-3.1	-3.3	-2.4	-3.0
Maximum expense for the whole programme	-5.1	-3.7	-2.4	-3.0
Total expense during 2013	-1.0	-1.1	-0.5	-
Total expense during 2012	-0.6	-0.9	-0.3	-

[1] All amounts excluding social security contribution.

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

Cash-settled share-based payment transactions

Nordea operates share-linked deferrals on parts of variable compensation for certain employee categories, indexed with Nordea Total Shareholder Returns (TSR) and either vesting after three years or vesting in equal instalments over a three to five year period. Since 2011 Nordea also operates TSR-linked retention on part of variable compensation for certain employee categories. The table below only includes deferred amounts indexed with Nordea TSR. Due to that the allocation of variable compensation is not finally decided during the current year, the deferred amount during the year in the table below relates to variable compensation earned the previous year.

In addition Nordea has during 2013 introduced the Executive Incentive Programme 2013 ("EIP 2013") which aims to strengthen Nordea's capability to retain and recruit the best talents. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's result, profitability and long term value growth. EIP reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long term result is to be considered when determining the targets. The EIP shall not exceed the fixed salary. EIP shall be paid in the form of cash and be subject to TSR-indexation, deferral, forfeiture clauses and retention as per relevant remuneration regulations. The main part of EIP 2013 is paid no earlier than autumn 2017. Participation in the programme is offered to up to 400 managers and key employees, except GEM who are instead offered a GEM EIP (further information about the GEM EIP can be found in the Annual Report of Nordea Bank AB (publ)), within the Nordea Group. EIP 2013 is offered instead of Nordea's LTIP and VSP for the invited employees. The allocation of the EIP 2013 is decided during spring 2014, and a reservation of EUR 4m incl. social costs was made in 2013 both in the Group and parent company. 80% of the allocated amount will be subject to TSR-indexation.

Further information regarding all deferred amounts can be found in the separate report on remuneration published on Nordea's homepage (www.nordea.com).

	Share linked deferrals			
	Group		Parent company	
EURm	2013	2012	2013	2012
Opening balance	3	1	3	1
Deferred/earned during the year	2	2	2	2
TSR indexation during the year	1	0	1	0
Payments during the year[1]	-2	0	-2	0
Translation differences	0	0	0	0
Closing balance	**4**	**3**	**4**	**3**

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

Note 8 *Staff costs, cont.*

Average number of employees

	Group		Parent company	
	2013	2012	2013	2012
Full-time employees	8,396	8,731	7,764	7,967
Part-time employees	541	538	495	485
Total	**8,937**	**9,269**	**8,259**	**8,452**
Total number of employees (FTEs), end of period	7,981	8,252	7,440	7,516

Note 9 Other expenses

	Group		Parent company	
EURm	2013	2012	2013	2012
Information technology[1]	-180	-150	-186	-170
Marketing and representation	-28	-31	-26	-28
Postage, transportation, telephone and office expenses	-43	-46	-36	-39
Rents, premises and real estate	-88	-92	-90	-91
Other[2]	-127	-128	-109	-116
Total	**-466**	**-447**	**-447**	**-444**

[1] Starting from March 2012 NBF outsourced its IT operations to Nordea Bank AB.
[2] Including fees and remuneration to auditors distributed as follows

Auditors' fees

	Group		Parent company	
EURm	2013	2012	2013	2012
KPMG				
Auditing assignments	-1	-1	-1	-1
Audit-related services	0	0	0	0
Tax advisory services	0	0	0	0
Other assignments	0	0	0	0
Total	**-1**	**-1**	**-1**	**-1**

Note 10 Depreciation, amortisation and impairment charges of tangible and intangible assets

	Group		Parent company	
EURm	2013	2012	2013	2012
Depreciation/amortisation				
Property and equipment (Note 22)				
Equipment	-21	-24	-15	-14
Buildings	0	0	0	0
Intangible assets (Note 21)				
Computer software	-15	-16	-15	-15
Other intangible assets	-2	-3	-1	-2
Total	**-38**	**-43**	**-31**	**-31**
Impairment charges / Reversed impairment charges				
Property and equipment (Note 22)				
Other impairment losses/reversals	-	-1	-	-1
Intangible assets (Note 21)				
Impairment other intangible assets	-2	-6	-2	-6
Total	-2	-7	-2	-7
Total	**-40**	**-50**	**-33**	**-38**

Note 11 Net loan losses

	Group		Parent company	
EURm	2013	2012	2013	2012
Divided by class				
Loans to credit institutions	0	0	0	0
- of which provisions	0	0	0	0
- of which reversals	0	0	0	0
Loans to the public	-56	-158	-46	-139
- of which provisions	-216	-264	-203	-241
- of which write-offs	-71	-159	-40	-124
- of which allowances used for covering write-offs	104	92	96	82
- of which reversals	103	146	93	135
- of which recoveries	24	27	8	9
Off-balance sheet items[1]	3	14	3	14
- of which provisions	-8	-5	-8	-5
- of which reversals	11	19	11	19
Total	**-53**	**-144**	**-43**	**-125**

Specification				
Changes of allowance accounts in the balance sheet	-110	-104	-107	-93
- of which Loans, individually assessed[2]	-123	-176	-121	-166
- of which Loans, collectively assessed[2]	10	58	11	59
- of which Off-balance sheet items, individually assessed[1]	0	16	0	16
- of which Off-balance sheet items, collectively assessed[1]	3	-2	3	-2
Changes directly recognised in the income statement	57	-40	64	-32
- of which realised loan losses, individually assessed	33	-67	56	-41
- of which realised recoveries, individually assessed	24	27	8	9
Total	**-53**	**-144**	**-43**	**-125**

[1] Included in Note 32 Provisions as "Transfer risk, off-balance" and "Individually assessed guarantees and other commitments".
[2] Included in Note 13 Loans and impairment

Key ratios

	Group		Parent company	
	2013	2012	2013	2012
Loan loss ratio, basis points[3]	5	14	5	14
- of which individual	6	20	6	20
- of which collective	-1	-6	-1	-6

[3] Net loan losses (annualised) divided by opening balance of loans to the public (lending).

Note 12 Taxes

Income tax expense

	Group		Parent company	
EURm	2013	2012	2013	2012
Current tax	-285	-420	-239	-382
Deferred tax	0	-8	-4	-2
Bank tax in Finland[1]				
Total	**-285**	**-428**	**-243**	**-384**

[1] The Finnish bank tax was introduced in 2013 and is based on risk weighted assets rather than income. This tax is not included in the current- and deferred tax disclosures in this Note.

Current and deferred tax recognised in Other comprehensive income				
Deferred tax relating to available-for-sale investments	-4	-7	-4	-7
Deferred tax relating to cash flow hedges	2	24	2	11
Deferred tax relating to defined benefit plans	4	12	3	11
Total	**2**	**29**	**1**	**15**

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate of Finland as follows:

	Group		Parent company	
EURm	2013	2012	2013	2012
Profit before tax	1,113	1,609	1,023	1,500
Tax calculated at a tax rate of 24,5%	-273	-394	-251	-368
Income from associated undertakings	0	0	-	-
Other direct taxes	0	0	0	0
Tax-exempt income	3	10	31	25
Non-deductible expenses	-14	-5	-13	-1
Adjustments relating to prior years	6	-24	6	-25
Change of tax rate	8	0	-1	-
Not creditable foreign taxes	-15	-15	-15	-15
Tax charge	**-285**	**-428**	**-243**	**-384**
Average effective tax rate	26%	27%	24%	26%

Group	Deferred tax assets		Deferred tax liabilities	
EURm	2013	2012	2013	2012
Deferred tax related to:				
Tax losses carry-forward	0	0	-	-
Untaxed reserves	-	-	-	-
Loans to the public	18	20	53	58
Financial instruments	-2	6	-	-
Intangible assets	0	0	0	-
Property and equipment	2	3	-	-
Investment property	-	-	-	-
Retirement benefit assets/obligations	-27	-16	0	-
Hedge of net investments in foreign operations	-	-	-	-
Liabilities/provisions	14	24	-	0
Total	**5**	**37**	**53**	**58**

Parent company	Deferred tax assets		Deferred tax liabilities	
EURm	2013	2012	2013	2012
Deferred tax related to:				
Tax losses carry-forward	-	-	-	-
Loans to the public	16	18	-	-
Financial instruments	-2	6	-	-
Intangible assets	-	-	-	-
Property and equipment	2	3	-	-
Investment property	-	-	-	-
Retirement benefit assets/obligations	-27	-19	-	-
Liabilities/provisions	13	23	-	-
Total	**2**	**31**	**-**	**-**

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Movements in deferred tax assets/liabilities, net				
Amount at beginning of year (net)	-22	-31	31	17
Deferred tax relating to items recognised in Other comprehensive income	-25	12	-24	11
Acquisitions and others	0	5	-1	5
Deferred tax in the income statement	-1	-8	-4	-2
Amount at the end of the year (net)	**-48**	**-22**	**2**	**31**

There were no unrecognised deferred tax assets in the Group nor in the parent company in 2013 or 2012.

There was no deferred tax relating to temporary differences associated with investments in group undertakings, associated undertakings and joint ventures.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred tax income relates to the same fiscal authority.

Note 13 Loans and impairment

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Loans, not impaired	148,377	136,523	147,523	135,684
Impaired loans	2,008	1,904	1,716	1,641
- of which performing	1,034	947	839	771
- of which non-performing	974	957	877	870
Loans before allowances	**150,385**	**138,427**	**149,239**	**137,325**
Allowances for individually assessed impaired loans	-714	-657	-644	-579
- of which performing	-421	-407	-355	-338
- of which non-performing	-293	-250	-289	-241
Allowances for collectively assessed impaired loans	-125	-178	-107	-161
Allowances	**-839**	**-835**	**-751**	**-740**
Loans, carrying amount	**149,546**	**137,592**	**148,488**	**136,585**

	Central banks and credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Loans, not impaired	35,768	36,828	41,221	42,273
Impaired loans	24	24	24	24
- of which performing	-	-	-	-
- of which non-performing	24	24	24	24
Loans before allowances	**35,792**	**36,852**	**41,245**	**42,297**
Allowances for individually assessed impaired loans	-25	-25	-25	-25
- of which performing	-	-	-	-
- of which non-performing	-25	-25	-25	-25
Allowances for collectively assessed impaired loans	0	0	0	0
Allowances	**-25**	**-25**	**-25**	**-25**
Loans, carrying amount	**35,767**	**36,827**	**41,220**	**42,272**

	The public[1]			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Loans, not impaired	112,609	99,695	106,302	93,411
Impaired loans	1,984	1,880	1,692	1,617
- Performing	1,034	947	839	771
- Non-performing	950	933	853	846
Loans before allowances	**114,593**	**101,575**	**107,994**	**95,028**
Allowances for individually assessed impaired loans	-689	-632	-619	-554
- Performing	-421	-407	-355	-338
- Non-performing	-268	-225	-264	-216
Allowances for collectively assessed impaired loans	-125	-178	-107	-161
Allowances	**-814**	**-810**	**-726**	**-715**
Loans, carrying amount	**113,779**	**100,765**	**107,268**	**94,313**

[1] Finance leases, where the Nordea Group is a lessor, are included in Loans to the public, see Note 23 Leasing.

Note 13 *Loans and impairment, cont.*

Reconciliation of allowance accounts for impaired loans[2]

	Total					
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2013	**-657**	**-178**	**-835**	**-579**	**-161**	**-740**
Provisions	-177	-39	-216	-167	-36	-203
Reversals	55	49	104	46	47	93
Changes through the income statement	**-122**	**10**	**-112**	**-121**	**11**	**-110**
Allowances used to cover write-offs	104	-	104	96	-	96
Translation differences	-39	43	4	-40	43	3
Closing balance at 31 Dec 2013	**-714**	**-125**	**-839**	**-644**	**-107**	**-751**
Opening balance at 1 Jan 2012	**-576**	**-236**	**-812**	**-495**	**-220**	**-715**
Provisions	-218	-46	-264	-199	-43	-242
Reversals	42	104	146	33	102	135
Changes through the income statement	**-176**	**58**	**-118**	**-166**	**59**	**-107**
Allowances used to cover write-offs	92	0	92	82	0	82
Translation differences	3	0	3	0	0	0
Closing balance at 31 Dec 2012	**-657**	**-178**	**-835**	**-579**	**-161**	**-740**

	Central banks and credit institutions					
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2013	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Provisions	-	0	0	-	0	0
Reversals	-	0	0	-	0	0
Changes through the income statement	**0**	**0**	**0**	**0**	**0**	**0**
Allowances used to cover write-offs	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2013	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Opening balance at 1 Jan 2012	**-25**	**0**	**-25**	**-25**	**0**	**-25**
Provisions	-	0	0	-	0	0
Reversals	-	0	0	-	0	0
Changes through the income statement	-	**0**	**0**	-	**0**	**0**
Allowances used to cover write-offs	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2012	**-25**	**0**	**-25**	**-25**	**0**	**-25**

	The public					
	Group			Parent company		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2013	**-632**	**-178**	**-810**	**-554**	**-161**	**-715**
Provisions	-177	-39	-216	-167	-36	-203
Reversals	55	49	104	46	47	93
Changes through the income statement	**-122**	**10**	**-112**	**-121**	**11**	**-110**
Allowances used to cover write-offs	104	-	104	96	-	96
Translation differences	-39	43	4	-40	43	3
Closing balance at 31 Dec 2013	**-689**	**-125**	**-814**	**-619**	**-107**	**-726**
Opening balance at 1 Jan 2012	**-551**	**-236**	**-787**	**-470**	**-220**	**-690**
Provisions	-218	-46	-264	-199	-43	-242
Reversals	42	104	146	33	102	135
Changes through the income statement	**-176**	**58**	**-118**	**-166**	**59**	**-107**
Allowances used to cover write-offs	92	-	92	82	-	82
Translation differences	3	0	3	0	0	0
Closing balance at 31 Dec 2012	**-632**	**-178**	**-810**	**-554**	**-161**	**-715**

[2] See Note 11 Net loan losses

Allowances and provisions

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Allowances for items in the balance sheet	-839	-835	-751	-740
Provisions for off balance sheet items	-30	-32	-30	-32
Total allowances and provisions	**-869**	**-867**	**-781**	**-772**

	Central banks and credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Allowances for items in the balance sheet	-25	-25	-25	-25
Provisions for off balance sheet items	-7	-9	-7	-9
Total allowances and provisions	**-32**	**-34**	**-32**	**-34**

	The public			
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Allowances for items in the balance sheet	-814	-810	-726	-715
Provisions for off balance sheet items	-23	-23	-23	-23
Total allowances and provisions	**-837**	**-833**	**-749**	**-738**

Key ratios

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2013	2012	2013	2012
Impairment rate, gross[3], basis points	133	138	115	119
Impairment rate, net[4], basis points	86	90	72	77
Total allowance rate[5], basis points	56	60	50	54
Allowances in relation to impaired loans[6], %	36	35	38	35
Total allowances in relation to impaired loans[7], %	42	44	44	45
Non-performing loans, not impaired[8], EURm	66	127	61	52

[3] Individually assessed impaired loans before allowances divided by total loans before allowances.
[4] Individually assessed impaired loans after allowances divided by total loans before allowances.
[5] Total allowances divided by total loans before allowances.
[6] Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.
[7] Total allowances divided by total impaired loans before allowances.
[8] Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 14 Interest-bearing securities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
State and sovereigns	8,672	6,483	8,672	6,483
Municipalities and other public bodies	146	97	146	97
Mortgage institutions	12,353	9,004	12,353	9,004
Other credit institutions	10,766	12,849	10,766	12,849
Corporates	1,881	1,151	1,881	1,151
Corporates, sub-investment grade	428	234	428	234
Other	0	0	0	0
Total	**34,246**	**29,818**	**34,246**	**29,818**

Note 15 Financial instruments pledged as collateral

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Interest-bearing securities	9,739	8,078	9,739	8,078
Total	**9,739**	**8,078**	**9,739**	**8,078**

For information on transferred assets, see Note 43.
For information on reverse repos, see Note 43.

Note 16 Shares

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Shares	56	92	56	89
Shares taken over for protection of claims	-	-	-	-
Fund units, equity related	592	614	591	614
Fund units, interest related	32	132	32	132
Total	**680**	**838**	**679**	**835**
- of which Financial instruments pledged as collateral (Note 15)	-	-	-	-
Total	**680**	**838**	**679**	**835**

Note 17 Derivatives and hedge accounting

	Group			Parent company		
	Fair value		Total nom.	Fair value		Total nom.
31 Dec 2013, EURm	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	48,067	44,566	3,950,077	48,067	44,566	3,950,077
Futures and forwards	203	211	1,156,307	203	211	1,156,307
Options	8,406	8,261	583,111	8,406	8,261	583,111
Total	**56,676**	**53,038**	**5,689,495**	**56,676**	**53,038**	**5,689,495**
Equity derivatives						
Equity swaps	425	232	10,887	425	232	10,887
Futures and forwards	7	5	912	7	5	912
Options	546	695	15,871	546	695	15,871
Total	**978**	**932**	**27,670**	**978**	**932**	**27,670**
Foreign exchange derivatives						
Currency and interest rate swaps	9,804	10,670	797,916	9,804	10,670	797,916
Currency forwards	473	515	91,719	473	515	91,719
Options	185	150	21,228	185	150	21,228
Total	**10,462**	**11,335**	**910,863**	**10,462**	**11,335**	**910,863**
Credit derivatives						
Credit default swaps	1,337	1,361	60,889	1,337	1,361	60,889
Total rate of return swaps	-	-	-	-	-	-
Total	**1,337**	**1,361**	**60,889**	**1,337**	**1,361**	**60,889**
Commodity derivatives						
Swaps	105	92	2,125	105	92	2,125
Futures and forwards	11	10	762	11	10	762
Options	28	11	1,048	28	11	1,048
Other	-	-	-	-	-	-
Total	**144**	**113**	**3,935**	**144**	**113**	**3,935**
Other derivatives						
Options	13	14	431	13	14	431
Other	15	13	32	15	13	32
Total	**28**	**27**	**463**	**28**	**27**	**463**
Total derivatives held for trading	**69,625**	**66,806**	**6,693,315**	**69,625**	**66,806**	**6,693,315**

			Group			Parent company
		Fair value	Total nom.		Fair value	Total nom.
31 Dec 2013, EURm	Positive	Negative	amount	Positive	Negative	amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	565	144	62,386	565	144	62,386
Total	**565**	**144**	**62,386**	**565**	**144**	**62,386**
Foreign exchange derivatives						
Currency and interest rate swaps	44	159	1,026	44	159	1,026
Currency forwards	-	-	-	-	-	-
Total	**44**	**159**	**1,026**	**44**	**159**	**1,026**
Total derivatives used for hedge accounting	**609**	**303**	**63,412**	**609**	**303**	**63,412**
Total derivatives	**70,234**	**67,109**	**6,756,727**	**70,234**	**67,109**	**6,756,727**
[1] of which cash flow hedges	39	219	13,957 [2]	39	219	13,957 [2]
[1] of which fair value hedges	570	84	62,212 [2]	570	84	62,212 [2]

[2] some cross currency interest rate swaps are used both as fair value hedges and as cash flow hedges and the nominal amounts are then reported on both lines

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

Group EURm	<1 year	1-3 years	3-5 years	5-10 years	Over 10 years
Cash inflows (assets)	-	-	-	-	-
Cash outflows (liabilities)	2,569	3,663	3,724	3,829	69
Net cash flows	**2,569**	**3,663**	**3,724**	**3,829**	**69**

Note 17 *Derivatives and hedge accounting, cont.*

31 Dec 2012, 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	89,987	86,528	3,744,280	89,987	86,528	3,744,280
Futures and forwards	352	397	1,421,573	352	397	1,421,573
Options	12,159	12,161	458,797	12,159	12,161	458,797
Total	**102,498**	**99,086**	**5,624,650**	**102,498**	**99,086**	**5,624,650**
Equity derivatives						
Equity swaps	242	241	9,654	242	241	9,654
Futures and forwards	2	2	286	2	2	286
Options	425	396	11,458	425	396	11,458
Total	**669**	**639**	**21,398**	**669**	**639**	**21,398**
Foreign exchange derivatives						
Currency and interest rate swaps	11,377	13,599	846,588	11,377	13,599	846,588
Currency forwards	429	735	81,304	429	735	81,304
Options	200	213	26,288	200	213	26,288
Total	**12,006**	**14,547**	**954,180**	**12,006**	**14,547**	**954,180**
Credit derivatives						
Credit default swaps	637	655	47,053	637	655	47,053
Total rate of return swaps	-	-	-	-	-	-
Total	**637**	**655**	**47,053**	**637**	**655**	**47,053**
Commodity derivatives						
Swaps	493	434	5,694	493	434	5,694
Futures and forwards	5	26	600	5	26	600
Options	30	28	1,534	30	28	1,534
Other	-	-	-	-	-	-
Total	**528**	**488**	**7,828**	**528**	**488**	**7,828**
Other derivatives						
Options	10	8	254	10	8	254
Other	23	14	57	23	14	57
Total	**33**	**22**	**311**	**33**	**22**	**311**
Total derivatives held for trading	**116,371**	**115,437**	**6,655,420**	**116,371**	**115,437**	**6,655,420**

31 Dec 2012, 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	775	211	38,886	775	211	38,886
Total	**775**	**211**	**38,886**	**775**	**211**	**38,886**
Foreign exchange derivatives						
Currency and interest rate swaps	67	188	2,569	67	188	2,569
Currency forwards	-	-	-	-	-	-
Total	**67**	**188**	**2,569**	**67**	**188**	**2,569**
Total derivatives used for hedge accounting	**842**	**399**	**41,455**	**842**	**399**	**41,455**
Total derivatives	**117,213**	**115,836**	**6,696,875**	**117,213**	**115,836**	**6,696,875**

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

Group EURm	<1 year	1-3 years	3-5 years	5-10 years	Over 10 years
Cash inflows (assets)	-	-	-	-	-
Cash outflows (liabilities)	-	-5,092	-4,301	-3,084	-70
Net cash flows	**-**	**-5,092**	**-4,301**	**-3,084**	**-70**

Note 18 Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Carrying amount at beginning of year	124	138	124	138
Changes during the year				
- Revaluation of hedged items	-66	-14	-66	-14
Carrying amount at end of year	**58**	**124**	**58**	**124**

Liabilities	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Carrying amount at beginning of year	637	195	637	195
Changes during the year				
- Revaluation of hedged items	-268	442	-268	442
Carrying amount at end of year	**369**	**637**	**369**	**637**

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

Note 19 Investments in group undertakings

Parent company

	31 Dec	31 Dec
EURm	2013	2012
Acquisition value at beginning of year	373	370
Acquisitions / capital contributions during the year	7	3
Sales during the year	-4	-
Translation differences	0	0
Acquisition value at end of year	**376**	**373**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Translation differences	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**376**	**373**

Specification

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

Group

31 Dec 2013	Number of shares	Carrying amount 2013 EURm	Carrying amount 2012 EURm	Voting power of holding, %	Domicile	Business ID
Domestic						
Credit institutions						
Nordea Finance Finland Ltd	1,000,000	306	306	100.0	Espoo	0112305-3
Financial institutions						
Tukirahoitus Oy[1]	672	7	7	100.0	Espoo	0677131-6
Real estate companies						
Kiinteistö Oy Tampereen Kirkkokatu 7[1]	280	50	50	100.0	Tampere	0819781-3
Kiinteistö Oy Levytie 6[1]	147	12	18	100.0	Helsinki	0818921-5
Kiinteistö Oy Lahden Aleksanterinkatu 19-21[1, 2]	-	-	10	100.0	Lahti	0150108-5
Other companies						
Fidenta Oy[3]	-	-	0	-	Espoo	0988412-1
International						
Financial institutions						
Nordea Finance Polska S.A[1]	19,690,000	0	0	100.0	Warsaw	PL5861944082
Nordea Finance Estonia Ltd[1]	60,000	6	6	100.0	Tallinn	EE100212426
Nordea Finance Latvia Ltd[1]	1,100	4	4	100.0	Riga	LV40003348054
Nordea Finance Lithuania Ltd[1]	6,540	4	4	100.0	Vilnius	LT111667277
Nordea Securities Holding (U.K.) Ltd	49,010,000	2	2	100.0	London	01803666
Real estate companies						
Promano Est OÜ	1	10	10	100.0	Tallinn	11681888
Promano Lit UAB	34,528	10	10	100.0	Vilnius	302423219
SIA Promano Lat	21,084	30	30	100.0	Riga	40103235197
SIA Realm	7,030	10	10	100.0	Riga	50103278681

Other subsidiaries included in the consolidated financial statements; total assets of less than EUR 10m	Number of companies	Carrying amount of shares EURm	Total assets EURm
Real estate companies	7	11	13
Other companies	9	7	86

[1] Indirect holding through Nordea Finance Finland Ltd, a subsidiary of Nordea Bank Finland Plc.

[2] Sold in March 2013

[3] Merged to Nordea Bank Finland Plc in December 2013

The parent company of Nordea Bank Finland Plc is Nordea Bank AB (publ) domiciled in Stockholm, registration number 516406-0120. The Annual Report 2013 of Nordea Bank AB (publ) may be down-loaded on the Internet at www.nordea.com and is available from Nordea Group Investor Relations, SE 105 71 Stockholm, Sweden. The Annual Report 2013 of the Nordea Group is also available at branches of Nordea Bank Finland Plc.

Group

Special Purpose Entities (SPEs) – Consolidated

6 SPEs have been setup in the Baltics to acquire assets from commercial customers. The total consolidated value of these assets is EUR 2m (13).

Note 20 Investments in associated undertakings

	Group		Parent company	
EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Acquisition value at beginning of year	80	81	43	43
Acquisitions during the year	1	-	-	-
Sales during the year	-	-	-	-
Share in earnings	8	18	-	-
Dividend received	-27	-19	-	-
Reclassifications	-1	1	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**61**	**81**	**43**	**43**
Accumulated impairment charges at beginning of year	-2	-2	-9	-9
Reversed impairment charges during the year	-	-	-	-
Impairment charges during the year	-	-	-	-
Impairment charges reclassifications during the year	-	0	-	-
Translation differences	0	0	-	-
Accumulated impairment charges at end of year	**-2**	**-2**	**-9**	**-9**
Total	**59**	**79**	**34**	**34**

Nordea Bank Finland Plc's and Nordea Bank Finland Group's associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2013	31 Dec 2012
Total assets	242	274
Total liabilities	162	175
Operating income	52	84
Operating profit	10	33

Nordea Bank Finland Plc's and Nordea Bank Finland Group' s share of contingent liabilities and commitments in favour of associated undertakings of Nordea Bank Finland Group amounts to EUR 83m (84), of which the unused portion of approved overdraft facilities is EUR 63m (64).

Group

31 Dec 2013	Business ID	Domicile	Carrying amount 2013, EURm	Carrying amount 2012, EURm	Voting power of holding %
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	8	8	33.3
Fenestra Oy[1]	0177676-7	Vantaa	0	0	9.9
NF Fleet Oy	2006935-5	Espoo	3	2	20.0
UAB ALD Automotive, Lithuania	300156575	Vilnius	1	1	25.0
ALD Automotive Eesti AS, Estonia	11094435	Tallin	1	1	25.0
ALD Automotive SIA, Latvia	50003825931	Riga	1	1	25.0
Oy Realinvest Ab	0680035-9	Helsinki	0	0	49.3
Realia Holding Oy	2106796-8	Helsinki	20	20	25.0
Securus Oy	0742429-5	Helsinki	0	0	35.2
Suomen Luotto-osuuskunta	0201646-0	Helsinki	25	46	27.3
Total			**59**	**79**	

[1] Nordea Bank Finland Plc holds currently convertible bonds which, if converted, would give Nordea Bank Finland significant influence over the entity.

Parent company

31 Dec 2013	Business ID	Domicile	Carrying amount 2013, EURm	Carrying amount 2012, EURm	Voting power of holding %
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	5	5	33.3
Fenestra Oy[1]	0177676-7	Vantaa	0	0	9.9
Realia Holding Oy	2106796-8	Helsinki	20	20	25.0
Oy Realinvest Ab	0680035-9	Helsinki	0	0	49.3
Securus Oy	0742429-5	Helsinki	0	0	35.2
Suomen Luotto-osuuskunta	0201646-0	Helsinki	9	9	27.3
Total			**34**	**34**	

[1] Nordea Bank Finland Plc holds currently convertible bonds which, if converted, would give Nordea Bank Finland significant influence over the entity.

Note 21 Intangible assets

EURm	Group 31 Dec 2013	Group 31 Dec 2012	Parent Company 31 Dec 2013	Parent Company 31 Dec 2012
Other intangible assets				
Computer software	94	100	97	105
Other intangible assets	6	8	1	1
Other intangible assets, total	**100**	**108**	**98**	**106**
Intangible assets, total	**100**	**108**	**98**	**106**

	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Computer software				
Acquisition value at beginning of year	156	130	163	136
Acquisitions during the year	11	26	9	30
Sales/disposals during the year	-	0	-	-
Reclassifications	-1	0	-1	-3
Translation differences	0	0	-	-
Acquisition value at end of year	**166**	**156**	**171**	**163**
Accumulated amortisation at beginning of year	-50	-34	-52	-36
Amortisation according to plan for the year	-15	-16	-15	-15
Accumulated amortisation on sales/disposals during the year	-	-	-	-
Reclassifications	1	0	1	-1
Translation differences	-	-	-	-
Accumulated amortisation at end of year	**-64**	**-50**	**-66**	**-52**
Accumulated impairment charges at beginning of year	-6	-	-6	-
Impairment charges during the year	-2	-6	-2	-6
Accumulated impairment charges at end of year	**-8**	**-6**	**-8**	**-6**
Total	**94**	**100**	**97**	**105**

	Group 31 Dec 2013	Group 31 Dec 2012	Parent Company 31 Dec 2013	Parent Company 31 Dec 2012
Other intangible assets				
Acquisition value at beginning of year	21	20	7	11
Acquisitions during the year	-	2	-	0
Sales/disposals during the year	-	-1	-	-
Reclassifications	-1	0	-2	-4
Translation differences	0	0	-	-
Acquisition value at end of year	**20**	**21**	**6**	**7**
Accumulated amortisation at beginning of year	-13	-10	-6	-8
Amortisation according to plan for the year	-2	-3	-1	-2
Accumulated amortisation on sales/disposals during the year	-	0	-	-
Reclassifications	1	0	2	4
Translation differences	0	0	-	-
Accumulated amortisation at end of year	**-14**	**-13**	**-5**	**-6**
Accumulated impairment charges at beginning of year	0	0	-	-
Impairment charges during the year	-	0	-	-
Accumulated impairment charges at end of year	**0**	**0**	**-**	**-**
Total	**6**	**8**	**1**	**1**

Note 22 Property and equipment

EURm	Group 31 Dec 2013	Group 31 Dec 2012	Parent company 31 Dec 2013	Parent company 31 Dec 2012
Property and equipment	94	96	74	59
- of which buildings for own use	2	2	1	1
Total	**94**	**96**	**74**	**59**
Equipment				
Acquisition value at beginning of year	243	263	181	177
Acquisitions during the year	59	45	56	29
Sales/disposals during the year	-26	-27	-	-
Reclassifications	-36	-38	-32	-25
Translation differences	-1	0	-	-
Acquisition value at end of year	**239**	**243**	**205**	**181**
Accumulated depreciation at beginning of year	-148	-142	-122	-110
Accumulated depreciation on sales/disposals during the year	17	16	-	-
Reclassifications	4	2	5	2
Depreciation according to plan for the year	-21	-24	-15	-14
Translation differences	1	0	-	-
Accumulated depreciation at end of year	**-147**	**-148**	**-132**	**-122**
Accumulated impairment charges at beginning of year	-1	0	-1	-
Impairment charges during the year	-	-1	-	-1
Reclassifications	1	-	1	-
Accumulated impairment charges at end of year	**0**	**-1**	**0**	**-1**
Total	**92**	**94**	**73**	**58**
Land and buildings				
Acquisition value at beginning of year	4	5	3	4
Acquisitions during the year	-	-	-	-
Sales/disposals during the year	-	-1	-	-1
Reclassifications	-	-	-	-
Acquisition value at end of year	**4**	**4**	**3**	**3**
Accumulated depreciation at beginning of year	-2	-2	-2	-2
Accumulated depreciation on sales/disposals during the year	-	-	-	-
Depreciation according to plan for the year	0	0	0	0
Accumulated depreciation at end of year	**-2**	**-2**	**-2**	**-2**
Total	**2**	**2**	**1**	**1**

Note 23 Leasing

NBF as a lessor

Finance leases
Nordea Bank Finland Group owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans to the public" (see Note 13) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments:

	Group	
	31 Dec	31 Dec
EURm	2013	2012
Gross investments	2,596	2,509
Less unearned finance income	-139	-130
Net investments in finance leases	**2,457**	**2,379**
Less unguaranteed residual values accruing to the benefit of the lessor	-73	-81
Present value of future minimum lease payments receivable	**2,384**	**2,298**
Accumulated allowance for uncollectible minimum lease payments receivable	10	5

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

	Group	
	31 Dec	31 Dec
	2013	2013
EURm	Gross investment	Net investment
2013	810	804
2014	737	651
2015	496	472
2016	297	287
2017	172	168
Later years	83	75
Total	**2,596**	**2,457**

Operating leases
Assets subject to operating leases mainly comprise vehicles and other equipment. In the balance sheet they are reported as tangible assets.

Under non-cancellable operating leases, the future minimum lease payments receivables are distributed as follows:

	Group	
EURm	31 Dec 2013	31 Dec 2012
2013	2	6
2014	1	2
2015	1	1
2016	0	0
2017	0	0
Later years	0	0
Total	**4**	**9**

NBF as a lessee

Finance leases

Nordea Bank Finland Group has only to a minor extent entered into finance lease agreements. The carrying amount of assets subject to finance leases amounts to EUR 0m (0).

Operating leases

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

	Group		Parent company	
Leasing expenses during the year, EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Leasing expenses during the year	-66	-59	-69	-72
- of which minimum lease payments	-65	-59	-69	-72
- of which contingent rents	0	-1	-	-
Leasing income during the year regarding sublease payments	-	-	-	-

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

	Group	Parent company
EURm	31 Dec 2013	31 Dec 2013
2013	66	66
2014	45	45
2015	31	31
2016	25	24
2017	21	21
Later years	108	107
Total	**296**	**294**

Note 24 Investment property

Movement in the balance sheet	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Carrying amount at beginning of year	104	71	10	10
Acquisitions during the year	29	34	2	0
Sales/disposals during the year	-20	-1	-4	0
Net result from fair value adjustments	0	0	-	-
Carrying amount at end of year	**113**	**104**	**8**	**10**

Amounts recognised in the income statement[1]

EURm	2013	2012	2013	2012
Rental income	1	1	1	1
Direct operating expenses that generate rental income	-3	-3	-3	-3
Direct operating expenses that did not generate rental income	-1	-	-1	-
Total	**-3**	**-2**	**-3**	**-2**

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

Market value	113	104	8	10

Note 25 Other assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Claims on securities settlement proceeds	906	1,109	905	1,109
Cash/ margin receivables	6,607	8,370	6,607	8,370
Other	764	841	721	799
Total	**8,277**	**10,320**	**8,233**	**10,278**

Note 26 Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Accrued interest income	313	339	308	335
Other accrued income	248	617	69	435
Prepaid expenses	11	13	9	7
Total	**572**	**969**	**386**	**777**

Note 27 Deposits by credit institutions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Central banks	5,780	2,326	5,780	2,326
Other banks	60,908	44,331	60,796	44,218
Other credit institutions	12,738	28,009	12,739	28,009
Total	**79,426**	**74,666**	**79,315**	**74,553**

Note 28 Deposits and borrowings from the public

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Deposits from the public	53,983	53,285	53,992	53,308
Borrowings from the public	26,926	16,927	26,916	16,916
Total	**80,909**	**70,212**	**80,908**	**70,224**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits.

Note 29 Debt securities in issue

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Certificates of deposit	16,408	18,726	16,408	18,726
Commercial papers	7,122	9,650	7,122	9,650
Bond loans[1]	23,600	20,623	23,600	20,623
Total	**47,130**	**48,999**	**47,130**	**48,999**

[1] Of which Finnish covered bonds EUR 15,473m (12,362).

Note 30 Other liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Liabilities on securities settlement proceeds	665	1,577	665	1,577
Sold, not held, securities	10,405	5,151	10,405	5,151
Accounts payable	60	83	40	42
Cash/margin payables	5,872	5,802	5,872	5,802
Other	1,853	1,626	1,705	1,452
Total	**18,855**	**14,239**	**18,687**	**14,024**

Note 31 Accrued expenses and prepaid income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Accrued interest	303	345	303	345
Other accrued expenses	413	523	302	328
Prepaid income	150	78	63	71
Total	**866**	**946**	**668**	**744**

Note 32 Provisions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Reserve for restructuring costs	26	33	26	33
Transfer risks, off-balance	9	11	9	11
Individually assessed, guarantees and other commitments	21	21	21	21
Tax	1	1	-	-
Other	15	17	11	14
Total	**72**	**83**	**67**	**79**

Movement in the balance sheet:

Group

EURm	Restructuring	Transfer risks	Off-balance sheet	Tax	Other	Total
At the beginning of year	33	11	21	1	17	83
New provisions made	1	3	5	-	0	9
Provisions utilised	-8	-	-	0	-2	-10
Reversals	0	-5	-5	-	-	-10
Reclassifications	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
At the end of year	**26**	**9**	**21**	**1**	**15**	**72**

Provisions for restructuring costs amounts to EUR 26m of which EUR 24m is related to redundancy packages and EUR 2m to redundant premises. The restructuring activities have mainly been launched to reach the anticipated cost efficiency and profitability, and as a part of this Nordea plans to reduce the number of employees, partly through close down of branches. Approximately a half of the provision is expected to be used during 2014. As with any other provision there is an uncertainty around timing and amount, which is expected to be decreased as the plan is being executed during 2014.

Provision for Transfer risk of EUR 9m is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 13. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed, guarantees and other commitments amounted to EUR 21m.

Other provisions refer to the following provisions: Rental liabilities EUR 1m (of which a half is expected to be settled during 2014), provision for environmental and property-related obligations of EUR 3m (not expected to be settled during 2014) and other provisions amounting to EUR 11m (of which 7m expected to be settled during 2014).

Parent company

EURm	Restructuring	Transfer risks	Off-balance sheet	Other	Total
At beginning of year	33	11	21	14	79
New provisions made	1	3	5	-	9
Provisions utilised	-8	-	-	-3	-11
Reversals	0	-5	-5	-	-10
Translation differences	-	-	-	-	-
At the end of year	**26**	**9**	**21**	**11**	**67**

Provisions for restructuring costs amounts to EUR 26m of which EUR 24m is related to redundancy packages and EUR 2m to redundant premises. The restructuring activities have mainly been launched to reach the anticipated cost efficiency and profitability, and as a part of this Nordea plans to reduce the number of employees, partly through close down of branches. Approximately a half of the provision is expected to be used during 2014. As with any other provision there is an uncertainty around timing and amount, which is expected to be decreased as the plan is being executed during 2014.

Provision for Transfer risk of EUR 9m is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 13. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed, guarantees and other commitments amounted to EUR 21m.

Other provisions refer to the following provisions: Rental liabilities EUR 1m (of which a half is expected to be settled during 2014), provision for environmental and property-related obligations of EUR 3m (not expected to be settled during 2014) and other provisions amounting to EUR 7m (total amount expected to be settled during 2014).

Note 33 Retirement benefit obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Defined benefit plans, net	-112	-30	-111	-34
Total	**-112**	**-30**	**-111**	**-34**

NBF has various pension plans, which are classified both as defined benefit plans as well as defined contribution plans. IAS 19 secures that the pension obligations net of plan assets backing these obligations is reflected on the Group's balance sheet. The defined benefit plans in Finland are closed to new employees and instead, pensions for new employees are based on defined contribution (DCP) arrangements. The plans for the foreign branches are also mainly defined contribution plans. The existing defined benefit plans in London and New York are closed to new employees. Defined contribution plans are not reflected on the balance sheet except when earned pension rights have not yet been paid for.

The pension plans are structured in accordance with local regulations, legislations and local practice. Plan assets are generally held in a separate pension fund or foundation. Minimum funding requirement differ between plans but generally the pension obligation measured using local requirements shall be covered in full or with a predetermined surplus.

The most significant of the Finnish plans is the Nordea Pension Foundation. The Nordea Pension Foundation was formed when the Pension Fund (UBF) assigned its liabilities to the Pension Foundation (KOP) on 31 August 2013. At the same time, the Pension Fund surrendered its insurance operations and other assets and liabilities to the Pension Foundation. The Pension Fund was placed in liquidation on 1 September 2013. The name of the Pension foundation (KOP) was changed to Nordea Pension Foundation. After this assignment of liability the Pension Foundation repurchased on 30 December 2013 from Nordea Life Assurance Finland Ltd the pensions and paid-up free policies which were transferred there in 1998 from the Pension Fund as a transfer of liability.

Characteristics of the Nordea Pension Foundation

Nordea Pension Foundation plan is a final salary and service based pension plan providing pension benefits on top of the statutory systems. The employer has promised a certain level of benefit after retirement to a certain group of employees within the plan. Plan’s operation is managed by the Board of Members. The board consists of both employers’ and employee’s representatives. The Board of Members has named a managing director to take care of regular operations in the foundation.

The plan exposes the employer to certain risks. If the return of foundation’s assets is not enough to cover the increment of liability and benefit payments over the financial year then the employer funds the deficit with contributions. The present value of the defined benefit liability is calculated using a discount rate determined by reference to high quality bond yields. A decrease in the corporate bond yields increases the liabilities along with increment of plan’s benefit obligation calculated according to IAS 19. However, part of increment of obligation is offset by asset increment along with the increment of plan’s bond holdings. Asset volatility may also impact NBF although basically the distribution of assets to different asset classes is strictly dictated by authorities so significant concentration risk cannot be borne. The plan’s benefits in payment are tied to TyEL-index which depends on inflation (80 %) and common salary index (20 %). Higher inflation increases the TyEL-index which leads to an increase in liabilities. Higher inflation causes extra challenges to investment activities from which the employer in the last resort is responsible. The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in life expectancy of the plan participants will increase the plan’s liability.

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions.

Assumptions[1]	Finland
2013	
Discount rate[2]	3.5%
Salary increase	2.5%
Inflation	1.5%
2012	
Discount rate[2]	3.5%
Salary increase	3.0%
Inflation	2.0%

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

[2]More information on the discount rate can be found in Note 1, section 19. The sensitivities to changes in the discount rate can be found below.

Sensitivities - Impact on Pension Benefit Obligation (PBO) %	Group	Parent company
Discount rate - Increase 50bps	-6.3%	-6.3%
Discount rate - Decrease 50bps	7.1%	7.1%
Salary increase - Increase 50bps	0.3%	0.3%
Salary increase - Decrease 50bps	-0.3%	-0.3%
Inflation - Increase 50bps	4.3%	4.2%
Inflation -Decrease 50bps	-4.0%	-3.9%

Note 33 *Retirement benefit obligations, cont.*

The sensitivity analyses are prepared by changing one actuarial assumption while keeping the other assumptions unchanged. This is a simplified approach since the actuarial assumptions usually are correlated. However, it enables the reader to isolate one effect from another. The method used for calculating the impact on the obligation is the same as when calculating the obligation accounted for in the financial statements.

Net retirement benefit liabilities/assets

	Group		Parent company	
EURm	2013	2012	2013	2012
Obligations	788	863	776	839
Plan assets	900	893	887	873
Net liability(-)/asset (+)	**112**	**30**	**111**	**34**
- of which retirement benefit liabilities	21	50	20	45
- of which retirement benefit assets	133	80	132	80

Changes in the obligation

	Group		Parent company	
EURm	2013	2012	2013	2012
Opening balance	863	754	839	738
Current service cost	3	2	2	2
Interest cost	29	33	29	33
Pensions paid	-41	-41	-41	-41
Past service cost	1	0	1	0
Settlements	-4	-5	-4	-5
Business combinations	-	-	12	-
Remeasurement from changes in demographic assumptions	-1	-3	-1	-3
Remeasurement from changes in financial assumptions	-46	90	-45	87
Remeasurement from experience adjustments	-14	30	-14	24
Translation differences	-2	3	-2	4
Closing balance	**788**	**863**	**776**	**839**

The average duration of the obligation is 13 years both in the Group and the parent company. The duration is based on discounted cash flows. The fact that the main part of the defined benefit plans are closed for new entrants leads to a lower duration.

Changes of the fair value of plan assets

	Group		Parent company	
EURm	2013	2012	2013	2012
Opening balance	893	823	873	807
Interest income (calculated using the discount rate)	30	36	30	36
Pensions paid	-41	-41	-41	-40
Settlements	-1	-4	-1	-4
Business combinations	-	-	8	-
Contributions by employer	10	9	10	9
Remeasurement (actual return less interest income)	11	66	10	62
Administrative expenses	0	-	0	-
Translation differences	-2	4	-2	3
Closing balance	**900**	**893**	**887**	**873**

Note 33 *Retirement benefit obligations, cont.*

Asset composition

The combined return on assets in 2013 was 5% (13). Main drivers were positive returns on equities, credit investment and real estate whereas sovereign bonds subtracted from the result. At the end of the year, the equity exposure represented 27% (22) of total assets.

Asset composition in funded schemes	2013	2012
Bonds	57%	61%
- of which sovereign	36%	50%
- of which covered bonds	5%	-
- of which corporate bonds	16%	11%
- of which issued by Nordea entities	0%	-
- of which with quoted market price in an active market	57%	61%
Equity	27%	22%
- of which domestic	9%	8%
- of which European	8%	5%
- of which US	6%	5%
- of which emerging	4%	3%
- of which with quoted market price in an active market	27%	22%
Real Estate	13%	13%
- of which occupied by Nordea	4%	4%
Cash and cash equivalents	3%	4%

Both the Group and the parent company is expected to contribute EUR 7m to its defined benefit plans in 2014.

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year 2013 is EUR 0m (1m positive). In the parent company's income statement the respective cost was EUR 1m positive (2m positive) in 2013.

Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 8.)

	Group		Parent company	
Recognised in the income statement, EURm	2013	2012	2013	2012
Current service cost	3	2	2	2
Net interest	-1	-3	-1	-3
Past service cost	1	0	1	0
Settlements	-3	0	-3	-1
Administrative expenses	0	0	0	0
Pension cost on defined benefit plans	**0**	**-1**	**-1**	**-2**

The pension cost is in line with what was expected at the start of the year.

	Group		Parent company	
Recognised in other comprehensive income, EURm	2013	2012	2013	2012
Remeasurement from changes in demographic assumptions	-1	-3	-1	-3
Remeasurement from changes in financial assumptions	-46	90	-45	87
Remeasurement from experience adjustments	-14	30	-14	24
Remeasurement of plan assets (actual return less interest income)	-11	-66	-10	-62
Pension cost on defined benefit plans	**-72**	**51**	**-70**	**46**

	Group		Parent company	
Net retirement benefit asset//liability	2013	2012	2013	2012
Opening balance	-30	-69	-34	-69
Pension cost in the income statement	0	-1	-1	-2
Remeasurements in other comprehensive income	-72	50	-70	46
Business combinations	-	-	4	-
Pensions paid	0	0	0	0
Contributions by employer	-10	-9	-10	-9
Translation differences	0	-1	0	0
Closing balance	**-112**	**-30**	**-111**	**-34**

Note 33 *Retirement benefit obligations, cont.*

Key management personnel

The members of the Board of Directors of Nordea Bank Finland Plc and the President, are members of the Nordea Bank AB (publ) Group Executive Management, except for the one external member Carl-Johan Granvik. In 2013 Nordea Bank AB (publ) has paid all salaries, fees, pensions and other staff-related expenses to the above mentioned other members of the Board and the President. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation expenses.

Information on salaries, loans and pension liabilities regarding the above mentioned other members of the Board and the President is presented in the Annual Report of Nordea Bank AB (publ).

Note 34 Subordinated liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Dated subordinated debenture loans	-	-	-	-
Undated subordinated debenture loans	429	514	429	514
Total	**429**	**514**	**429**	**514**

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

Group and parent company

On 31 December 2013 loans - with terms specified below - exceeded 10% of the total outstanding volume.

Issued by	Year of issue / maturity	Nominal value	Carrying amount EURm	Interest rate (coupon)
Nordea Bank Finland Plc[1]	2002/undated	MGBP 300	360	6.25%
Nordea Bank Finland Plc[2]	1999/undated	MJPY 10,000	69	4.21%

[1] Call date 18 July 2014
[2] Call date 26 February 2029

Note 35 Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Assets pledged for own liabilities				
Securities etc.[1]	9,739	8,078	9,739	8,078
Loans to the public	18,803	15,494	18,803	15,494
Other pledged assets	6,519	8,694	6,514	8,694
Total	35,061	32,266	35,056	32,266
The above pledges pertain to the following liabilities				
Deposits by credit institutions	3,210	4,427	3,209	4,426
Deposits and borrowings from the public	6,530	3,652	6,530	3,652
Derivatives	6,307	8,370	6,307	8,370
Debt securities in issue	15,473	12,362	15,473	12,362
Other liabilities	195	196	195	196
Total	**31,715**	**29,007**	**31,714**	**29,006**

[1] Relates only to securities recognised in the balance sheet. Securities borrowed or bought under repurchase agreements are not recognised in the balance sheet and thus not included in the amount. Such transactions are disclosed in Note 43 Transferred assets and obtained collaterals.

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

Loans to the public amounting to EUR 18,803m (15,493) have been registered as collateral for issued Finnish covered bonds amounting to EUR 15,473m (12,362). In the event of the company's insolvency, the holders of these bonds have priority to the assets registered as collateral. Collaterals are valuated up to the first 70% of the market value of the property. Nordea Bank has used Realia Oy, Newsec Oy, Huoneistokeskus Oy, Kiinteistömaailma Oy and Catella Oy to valuate commercial real estate collaterals.

Note 36 Other assets pledged

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Other assets pledged[1]				
Securities etc.	2,876	5,957	2,876	5,957
Other assets pledged	1,517	1,021	1,517	1,021
Total	**4,393**	**6,978**	**4,393**	**6,978**

[1] Collaterals pledged on behalf of other items other than the company's own liabilities, e.g. on behalf of a third party or on behalf of the company's own contingent liabilities are accounted for under this item.

Note 37 Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Guarantees				
Loan guarantees	1,686	2,482	1,917	2,786
Other guarantees	12,637	12,146	12,637	12,146
Documentary credits	1,493	1,771	1,493	1,771
Other contingent liabilities	20	20	20	20
Total	**15,836**	**16,419**	**16,067**	**16,723**

In the normal business of Nordea Bank Finland, the bank issues various forms of guarantees in favour of bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are off-balance sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

Note 38 Commitments

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Future payment obligations	7	7	7	7
Credit commitments[1]	15,882	15,956	13,422	13,275
Other commitments	714	626	319	253
Total	**16,603**	**16,589**	**13,748**	**13,535**

[1]Including unutilised portion of approved overdraft facilities of EUR 8,302m (8,565) for the Group and EUR 8,302m (8,566) for the parent company.

Reverse repurchase agreements are recognised on and derecognised from the balance sheet on settlement date. Nordea has as per 31 December 2013 signed reverse repurchase agreements of EUR 11,335m (5,803) that have not yet been settled and consequently are not recognised on the balance sheet. On settlement date these reverse repurchase agreements will, to the utmost extent, replace existing reverse repurchase agreements not yet derecognised as per 31 December 2013. These instruments have not been disclosed as commitments.

Note 39 Capital adequacy

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

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

Capital base

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Tier 1 capital				
Paid up capital	2,319	2,319	2,319	2,319
Share premium	599	599	599	599
Eligible capital	**2,918**	**2,918**	**2,918**	**2,918**
Reserves	5,759	5,195	5,278	4,782
Non-controlling interests	1	4	-	-
Income from current year	828	1,184	780	1,122
Eligible reserves	**6,587**	**6,383**	**6,058**	**5,904**
Core tier 1 capital (before deductions)	**9,505**	**9,301**	**8,976**	**8,822**
Proposed/actual dividend	-750	-625	-750	-625
Deferred tax assets	-5	-16	-2	-13
Intangible assets	-100	-108	-98	-106
Deductions for investments in credit institutions	-2	-1	0	0
IRB provisions shortfall (-)	-118	-207	-103	-196
Other items, net	-100	-98	-100	-98
Deductions	**-1,075**	**-1,055**	**-1,052**	**-1,038**
Tier 1 capital (net after deduction)	**8,430**	**8,246**	**7,923**	**7,784**
Tier 2 capital				
Undated sudordinated loans	537	556	537	556
Dated sudordinated loans	-	-	-	-
Other additional own funds	17	13	17	13
Tier 2 capital (before deductions)	**555**	**569**	**555**	**569**
Deductions for investments in credit institutions	-2	-1	0	0
IRB provisions excess (+) / shortfall (-)	-118	-207	-103	-196
Deductions	**-119**	**-208**	**-103**	**-196**
Tier 2 capital (net after deductions)	**435**	**361**	**452**	**373**
Capital base	**8,866**	**8,607**	**8,375**	**8,157**

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

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

Tier 1 instruments subject to limits
The inclusion of undated subordinated loans in tier 1 capital is restricted and repurchase can normally not take place until five years after original issuance of the instrument. Undated subordinated loans may be repaid only upon decision from Board of Directors in Nordea Bank Finland and with the permission of the Finnish FSA. Further, there are restrictions related to step-up conditions, order of priority, interest payments under constraint conditions and the level of amount that can be part of tier 1 capital.

Currently, there are no undated subordinated capital loans included in the tier 1 capital of Nordea Bank Finland.

Deductions from tier 1 capital
Proposed/actual dividend
In relation to income for the period, the corresponding dividend should be deducted. The amount deducted from the tier 1 capital is based on the dividend proposed by the Board of Directors of Nordea Bank Finland to be decided at the annual general meeting of Nordea Bank Finland's shareholders.

Deferred tax assets
In accordance with local legal requirements deferred tax assets have been deducted from the tier 1 capital. The deducted amount is calculated based on accounting standards relevant for the individual companies included in the finacial group.

Intangible assets
The significant part of deducted intangible assets contains goodwill and other intangible assets related to IT software and development.

Deductions for investments in credit institutions
The institutions should in its capital base deduct for equity holdings and some other types of contributions to institutions that are not consolidated into the financial group (in Nordea Bank Finland foremost associated companies). 50% should be deducted from tier 1 capital and 50% should be deducted from tier 2 capital.

IRB provisions shortfall
In accordance with Finnish legislation, the differences between actual IRB provision made for the related exposure and expected loss are adjusted for in the capital base. The negative difference (when the expected loss amount is larger than the provision amount) is defined as a shortfall. According to the rules in the CRD, the shortfall amount is to be deducted equally from tier 1 capital and tier 2 capital. A positive difference (provisions exceeding expected loss) can be included in tier 2 capital subject to certain limitations (maximum 0.6% of IRB RWA).

Other items
Surplus net value of pension plans for employees should under certain circumstances be deducted from the capital base.

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

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

The basic principle for subordinated debt in the capital base is the order of priority in case of a default or bankruptcy situation. Under such conditions, the holder of the subordinated loan would be repaid after other creditors, but before shareholders. The share of outstanding loan amount possible to include in the tier 2 capital related to dated loans is reduced if the remaining maturity is less than five years. Outstanding amount in the specific issue is deducted by 20% for each year.

The table below shows the booked outstanding amounts of undated subordinated loans included in the tier 2 capital. Call date is where the issuer has the legal right to redeem outstanding loan amounts according the terms of agreement. The carrying amount in the table can deviate from capital amounts used in the capital base due to swap arrangements and adjustments for maturities.

Other Tier 2 capital
Other additional funds consists of adjustment to valuation differences in available for sale equities transferred to core additional own funds. Unrealised gains from equity holdings classified as available for sale securities can according to regulation only be included in tier 2 capital. Nordea has no significant holdings in this category and therefore only has a minor impact on tier 2 capital from such items.

Deductions from tier 2 capital
Deductions for investments in credit institutions
The institutions should in its capital base deduct for equity holdings and some other types of contributions to institutions that are not consolidated into the financial group (in Nordea Bank Finland foremost associated companies). 50% should be deducted from tier 1 capital and 50% should be deducted from tier 2 capital.

IRB provisions excess (+) / shortfall
In accordance with Finnish legislation, the differences between actual IRB provision made for the related exposure and expected loss are adjusted for in the capital base. The negative difference (when the expected loss amount is larger than the provision amount) is defined as a shortfall. According to the rules in the CRD, the shortfall amount is to be deducted from the capital base and be divided equally into tier 1 capital and tier 2 capital. A positive difference (provisions exceeding expected loss) can be included in tier 2 capital subject to certain limitations (maximum 0.6% of IRB RWA).

Undated loans

Undated loans, tier 2

Issuer	Carrying amount EURm	Capital base 31 Dec 2013	Start	Maturity	Call date	Step-up
Nordea Bank Finland Plc	360	468	2004	n/a	Jul 2014	Y
Nordea Bank Finland Plc	69	69	1999	n/a	Feb 2029	Y
Total undated loans tier 2	**429**	**537**				

Capital requirements and RWA

Group

	31 Dec 2013		31 Dec 2012	
EURm	Capital requirement	RWA	Capital requirement	RWA
Credit risk	**3,163**	**39,543**	**2,872**	**35,899**
IRB	1,827	22,837	1,163	14,538
- of which corporate	1,217	15,217	408	5,103
- of which institutions	279	3,490	439	5,492
- of which retail	313	3,910	299	3,732
- of which real estate	222	2,769	184	2,299
- of which retail other	91	1,140	115	1,433
- of which other	18	220	17	210
Standardised	1,336	16,706	1,709	21,362
- of which sovereign	21	256	20	245
- of which retail	343	4,291	331	4,132
- of which residential real estate	75	933	69	863
- of which other	269	3,359	262	3,269
- of which other	973	12,158	1,359	16,985
Market risk	**644**	**8,048**	**379**	**4,732**
- of which trading book, Internal Approach	421	5,262	306	3,829
- of which trading book, Standardised Approach	208	2,595	72	903
- of which banking book, Standardised Approach	15	191	-	-
Operational risk	**405**	**5,060**	**408**	**5,101**
-of which standardised	405	5,060	408	5,101
Sub total	**4,212**	**52,652**	**3,659**	**45,733**
Adjustment for transition rules				
Additional capital requirement according to transition rules	274	3,425	-	-
Total	**4,486**	**56,077**	**3,659**	**45,733**

Capital requirements and RWA

Parent company

	31 Dec 2013		31 Dec 2012	
EURm	Capital requirement	RWA	Capital requirement	RWA
Credit risk	**2,805**	**35,064**	**2,507**	**31,343**
IRB	1,717	21,463	1,054	13,175
- of which corporate	1,112	13,897	305	3,818
- of which institutions	279	3,488	439	5,482
- of which retail	313	3,910	299	3,732
- of which real estate	222	2,769	184	2,299
- of which retail other	91	1,140	115	1,433
- of which other	13	168	11	142
Standardised	1,088	13,600	1,453	18,168
- of which sovereign	20	256	20	245
- of which retail	142	1,775	158	1,981
- of which residential real estate	75	933	69	863
- of which other	67	842	89	1,118
- of which other	926	11,570	1,275	15,942
Market risk	**644**	**8,048**	**379**	**4,732**
- of which trading book, Internal Approach	421	5,262	306	3,829
- of which trading book, Standardised Approach	208	2,595	72	903
- of which banking book, Standardised Approach	15	191	-	-
Operational risk	365	4,557	370	4,630
-of which standardised	365	4,557	370	4,630
Sub total	**3,814**	**47,669**	**3,256**	**40,706**
Adjustment for transition rules				
Additional capital requirement according to transition rules	222	2,781	-	-
Total	**4,036**	**50,451**	**3,256**	**40,706**

Nordea Bank AB (publ) has in December 2012 issued a guarantee in favour of Nordea Bank Finland Plc where Nordea Bank AB (publ) guarantees the majority of the exposures in the exposure class IRB corporate in Nordea Bank Finland Plc. The net effect of the guarantee in RWA in Nordea Bank Finland Plc was EUR -7,6bn as end of 2013 (-16.5).

Capital requirements for market risk, 31 December 2013

	Trading book, IA		Trading book, SA	
EURm	RWA	Capital requirement	RWA	Capital requirement
Interest rate risk[1]	1,756	140	2,042	163
Equity risk	97	8	306	25
Foreign exchange risk	235	19		
Commodity risk			246	20
Diversification effect	-1,002	-80		
Stressed Value-at-Risk	2,751	220		
Incremental Risk Charge	1,003	80		
Comprehensive Risk Charge	421	34		
Total	**5,262**	**421**	**2,595**	**208**

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

Capital requirements for market risk, 31 December 2012

	Banking book, SA		Total	
	RWA	Capital requirement	RWA	Capital requirement
Interest rate risk[1]	-	-	3,798	304
Equity risk	-	-	404	32
Foreign exchange risk	191	15	426	34
Commodity risk	-	-	246	20
Diversification effect	-	-	-1,002	-80
Stressed Value-at-Risk	-	-	2,751	220
Incremental Risk Charge	-	-	1,003	80
Comprehensive Risk Charge	-	-	421	34
Total	**191**	**15**	**8,048**	**644**

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

Specification over group undertakings consolidated/deducted from the Nordea Bank Finland Group

31 Dec 2013	Number of shares	Carrying amount EURm	Voting power of holding, %	Domicile	Consolidation method
Group undertakings included in the NBF Group					
Nordea Finance Finland Ltd	1,000,000	306	100	Espoo	purchase method
SIA Promano Lat	21,084	30	100	Riga	purchase method
Promano Est OÜ	1	10	100	Tallinn	purchase method
Promano Lit UAB	34,528	10	100	Vilnius	purchase method
SIA Realm	7,030	10	100	Riga	purchase method
SIA Lidosta	2	1	100	Riga	purchase method
UAB Recurso	15,000	4	100	Vilnius	purchase method
Other companies		4			purchase method
Total included in the capital base		**376**			
Over 10 % investments in credit institutions deducted from the capital base					
NF Fleet Oy	13,625	3	20	Espoo	equity method
Total investments in credit institutions deducted from the capital base		**3**			

More Capital Adequacy information for the Group can be found in the section Risk, Liquidity and Capital management in the Directors' Report.

Note 40 Classification of financial instruments

Group

31 Dec 2013, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	30,904	-	-	-	-	-	-	30,904
Loans to central banks	94	-	563	-	-	-	-	657
Loans to credit institutions	28,542	-	6,568	-	-	-	-	35,110
Loans to the public	73,603	-	40,176	-	-	-	-	113,779
Interest-bearing securities	-	2,166	21,322	-	-	10,758	-	34,246
Financial instruments pledged as collateral	-	-	9,739	-	-	-	-	9,739
Shares	-	-	665	15	-	-	-	680
Derivatives	-	-	69,625	-	609	-	-	70,234
Fair value changes of the hedged items in portfolio hedge of interest rate risk	58	-	-	-	-	-	-	58
Investments in associated undertakings	-	-	-	-	-	-	59	59
Intangible assets	-	-	-	-	-	-	100	100
Property and equipment	-	-	-	-	-	-	94	94
Investment property	-	-	-	-	-	-	113	113
Deferred tax assets	-	-	-	-	-	-	5	5
Current tax assets	-	-	-	-	-	-	1	1
Retirement benefit assets	-	-	-	-	-	-	133	133
Other assets	1,410	-	-	6,606	-	-	261	8,277
Prepaid expenses and accrued income	324	-	-	-	-	-	248	572
Total	**134,935**	**2,166**	**148,658**	**6,621**	**609**	**10,758**	**1,014**	**304,761**

31 Dec 2013, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	22,333	-	-	57,093	-	79,426
Deposits and borrowings from the public	26,924	-	-	53,985	-	80,909
Debt securities in issue	8,119	-	-	39,011	-	47,130
Derivatives	66,806	-	303	-	-	67,109
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	369	-	369
Current tax liabilities	-	-	-	-	8	8
Other liabilities	10,405	5,871	-	2,240	339	18,855
Accrued expenses and prepaid income	-	-	-	453	413	866
Deferred tax liabilities	-	-	-	-	53	53
Provisions	-	-	-	-	72	72
Retirement benefit liabilities	-	-	-	-	21	21
Subordinated liabilities	-	-	-	429	-	429
Total	**134,587**	**5,871**	**303**	**153,580**	**906**	**295,247**

Note 40 *Classification of financial instruments, cont.*

Group 31 Dec 2012, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss Held for trading	Financial assets at fair value through profit or loss Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	30,004	-	-	-	-	-	-	30,004
Loans to central banks	285	-	524	-	-	-	-	809
Loans to credit institutions	29,184	-	6,834	-	-	-	-	36,018
Loans to the public	74,049	-	26,716	-	-	-	-	100,765
Interest-bearing securities	-	2,373	17,821	-	-	9,624	-	29,818
Financial instruments pledged as collateral	-	-	8,078	-	-	-	-	8,078
Shares	-	-	818	20	-	-	-	838
Derivatives	-	-	116,371	-	842	-	-	117,213
Fair value changes of the hedged items in portfolio hedge of interest rate risk	124	-	-	-	-	-	-	124
Investments in associated undertakings	-	-	-	-	-	-	79	79
Intangible assets	-	-	-	-	-	-	108	108
Property and equipment	-	-	-	-	-	-	96	96
Investment property	-	-	-	-	-	-	104	104
Deferred tax assets	-	-	-	-	-	-	37	37
Current tax assets	-	-	-	-	-	-	1	1
Retirement benefit assets	-	-	-	-	-	-	80	80
Other assets	1,745	-	-	8,370	-	-	205	10,320
Prepaid expenses and accrued income	353	-	-	-	-	-	616	969
Total	**135,744**	**2,373**	**177,162**	**8,390**	**842**	**9,624**	**1,326**	**335,461**

31 Dec 2012, EURm	Financial liabilities at fair value through profit or loss Held for trading	Financial liabilities at fair value through profit or loss Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	17,625	-	0	57,041	-	74,666
Deposits and borrowings from the public	16,892	-	0	53,320	-	70,212
Debt securities in issue	8,251	-	0	40,748	-	48,999
Derivatives	115,437	-	399	-	-	115,836
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	637	-	637
Current tax liabilities	-	-	-	-	4	4
Other liabilities	5,151	5,802	-	3,194	92	14,239
Accrued expenses and prepaid income	-	-	-	422	524	946
Deferred tax liabilities	-	-	-	-	58	58
Provisions	-	-	-	-	83	83
Retirement benefit liabilities	-	-	-	-	50	50
Subordinated liabilities	-	-	-	514	-	514
Total	**163,356**	**5,802**	**399**	**155,876**	**811**	**326,244**

Note 40 *Classification of financial instruments, cont.*

Parent company 31 Dec 2013, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	30,904	-	-	-	-	-	-	30,904
Loans to central banks	94	-	563	-	-	-	-	657
Loans to credit institutions	33,995	-	6,568	-	-	-	-	40,563
Loans to the public	67,092	-	40,176	-	-	-	-	107,268
Interest-bearing securities	-	2,166	21,322	-	-	10,758	-	34,246
Financial instruments pledged as collateral	-	-	9,739	-	-	-	-	9,739
Shares	-	-	665	14	-	-	-	679
Derivatives	-	-	69,625	-	609	-	-	70,234
Fair value changes of the hedged items in portfolio hedge of interest rate risk	58	-	-	-	-	-	-	58
Investments in group undertakings	-	-	-	-	-	-	376	376
Investments in associated undertakings	-	-	-	-	-	-	34	34
Intangible assets	-	-	-	-	-	-	98	98
Property and equipment	-	-	-	-	-	-	74	74
Investment property	-	-	-	-	-	-	8	8
Deferred tax assets	-	-	-	-	-	-	2	2
Current tax assets	-	-	-	-	-	-	-	-
Retirement benefit assets	-	-	-	-	-	-	132	132
Other assets	1,377	-	-	6,606	-	-	250	8,233
Prepaid expenses and accrued income	317	-	-	-	-	-	69	386
Total	**133,837**	**2,166**	**148,658**	**6,620**	**609**	**10,758**	**1,043**	**303,691**

31 Dec 2013, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	22,333	-	-	56,982	-	79,315
Deposits and borrowings from the public	26,924	-	-	53,984	-	80,908
Debt securities in issue	8,119	-	-	39,011	-	47,130
Derivatives	66,806	-	303	-	-	67,109
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	369	-	369
Current tax liabilities	-	-	-	-	4	4
Other liabilities	10,405	5,871	-	2,139	272	18,687
Accrued expenses and prepaid income	-	-	-	366	302	668
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	67	67
Retirement benefit liabilities	-	-	-	-	20	20
Subordinated liabilities	-	-	-	429	-	429
Total	**134,587**	**5,871**	**303**	**153,280**	**665**	**294,706**

Note 40 *Classification of financial instruments, cont.*

Parent company

31 Dec 2012, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	30,004	-	-	-	-	-	-	30,004
Loans to central banks	285	-	524	-	-	-	-	809
Loans to credit institutions	34,629	-	6,834	-	-	-	-	41,463
Loans to the public	67,597	-	26,716	-	-	-	-	94,313
Interest-bearing securities	-	2,373	17,821	-	-	9,624	-	29,818
Financial instruments pledged as collateral	-	-	8,078	-	-	-	-	8,078
Shares	-	-	818	17	-	-	-	835
Derivatives	-	-	116,371	-	842	-	-	117,213
Fair value changes of the hedged items in portfolio hedge of interest rate risk	124	-	-	-	-	-	-	124
Investments in group undertakings	-	-	-	-	-	-	373	373
Investments in associated undertakings	-	-	-	-	-	-	34	34
Intangible assets	-	-	-	-	-	-	106	106
Property and equipment	-	-	-	-	-	-	59	59
Investment property	-	-	-	-	-	-	10	10
Deferred tax assets	-	-	-	-	-	-	31	31
Current tax assets	-	-	-	-	-	-	-	-
Retirement benefit assets	-	-	-	-	-	-	80	80
Other assets	1,715	-	-	8,370	-	-	193	10,278
Prepaid expenses and accrued income	342	-	-	-	-	-	435	777
Total	**134,696**	**2,373**	**177,162**	**8,387**	**842**	**9,624**	**1,321**	**334,405**

31 Dec 2012, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	17,625	-	-	56,928	-	74,553
Deposits and borrowings from the public	16,892	-	-	53,332	-	70,224
Debt securities in issue	8,251	-	-	40,748	-	48,999
Derivatives	115,437	-	399	-	-	115,836
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	637	-	637
Current tax liabilities	-	-	-	-	4	4
Other liabilities	5,151	5,802	-	3,048	23	14,024
Accrued expenses and prepaid income	-	-	-	417	327	744
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	79	79
Retirement benefit liabilities	-	-	-	-	45	45
Subordinated liabilities	-	-	-	514	-	514
Total	**163,356**	**5,802**	**399**	**155,624**	**478**	**325,659**

Note 41 Assets and liabilities at fair value

Group

	31 Dec 2013		31 Dec 2012	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	30,904	30,904	30,004	30,004
Loans	149,546	149,607	137,592	137,816
Interest-bearing securities	34,246	34,252	29,818	29,823
Financial instruments pledged as collateral	9,739	9,739	8,078	8,078
Shares	680	680	838	838
Derivatives	70,234	70,234	117,213	117,213
Other assets	8,840	8,840	10,949	10,949
Prepaid expenses and accrued income	572	572	969	969
Total financial assets	**304,761**	**304,828**	**335,461**	**335,690**
Financial liabilities				
Deposits and debt instruments	207,465	208,094	193,877	193,215
Derivatives	67,109	67,109	115,836	115,836
Other liabilities	19,378	19,378	15,071	15,071
Accrued expenses and prepaid income	866	866	946	946
Subordinated liabilities	429	429	514	514
Total financial liabilities	**295,247**	**295,876**	**326,244**	**325,582**

Parent company

	31 Dec 2013		31 Dec 2012	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	30,904	30,904	30,004	30,004
Loans	148,489	148,547	136,585	136,804
Interest-bearing securities	34,246	34,252	29,818	29,823
Financial instruments pledged as collateral	9,739	9,739	8,078	8,078
Shares	679	679	835	835
Derivatives	70,234	70,234	117,213	117,213
Other assets	9,014	9,014	11,095	11,095
Prepaid expenses and accrued income	386	386	777	777
Total financial assets	**303,691**	**303,755**	**334,405**	**334,629**
Financial liabilities				
Deposits and debt instruments	207,353	207,982	193,776	193,114
Derivatives	67,109	67,109	115,836	115,836
Other liabilities	19,147	19,147	14,789	14,789
Accrued expenses and prepaid income	668	668	744	744
Subordinated liabilities	429	429	514	514
Total financial liabilities	**294,706**	**295,335**	**325,659**	**324,997**

For information about valuation of items measured at fair value on the balance sheet, see Note 1 and the section "Determination of fair values for items measured at fair value on the balance sheet" below. For information about valuation of items not measured at fair value on the balance sheet, see the section "Financial assets and liabilities not held at fair value on the balance sheet".

Note 41 *Assets and liabilities at fair value, cont.*

Assets and liabilities at fair value on the balance sheet

Group

Categorisation into the fair value hierarchy

31 Dec 2013, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks	-	563	-	563
Loans to credit institutions	-	6,568	-	6,568
Loans to the public	-	40,176	-	40,176
Interest-bearing securities	21,985	9,880	215	32,080
Financial instruments pledged as collateral	5,998	3,741	-	9,739
Shares	236	-	444	680
Derivatives	52	68,553	1,629	70,234
Investment properties	-	9	104	113
Other assets	-	6,606	-	6,606
Prepaid expenses and accrued income	-	-	-	-
Total	**28,271**	**136,096**	**2,392**	**166,759**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	22,333	-	22,333
Deposits and borrowings from the public	-	26,924	-	26,924
Debt securities in issue	-	8,119	-	8,119
Derivatives	55	65,625	1,429	67,109
Other liabilities	8,680	7,595	1	16,276
Accrued expenses and prepaid income	-	-	-	-
Total	**8,735**	**130,596**	**1,430**	**140,761**

[1] All items are measured at fair value on a recurring basis at the end of each reporting period.

31 Dec 2012, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks	-	524	-	524
Loans to credit institutions	-	6,834	-	6,834
Loans to the public	-	26,716	-	26,716
Interest-bearing securities	12,978	14,190	277	27,445
Financial instruments pledged as collateral	7,242	836	0	8,078
Shares	311	-	527	838
Derivatives	42	115,241	1,930	117,213
Other assets	-	8,370	-	8,370
Prepaid expenses and accrued income	-	-	-	-
Total	**20,573**	**172,711**	**2,734**	**196,018**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	17,625	-	17,625
Deposits and borrowings from the public	-	16,892	-	16,892
Debt securities in issue	-	8,251	-	8,251
Derivatives	36	114,139	1,661	115,836
Other liabilities	4,759	6,194	-	10,953
Accrued expenses and prepaid income	-	-	-	-
Total	**4,795**	**163,101**	**1,661**	**169,557**

[1] All items are measured at fair value on a recurring basis at the end of each reporting period

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Parent company

Categorisation into the fair value hierarchy

31 Dec 2013, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks	-	563	-	563
Loans to credit institutions	-	6,568	-	6,568
Loans to the public	-	40,176	-	40,176
Interest-bearing securities	21,985	9,880	215	32,080
Financial instruments pledged as collateral	5,998	3,741	-	9,739
Shares	235	-	444	679
Derivatives	52	68,553	1,629	70,234
Investment properties		4	4	8
Other assets	-	6,606	-	6,606
Prepaid expenses and accrued income	-	-	-	-
Total	**28,270**	**136,091**	**2,292**	**166,653**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	22,333	-	22,333
Deposits and borrowings from the public	-	26,924	-	26,924
Debt securities in issue	-	8,119	-	8,119
Derivatives	55	65,625	1,429	67,109
Other liabilities	8,680	7,595	1	16,276
Accrued expenses and prepaid income	-	-	-	-
Total	**8,735**	**130,596**	**1,430**	**140,761**

[1] All items are measured at fair value on a recurring basis at the end of each reporting period.

31 Dec 2012, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks	-	524	-	524
Loans to credit institutions	-	6,834	-	6,834
Loans to the public	-	26,716	-	26,716
Interest-bearing securities	12,978	14,190	277	27,445
Financial instruments pledged as collateral	7,242	836	0	8,078
Shares	308	-	527	835
Derivatives	42	115,241	1,930	117,213
Other assets	-	8,370	-	8,370
Prepaid expenses and accrued income	-	-	-	-
Total	**20,570**	**172,711**	**2,734**	**196,015**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	17,625	-	17,625
Deposits and borrowings from the public	-	16,892	-	16,892
Debt securities in issue	-	8,251	-	8,251
Derivatives	36	114,139	1,661	115,836
Other liabilities	4,759	6,194	-	10,953
Accrued expenses and prepaid income	-	-	-	-
Total	**4,795**	**163,101**	**1,661**	**169,557**

[1] All items are measured at fair value on a recurring basis at the end of each reporting period.

Determination of fair values for items measured at fair value on the balance sheet

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

Level 1 in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis. This category includes listed derivatives, listed equities, government bonds in developed countries, and most liquid mortgage bonds and corporate bonds where direct tradable price quotes exist.

Level 2 in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. The fair values are estimated using valuation techniques or valuation models based on market prices or rates prevailing at the balance sheet date and any unobservable inputs have had an insignificant impact on the fair values. This is the case for the majority of Nordea's OTC derivatives, securities purchased/sold under resale/repurchase agreements, securities borrowed/lent and other instruments where active markets supply the input to the valuation techniques or models. Investment properties are classified to level 2 if the parameters used to measure fair value of the investment property are derived from observable market data and any unobservable input has an insignificant impact on the fair values. These inputs may include prices per square meter derived from prices in observed transactions involving comparable or similar buildings in similar locations.

Level 3 in the fair value hierarchy consists of those types of assets and liabilities which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for investments in unlisted securities, private equity funds and hedge funds. This is generally also the case for more complex OTC derivatives, including OTC derivatives where less active markets supply input to the valuation techniques or models, certain complex or structured financial instruments such as CLNs and CDOs, and illiquid interest bearing securities. Complex valuation models are generally characterised by the use of unobservable and model specific parameters. Investment properties are classified to level 3 when unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. An adjustment to a level 2 input, that is significant to the entire measurement, might result in a fair value measurement categorised within level 3 if the adjustment is a significant unobservable input.

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

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

For OTC derivatives valuation models are used for establishing fair value. For collateralised contracts OIS interest rates are used for discounting. These rates are observable in the market. The valuation is in addition based on several other market parameters, depending on the nature of the contract. Complex valuation models are used for more exotic OTC derivatives. The models are usually in-house developed, and based on assumptions about the behaviour of the underlying asset and statistical scenario analysis. As mentioned above OTC derivatives are generally categorised as level 2 in the fair value hierarchy and all significant model parameters are thus observable in active markets. For vanilla derivatives standard models like e.g. Black-Scholes are used for valuation.

Valuations of Private Equity Funds (PEF) and unlisted equity instruments are by nature more uncertain than valuations of more actively traded equity instruments. Emphasis is put on using a consistent approach across all assets and over time. The methods used are consistent with the guideline "International Private Equity and Venture Capital Valuation Guidelines" issued by EVCA (European Venture Capital Association). The EVCA guidelines are considered as best practice in the PEF industry. For US based funds, similar methods are applied.

Fair value of financial assets and liabilities are generally calculated as the theoretical net present value of the individual instruments, based on independently sourced market parameters as described above, and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counterparty credit risk and liquidity risk. An important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

The portfolio adjustment for uncertainties associated with model assumptions comprises two components (The calculation principles are defined as part of the internal approval process for valuation models):

- Benchmarking of the model output (market values) against market information or against results from alternative models, where available.
- Sensitivity calculations where unobservable parameters are changed to other reasonable values.

The portfolio adjustment for counterparty risk in OTC-derivatives is based on the current exposure towards each counterpart, the estimated potential future exposure as well as an estimate of the cost of hedging the counterparty risk. This cost of hedging is either based directly on market prices (where available) or on a theoretical calculation based on the internal credit rating of the counterpart.

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

Transfers between level 1 and 2

During the year, NBF transferred debt securities of EUR 3,097m (2,982m) from level 1 to level 2 and EUR 1,032m (997m) from level 2 to level 1 of the fair value hierarchy for financial assets and liabilities which are recorded at fair value. The reason for the transfers from level 1 to level 2 was that the instruments ceased to be actively traded during the year and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from level 2 to level 1 was that the instruments has again been actively traded during the year and reliable quoted prices are obtained in the market.

Movements in level 3

Group

		Fair value gains/losses recognised in the income statement during the year			
31 Dec 2013, EURm	1 Jan 2013	Realised	Unrealised[1]	Purchases	Sales
Interest-bearing securities	277	4	71	96	-227
Shares	527	13	-16	38	-118
Derivatives (net assets and liabilities)	269	289	-69	-	-
Investment properties	94	0	0	28	-17
Other liabilities	-	-20	0	-	-

31 Dec 2013, EURm	Settlements	Issues	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2013
Interest-bearing securities	-6	-	-	-	-	215
Shares	-	-	-	-	-	444
Derivatives (net assets and liabilities)	-289	-	-	-	-	200
Investment properties	-	-	-	-	-1	104
Other liabilities	-608	608	22	-1	0	1

[1] Relates to those assets and liabilities held at the end of the reporting period.

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the period NBF transferred other liabilities of EUR 21m from level 2 to level 3. The reason for the transfer from level 2 to level 3 was that observable market data was no longer available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note 5). Assets and liabilities related to derivatives are presented net.

Group

		Fair value gains/losses recognised in the income statement during the year			
31 Dec 2012, EURm	1 Jan 2012	Realised	Unrealised[1]	Purchases	Sales
Interest-bearing securities	208	-6	14	91	-36
Shares	650	-27	3	145	-292
Derivatives (net assets and liabilities)	-203	-263	472	0	0

31 Dec 2012, EURm	Settlements	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2012
Interest-bearing securities	6	-	-	-	277
Shares	-	-	-	46	527
Derivatives (net assets and liabilities)	263	-	-	-	269

[1] Relates to those assets and liabilities held at the end of the reporting period.

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note 5). Assets and liabilities related to derivatives are presented net.

Parent company

31 Dec 2013, EURm	1 Jan 2013	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Interest-bearing securities	277	4	71	96	-227
Shares	527	13	-16	38	-118
Derivatives (net assets and liabilities)	269	289	-69	-	-
Investment properties	4	-	0	0	0
Other liabilities	-	-20	0	-	-

31 Dec 2013, EURm	Settlements	Issues	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2013
Interest-bearing securities	-6		-	-	-	215
Shares	-		-	-	-	444
Derivatives (net assets and liabilities)	-289		-	-	-	200
Investment properties	-	-	-	-	-	4
Other liabilities	-608	608	22	-1	-	1

[1] Relates to those assets and liabilities held at the end of the reporting period.

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the period NBF transferred other liabilities of EUR 21m from level 2 to level 3. The reason for the transfer from level 2 to level 3 was that observable market data was no longer available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note 5). Assets and liabilities related to derivatives are presented net.

Parent company

31 Dec 2012, EURm	1 Jan 2012	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales
Interest-bearing securities	208	-6	14	91	-36
Shares	650	-27	3	145	-292
Derivatives (net assets and liabilities)	-203	-264	472	-	-

31 Dec 2012, EURm	Settlements	Transfers into level 3	Transfers out from level 3	Translation differences	31 Dec 2012
Interest-bearing securities	6	-	-	-	277
Shares	-	-	-	46	527
Derivatives (net assets and liabilities)	264	-	-	-	269

[1] Relates to those assets and liabilities held at the end of the reporting period.

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note 5). Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in level 3

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

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

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

The FVAs and the deferrals of day 1 P/L on level 3 trades are calculated and reported on a monthly basis. The actual assessment of instruments in the fair value hierarchy is performed on a continuous basis.

Investment properties
For investment properties there are no active markets as the investment properties are not identical. When there are observable inputs available, those will be used to evaluate investment properties. Observable input are inputs that are developed using market data, such as publicly available information about actual events or transactions and that reflect the assumptions that market participants would use when pricing the asset or liability. When observable inputs are not available unobservable inputs are used to measure fair value to the extent that observable inputs are not available. Unobservable inputs are developed based on the best information available in the circumstances, which might include internal data as well.

Investment Properties have been valuated based on the observed comparable transactions, adjusted by an unobservable input as well as based on discounted cash flow transactions using discounted rate as an unobservable input. The variation range of discount rate has been between 6.6% and 18.0%.

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

Group and parent company

31 Dec 2013, EURm	Fair value[1]	Valuation techniques
Shares		
Private equity funds	271	Net asset value[1]
Hedge funds	162	Net asset value[1]
Credit Funds	-	Net asset value/market consensus[1]
Other funds	-	Net asset value/Fund prices[1]
Other	11	-
Total[2]	**444**	

[1]The fair values are based on prices and net assets values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. For private equity funds the dominant measurement methodology used by the suppliers/ custodians, is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA (European Venture Capital Association).

[2]Effects of reasonably possible alternative assumptions are EURm -36/36 (-39/39).

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

Group and parent company

31 Dec 2013, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value[3]
Derivatives				
Interest rate derivatives	112	Option model	Correlations	-6/5
			Volatilities	
Equity derivatives	99	Option model	Correlations	-17/11
			Volatilities	
			Dividend	
Foreign exchange derivatives	103	Option model	Correlations	+/-0
			Volatilities	
Credit derivatives	-129	Credit derivatives model	Correlations	-7/9
			Recovery rates	
Other	15	Option model	Correlations	+/-0
			Volatilities	
Total	**200**			

31 Dec 2013, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value[3]
Interest-bearing securities				
Municipalities and other public bodies	-	Discounted cash flows	Credit spread	-
Mortgage and other credit institutions[2]	200	Discounted cash flows	Credit spread	-19/19
Corporates	15	Discounted cash flows	Credit spread	-1/1
Other	-	-	-	-
Total	**215**			
Other liabilities	1	Discounted cash flows	Credit spread	-
Total	**1**			

31 Dec 2013, EURm	Fair value[4]	Valuation techniques	Unobservable input	Range of unobservable input
Investment properties				
Commercial real estates	10	Discounted cash flows	Discount rate	6.6%-18.0%
Residential and some commercial real estates	94	Comparable transactions with adjustments	-	
Total	**104**			

[3]Range of fair value for derivatives 31 Dec 2012 was EURm -24/20 and for interest-bearing securities EURm -23/23.
[4]Of which the parent company EUR 4m in respect of Residential and some commercial real estates.

The tables on previous page show, for each class of assets and liabilities categorised in level 3, the fair value, the valuation techniques used to estimate the fair value, significant unobservable inputs used in the valuation techniques and for financial assets and liabilities the fair value sensitivity to changes in key assumptions.

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

The column “range of fair value” and the footnote 3 in the tables above shows the sensitivity of the fair values of level 3 financial instruments to changes in key assumptions. Where the exposure to an unobservable parameter is offset across different instruments then only the net impact is disclosed in the table. The range disclosed are likely to be greater than the true uncertainty in fair value of these instruments, as it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. The disclosure is neither predictive nor indicative of future movements in fair value.

In order to calculate the sensitivity (range) in fair value of derivatives a range of different modelling approaches are applied to determine an uncertainty interval around the reported fair value. The different approaches applied target various aspects of derivatives pricing. Two common components of derivative valuation models are volatility of underlying risk factors and correlation between the relevant risk factors. Each of these is addressed by applying different assumptions to input and/or the choice of modelling approach. Besides these common factors a number of asset class specific factors are addressed. These include equity dividend expectations, recovery assumptions for credit derivatives and inflation expectations. The fair values of derivatives are presented as the net of assets and liabilities.

In order to calculate the sensitivity (range) in fair value of shares and interest-bearing securities the fair value was increased and decreased within a range of 5-10 percentage units which are assessed to be reasonable changes in market movements.

As the fair value measurement of investment properties is based on the comparable transactions in the market and adjusted by unobservable inputs and as it is based on the discounted cash flow transactions, the fair value measurement is sensitive for the changes in general interest rate levels as well as the economic growth.

Deferred Day 1 profit or loss

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (day 1 profit) is deferred. For more information see, Note 1 "Accounting policies". The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of changes in how this aggregated difference has been changed during the year (movement of deferred Day 1 profit).

	Group		Parent company	
EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Amount at beginning of year	-43	-47	-43	-47
Deferred profit/loss on new transactions	-11	-8	-11	-8
Recognised in the income statement during the year	13	12	13	12
Amount at end of year	**-41**	**-43**	**-41**	**-43**

Note 41 *Assets and liabilities at fair value, cont.*

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

Group

31 Dec 2013, EURm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	30,904	30,904	1
Loans	102,297	102,358	3
Interest bearing-securities	2,166	2,173	1, 2, 3
Other assets and Prepaid expenses and accrued income	1,734	1,734	3
Total	**137,101**	**137,169**	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	150,887	151,517	3
Other liabilities and Accrued expenses and prepaid income	2,693	2,693	3
Total	**153,580**	**154,210**	

Parent

31 Dec 2013, EURm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	30,904	30,904	1
Loans	101,239	101,297	3
Interest bearing-securities	2,166	2,173	1, 2, 3
Other assets and Prepaid expenses and accrued income	1,694	1,694	3
Total	**136,003**	**136,068**	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	150,775	151,405	3
Other liabilities and Accrued expenses and prepaid income	2,505	2,505	3
Total	**153,280**	**153,910**	

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

Loans
The fair value of "Loans to central banks", "Loans to credit institutions" and "Loans to the public" has been calculated as the carrying amount adjusted for fair value changes in interest rate risk. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rates in the portfolios. The fair value measurement is categorised into level 3 in the fair value hierarchy.

Interest bearing-securities
The fair value is EUR 2,173m, of which EUR 27m is categorised in level 1 and EUR 2,146m in level 2 of the fair value hierarchy. The measurement principles follow those for similar instruments that are held at fair value on the balance sheet.

Other assets and prepaid expenses and accrued income
The balance sheet items "Other assets" and "Prepaid expenses and accrued income" consist of short receivables, mainly accrued interest receivables. The fair value is therefore considered to equal the carrying amount and is categorised into level 3 in the fair value hierarchy.

Deposits and debt instruments
The fair value of ”Deposits by credit institutions”, “Deposits and borrowings from the public”, “Debt securities in issue” and “Subordinated liabilities” has been calculated as the carrying amount adjusted for fair value changes in interest rate risk and in own credit risk. The fair value is categorised into level 3 in the fair value hierarchy. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rate in the portfolios. The fair value changes in the credit risk is calculated as a difference between the credit spread in the nominal interest rate compared with the current spread that is observed in the market. This calculation is performed on an aggregated level for all long term issuance recognised in the balance sheet items “Debt securities in issue” and “Subordinated liabilities”. As the contractual maturity is short for “Deposits by credit institutions” and “Deposits and borrowing from the public” the changes in Nordea´s own credit risk related to these items is assumed not to be significant. This is also the case for short term issuances recognised in the balance sheet items “Debt securities in issue” and “Subordinated liabilities”.

Other liabilities and accrued expenses and prepaid income
The balance sheet items "Other liabilities" and "Accrued expenses and prepaid income" consist of short-term liabilities, mainly liabilities on securities settlement. The fair value is therefore considered to be equal to the carrying amount and is categorised into level 3 in the fair value hierarchy.

Note 42 Financial instruments set off on balance or subject to netting agreements

Group

31 Dec 2013, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	128,024	-58,022	70,002	-56,569	-	-4,359	9,074
Reverse repurchase agreements	47,307	-	47,307	-24,688	-22,201	-	419
Total	**175,331**	**-58,022**	**117,309**	**-81,257**	**-22,201**	**-4,359**	**9,493**

31 Dec 2013, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	124,005	-58,022	65,983	-56,569	-	-4,869	4,545
Repurchase agreements	49,257	-	49,257	-24,688	-20,894	-	3,675
Total	**173,262**	**-58,022**	**115,240**	**-81,257**	**-20,894**	**-4,869**	**8,220**

[1] All amounts are measured at fair value.

[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Group

31 Dec 2012, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives	192,222	-76,704	115,518	-100,110	-	-4,265	11,143
Reverse repurchase agreements	34,075	-	34,075	-15,549	-18,297	-	228
Total	**226,297**	**-76,704**	**149,593**	**-115,659**	**-18,297**	**-4,265**	**11,371**

31 Dec 2012, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives	190,351	-76,704	113,647	-100,110	-	-7,823	5,714
Repurchase agreements	34,518	-	34,518	-15,549	-18,880	-	89
Total	**224,869**	**-76,704**	**148,165**	**-115,659**	**-18,880**	**-7,823**	**5,803**

[1] All amounts are measured at fair value.

[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Note 42 *Financial instruments set off on balance or subject to netting agreements, cont.*

Parent company

31 Dec 2013, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	128,024	-58,022	70,002	-56,569	-	-4,359	9,074
Reverse repurchase agreements	47,307	-	47,307	-24,688	-22,201	-	419
Total	**175,331**	**-58,022**	**117,309**	**-81,257**	**-22,201**	**-4,359**	**9,493**

31 Dec 2013, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	124,005	-58,022	65,983	-56,569	-	-4,869	4,545
Repurchase agreements	49,257	-	49,257	-24,688	-20,894	-	3,675
Total	**173,262**	**-58,022**	**115,240**	**-81,257**	**-20,894**	**-4,869**	**8,220**

[1] All amounts are measured at fair value.

[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Parent company

31 Dec 2012, EURm	Gross recognised financial assets1	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet2	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	192,222	-76,704	115,518	-100,110	-	-4,265	11,143
Reverse repurchase agreements	34,075	-	34,075	-15,549	-18,297	-	228
Total	**226,297**	**-76,704**	**149,593**	**-115,659**	**-18,297**	**-4,265**	**11,371**

31 Dec 2012, EURm	Gross recognised financial liabilities1	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet2	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	190,351	-76,704	113,647	-100,110	-	-7,823	5,714
Repurchase agreements	34,518	-	34,518	-15,549	-18,880	-	89
Total	**224,869**	**-76,704**	**148,165**	**-115,659**	**-18,880**	**-7,823**	**5,803**

[1] All amounts are measured at fair value.

[2] Reverse repurchase agreements and Securities borrowing agreements are on the balance sheet classified as Loans to central banks, Loans to credit institutions or Loans to the public. Repurchase agreements and Securities lending agreements are on the balance sheet classified as Deposits by credit institution or as Deposits and borrowings from the public.

Note 42 *Financial instruments set off on balance or subject to netting agreements, cont.*

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

Note 43 Transferred assets and obtained collaterals

Transferred assets that are not derecognised in their entirety and associated liabilities
All assets transferred continue to be recognised on the balance sheet if Nordea is still exposed to changes in the fair value of the assets. This is the case for repurchase agreements and securities lending transactions.

Repurchase agreements are a form of collateralised borrowing where Nordea sells securities with an agreement to repurchase them at a later date at a fixed price. The cash received is recognised as a deposit (liability). Securities delivered under repurchase agreements are not derecognised from the balance sheet.

Securities lending transactions are transactions where Nordea lends securities it holds to a counterpart and receives a fee.

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

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Repurchase agreements				
Interest-bearing securities	9,739	8,078	9,739	8,078
Total	**9,739**	**8,078**	**9,739**	**8,078**

Liabilities associated with the assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Repurchase agreements				
Deposits by credit institutions	3,085	2,975	3,085	2,975
Deposits and borrowings from the public	6,654	5,103	6,654	5,103
Total	**9,739**	**8,078**	**9,739**	**8,078**
Net	**0**	**0**	**0**	**0**

Obtained collaterals which are permitted to be sold or repledged
NBF obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under standard terms for most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions. The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements are disclosed below.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2013	2012	2013	2012
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	45,944	33,447	45,944	33,447
- of which repledged or sold	39,068	14,855	39,068	14,855
Total	**45,944**	**33,447**	**45,944**	**33,447**

Note 44 Maturity analysis for assets and liabilities

Group

Expected maturity

		31 Dec 2013 Expected to be recovered or settled:			31 Dec 2012 Expected to be recovered or settled:		
EURm	Note	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with central banks		30 904	-	30 904	30 004	-	30 004
Loans to central banks	13	657	-	657	809	-	809
Loans to credit institutions	13	21 070	14 040	35 110	19 779	16 239	36 018
Loans to the public	13	58 339	55 440	113 779	45 428	55 337	100 765
Interest-bearing securities	14	10 031	24 215	34 246	12 994	16 824	29 818
Financial instruments pledged as collateral	15	7 088	2 651	9 739	3 885	4 193	8 078
Shares	16	665	15	680	-	838	838
Derivatives	17	8 026	62 208	70 234	10 675	106 538	117 213
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	7	51	58	-1	125	124
Investments in group undertakings	19	-	-	0	-	-	0
Investments in associated undertakings	20	-	59	59	-	79	79
Intangible assets	21	3	97	100	-	108	108
Property and equipment	22, 23	2	92	94	-	96	96
Investment property	24	1	112	113	8	96	104
Deferred tax assets	12	4	1	5	-	37	37
Current tax assets	12	1	-	1	1	-	1
Retirement benefit assets	33	-	133	133	-	80	80
Other assets	25	8 273	4	8 277	3	10 317	10 320
Prepaid expenses and accrued income	26	572	-	572	889	80	969
Total assets		**145 643**	**159 118**	**304 761**	**124 474**	**210 987**	**335 461**
Deposits by credit institutions	27	73 991	5 435	79 426	68 173	6 493	74 666
Deposits and borrowings from the public	28	79 820	1 089	80 909	70 211	1	70 212
Debt securities in issue	29	25 648	21 482	47 130	28 645	20 354	48 999
Derivatives	17	8 810	58 299	67 109	11 810	104 026	115 836
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	25	344	369	-8	645	637
Current tax liabilities	12	8	-	8	-	4	4
Other liabilities	30	18 855	-	18 855	14 239	-	14 239
Accrued expenses and prepaid income	31	863	3	866	865	81	946
Deferred tax liabilities	12	39	14	53	-	58	58
Provisions	32	2	70	72	21	62	83
Retirement benefit liabilities	33	-	21	21	-	50	50
Subordinated liabilities	34	360	69	429	-1	515	514
Total liabilities		**208 421**	**86 826**	**295 247**	**193 955**	**132 289**	**326 244**

Note 44 *Maturity analysis for assets and liabilities, cont.*

Parent company

Expected maturity

		31 Dec 2013 Expected to be recovered or settled:			31 Dec 2012 Expected to be recovered or settled:		
EURm	Note	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with central banks		30 904	-	30 904	30 004	-	30 004
Loans to central banks	13	657	-	657	809	-	809
Loans to credit institutions	13	25 671	14 892	40 563	24 355	17 108	41 463
Loans to the public	13	54 647	52 621	107 268	41 775	52 538	94 313
Interest-bearing securities	14	10 031	24 215	34 246	12 994	16 824	29 818
Financial instruments pledged as collateral	15	7 088	2 651	9 739	3 885	4 193	8 078
Shares	16	665	14	679	-	835	835
Derivatives	17	8 026	62 208	70 234	10 675	106 538	117 213
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	7	51	58	-1	125	124
Investments in group undertakings	19	-	376	376	-	373	373
Investments in associated undertakings	20	-	34	34	-	34	34
Intangible assets	21	-	98	98	-	106	106
Property and equipment	22, 23	-	74	74	-	59	59
Investment property	24	-	8	8	-	10	10
Deferred tax assets	12	2	-	2	-	31	31
Current tax assets	12	-	-	-	-	-	-
Retirement benefit assets	33	-	132	132	-	80	80
Other assets	25	8 233	-	8 233	0	10 278	10 278
Prepaid expenses and accrued income	26	386	-	386	777	-	777
Total assets		**146 317**	**157 374**	**303 691**	**125 273**	**209 132**	**334 405**
Deposits by credit institutions	27	73 949	5 366	79 315	73 949	5 366	79 315
Deposits and borrowings from the public	28	79 819	1 089	80 908	79 819	1 089	80 908
Debt securities in issue	29	25 648	21 482	47 130	25 648	21 482	47 130
Derivatives	17	8 810	58 299	67 109	8 810	58 299	67 109
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	25	344	369	25	344	369
Current tax liabilities	12	4	-	4	4	-	4
Other liabilities	30	18 687	-	18 687	18 687	-	18 687
Accrued expenses and prepaid income	31	668	-	668	668	-	668
Deferred tax liabilities	12	-	-	-	-	-	-
Provisions	32	-	67	67	-	67	67
Retirement benefit liabilities	33	-	20	20	-	20	20
Subordinated liabilities	34	360	69	429	360	69	429
Total liabilities		**207 970**	**86 736**	**294 706**	**207 970**	**86 736**	**294 706**

Contractual undiscounted cash flows

Group

31 Dec 2013, EURm	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest bearing assets	36,850	67,487	26,151	67,676	41,783	**239,948**
Non interest bearing assets	-	-	-	-	80,423	**80,423**
Total assets	**36,850**	**67,487**	**26,151**	**67,676**	**122,206**	**320,370**
Interest bearing liabilities	41,808	110,698	28,689	21,628	7,964	**210,786**
Non interest bearing liabilities	-	-	-	-	96,866	**96,866**
Total liabilities	**41,808**	**110,698**	**28,689**	**21,628**	**104,830**	**307,652**
Derivatives, cash inflow	-	467,888	125,713	212,976	68,318	**874,896**
Derivatives, cash outflow	-	-469,864	-125,876	-212,411	-69,415	**-877,566**
Net exposure	**-**	**-1,975**	**-162**	**565**	**-1,097**	**-2,670**
Exposure	**-4,958**	**-45,186**	**-2,700**	**46,613**	**16,279**	**10,048**
Cumulative exposure	**-4,958**	**-50,144**	**-52,844**	**-6,230**	**10,048**	

31 Dec 2012, EURm[1]	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest bearing assets	33,325	63,458	25,197	59,911	38,406	**220,296**
Non interest bearing assets	-	-	-	-	129,970	**129,970**
Total assets	**33,325**	**63,458**	**25,197**	**59,911**	**168,376**	**350,266**
Interest bearing liabilities	47,433	94,051	26,955	22,238	6,302	**196,979**
Non interest bearing liabilities	-	-	-	-	141,070	**141,070**
Total liabilities	**47,433**	**94,051**	**26,955**	**22,238**	**147,372**	**338,049**
Derivatives, cash inflow	-	502,103	185,362	373,663	167,094	**1,228,221**
Derivatives, cash outflow	-	-522,227	-184,337	-365,728	-166,886	**-1,239,177**
Net exposure	**-**	**-20,124**	**1,025**	**7,934**	**209**	**-10,956**
Exposure	**-14,108**	**-50,717**	**-733**	**45,608**	**21,212**	**1,261**
Cumulative exposure	**-14,108**	**-64,825**	**-65,558**	**-19,950**	**1,261**	

[1] The figures for 2012 have been restated

The table is based on contractual maturities for on balance sheet instruments. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and derivative liabilities, as derivatives are managed on a net basis. In addition to the on balance sheet and derivative instruments, Nordea has credit commitments amounting to EUR 15,882m (15,956), which could be drawn on at any time.

NBF has also issued guarantees of EUR 14,323m (14,628) which may lead to future cash outflows if certain events occur.

Contractual undiscounted cash flows

Parent company

31 Dec 2013, EURm	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest bearing assets	37,624	67,494	25,779	66,139	41,434	**238,470**
Non interest bearing assets	-	-	-	-	80,323	**80,323**
Total assets	**37,624**	**67,494**	**25,779**	**66,139**	**121,757**	**318,794**
Interest bearing liabilities	47,209	105,119	28,556	20,882	8,593	**210,360**
Non interest bearing liabilities	-	-	-	-	95,909	**95,909**
Total liabilities	**47,209**	**105,119**	**28,556**	**20,882**	**104,502**	**306,269**
Derivatives, cash inflow	-	467,888	125,713	212,976	68,318	**874,896**
Derivatives, cash outflow	-	-469,864	-125,876	-212,411	-69,415	**-877,566**
Net exposure	**-**	**-1,975**	**-162**	**565**	**-1,097**	**-2,670**
Exposure	**-9,584**	**-39,601**	**-2,939**	**45,821**	**16,158**	**9,855**
Cumulative exposure	**-9,584**	**-49,185**	**-52,124**	**-6,303**	**9,855**	

31 Dec 2012, EURm[1]	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest bearing assets	30,627	66,552	24,928	58,074	37,265	**217,446**
Non interest bearing assets	-	-	-	-	129,917	**129,917**
Total assets	**30,627**	**66,552**	**24,928**	**58,074**	**167,182**	**347,363**
Interest bearing liabilities	47,450	93,946	26,928	22,209	6,298	**196,831**
Non interest bearing liabilities	-	-	-	-	140,111	**140,111**
Total liabilities	**47,450**	**93,946**	**26,928**	**22,209**	**146,410**	336,942
Derivatives, cash inflow	-	502,101	185,362	373,661	167,090	**1,228,214**
Derivatives, cash outflow	-	-522,224	-184,337	-365,718	-166,875	**-1,239,153**
Net exposure	**-**	**-20,123**	**1,025**	**7,944**	**215**	**-10,939**
Exposure	**-16,822**	**-47,517**	**-975**	**43,809**	**20,987**	**-519**
Cumulative exposure	**-16,822**	**-64,339**	**-65,314**	**-21,505**	**-519**	

[1] The figures for 2012 have been restated

Note 45 Related-party transactions

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

Group

	Nordea Group undertakings		Nordea Group associated undertakings		Other related parties	
EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Assets						
Loans	28,488	29,613	143	204	-	-
Interest-bearing securities	3,683	5,254	120	11	-	-
Financial instruments pledged as collateral	1,097	1,150	-	-	-	-
Derivatives	2,163	2,829	141	278	-	-
Other assets	1,259	630	-	-	-	-
Prepaid expenses and accrued income	23	411	-	-	-	-
Total assets	**36,713**	**39,887**	**404**	**493**	**-**	**-**
Liabilities						
Deposits	42,073	41,202	44	55	74	5
Debt securities in issue	1,243	975	11	39	-	-
Derivatives	2,795	3,344	34	4	-	-
Other liabilities	403	158	-	-	-	-
Accrued expenses and deferred income	261	202	-	-	-	-
Total liabilities	**46,775**	**45,881**	**89**	**98**	**74**	**5**
Off balance[1]	**203,052**	**219,010**	**5,662**	**8,085**	**-**	**-**

Group EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Net interest income	128	85	3	3	-	-
Net fee and commission income	-649	-296	2	2	1	1
Net result from items at fair value	24	-276	9	81	-	-
Other operating income	9	26	-	-	-	-
Total operating expenses	-157	-95	-1	-	-	-
Profit before loan losses	**-645**	**-556**	**13**	**86**	**1**	**1**

[1] Including nominal values on derivatives.

Parent company	Group undertakings		Associated undertakings		Other related parties	
EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Assets						
Loans and receivables	5,775	5,674	143	171	-	-
Interest-bearing securities	-	-	-	-	-	-
Financial instruments pledged as collateral	-	-	-	-	-	-
Derivatives	-	-	9	9	-	-
Investments in associated undertakings	-	-	34	34	-	-
Investments in group undertakings	376	373	-	-	-	-
Other assets	4	4	-	-	-	-
Prepaid expenses and accrued income	4	7	-	-	-	-
Total assets	**6,159**	**6,058**	**186**	**214**	**-**	**-**

Note 45 *Related-party transactions, cont.*

Parent company

EURm	Group undertakings 31 Dec 2013	Group undertakings 31 Dec 2012	Associated undertakings 31 Dec 2013	Associated undertakings 31 Dec 2012	Other related parties 31 Dec 2013	Other related parties 31 Dec 2012
Liabilities						
Deposits	9	22	1	7	74	5
Debt securities in issue	-	-	-	35	-	-
Derivatives	-	-	-	0	-	-
Other liabilities	0	0	-	-	-	-
Accrued expenses and deferred income	0	2	-	-	-	-
Total liabilities	**9**	**24**	**1**	**42**	**74**	**5**
Off balance[1]	**651**	**519**	**174**	**191**	**-**	**-**

[1] Including nominal values on derivatives.

Parent company

EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Net interest income	35	66	2	3	-	0
Net fee and commission income	53	49	1	1	1	1
Net result from items at fair value	-	-	2	6	-	-
Other operating income	6	10	-	-	-	0
Total operating expenses	-28	-38	-	-	-	-
Profit before loan losses	**66**	**87**	**5**	**10**	**1**	**1**

The terms "group undertakings" and "associated undertakings" refer to group undertakings and associated undertakings of the Nordea Bank Finland Group. In addition to the parent company figures stated above, the parent company's assets included receivables, interest-bearing securities, derivatives and other assets from other Nordea group undertakings in the amount of EUR 36,579m (39,885), liabilities in the amount of EUR 46,588m (45,688), profit before loan losses in the amount of EUR -641m (-569) and off-balance sheet commitments in the amount of EUR 203,052m (218,491). Off balance sheet transactions with Nordea group associated undertakings amounted to EUR 5,488m (7,895) and corresponding balance sheet values of derivatives were EUR 132m (268) in assets and EUR 34m (4) in liabilities.

Compensations and loans and receivables to Key management personnel

Compensations and loans to Key management personnel are specified in Note 8.

Note 46 Mergers, acquisitions, disposals and dissolutions

Subsidiaries acquired during 2013	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
SIA Baltic Ipasums (Latvia)	Real estate activities	0	0

Other subsidiaries established during 2013	Number of companies	Total assets EURm	Profit/loss for the year as included in the Bank Group
Other companies	1	2	0

Subsidiaries sold during 2013	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
Lahden Aleksanterinkatu 19-21	Real estate company	5	0

Other subsidiaries sold during 2013	Number of companies	Total assets EURm	Profit/loss for the year as included in the Bank Group
Other companies	1	1	0

Subsidiaries merged during 2013	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
Fidenta Oy	Computer programming activities	4	2

Subsidiaries dissolved during 2013	Number of companies	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Associated undertakings dissolved during 2013	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
-	-	-	-

Note 47 Credit risk disclosure

Credit risk management and credit risk analysis is described in the Risk, Liquidity and Capital management section of the Board of Directors´ Report. Additional information on credit risk is also disclosed in the Capital and Risk management Report (Pillar 3) 2013, which is available on www.nordea.com.

Group

Exposure types, EURm	31 Dec 2013	31 Dec 2012
On-balance sheet items	153,299	159,345
Off-balance sheet items	15,301	14,675
Securities financing	1,740	1,120
Derivatives	18,698	31,580
Exposure At Default (EAD)	**189,038**	**206,720**

Tables presented in this Note, containing exposure, are presented as Exposure At Default (EAD). EAD is the exposure after applying credit conversion factors (CCF).

Link between credit risk exposure and the balance sheet
This section discloses the link between the loan portfolio as defined by accounting standards and exposure as defined in CRD III. The main differences are outlined in this section to illustrate the link between the different reporting methods.

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

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

Items presented in the Annual Report, in accordance with the accounting standards, are divided as follows:

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

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

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

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

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

- Assets pledged as security for own liabilities and "Other assets pledged" (apart from leasing). These transactions are reported as securities financing (i.e. a separate exposure type)
- Derivatives

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

On-balance sheet items
Group

31 Dec 2013, EURm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Other	Balance sheet
Cash and balances with central banks	30,904				30,904
Interest-bearing securities and pledged instruments	17,912	26,073			43,985
Loans to central banks and credit institutions	28,636		7,131	0	35,767
Loans to the public	74,422		40,176	-820	113,779
Derivatives[1]			70,234		70,234
Intangible assets				100	100
Other assets and prepaid expenses	1,551	7,271	65	1,104	9,991
Total assets	**153,425**	**33,344**	**117,607**	**384**	**304,761**

31 Dec 2012, EURm	Original exposure	Items related to market risk	Repos, derivatives, securities lending	Other	Restate-ments[2]	Balance sheet
Cash and balances with central banks	30,004					30,004
Interest-bearing securities and pledged instruments	23,188	-21,159			6,451	37,896
Loans to central banks and credit institutions	29,468		-7,358	0		36,827
Loans to the public	74,814		-26,716	766		100,765
Derivatives[1]	0		-117,213			117,213
Intangible assets	0			-108		108
Other assets and prepaid expenses	2,060	-9,188	-55	-1,381	35	12,649
Total assets	**159,534**	**-30,347**	**-151,343**	**-723**	**6,487**	**335,461**

[1] Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives is included in the credit risk.
[2] The change in presentation of forward starting bonds has impacted the balance sheet (see Note 1), but has not impacted the capital adequacy calculations.

Off-balance sheet items
Group

31 Dec 2013, EURm	Credit risk in Basel II calculation
Contingent liabilities	15,836
Commitments	16,603
Total off-balance sheet items	**32,439**

31 Dec 2013, EURm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities and Checking accounts	13,435	4,676	18,111	31%	5,633
Loan commitments	2,767	259	3,026	26%	793
Guarantees	14,760		14,760	57%	8,415
Other	1,476		1,476	31%	459
Total	**32,439**	**4,935**	**37,374**		**15,301**

31 Dec 2012, EURm	Credit risk in Basel II calculation
Contingent liabilities	16,419
Commitments	16,589
Total off-balance sheet items	**33,008**

31 Dec 2012, EURm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities and Checking accounts	14,168	4,371	18,539	26%	4,784
Loan commitments	2,428	248	2,675	24%	653
Guarantees	15,279		15,279	58%	8,929
Other	1,134		1,134	27%	309
Total	**33,008**	**4,619**	**37,627**		**14,675**

The table below presents the distribution of collateral used in the capital adequacy calculation process. The table shows real estate to be the major part of the eligible collateral items in relative terms, also showing that residential real estate as collateral experienced the highest relative increase during the year. Real estate is commonly used as collateral for credit risk mitigation purposes. There is no certain concentration of real estate collateral to any region within the Nordic and Baltic countries. Other physical collateral consist of vessels, machinery, equipment and other movables. The relative share of financial collaterals decreased during the year due to the different treatment of financial collaterals in IMM approach.

Collateral distribution

Group

EURm	31 Dec 2013	31 Dec 2012
Financial Collateral	2%	13%
Receivables	2%	2%
Residential Real Estate	82%	76%
Commercial Real Estate	8%	5%
Other Physical Collateral	7%	4%

When Nordea sells protection in a CDO transaction, Nordea carries the risk of losses in the reference portfolio on the occurrence of a credit event. When Nordea buys protection in a CDO transaction, any losses in the reference portfolio, in which Nordea has not necessarily invested, triggered by a credit event is then carried by the seller of protection.

The risk from CDOs is hedged with a portfolio of CDSs. The risk positions are subject to various types of market risk limits, including VaR, and the CDO valuations are subject to fair value adjustments for model risk. These fair value adjustments are recognised in the income statement.

Collaterised Debt Obligations (CDO) - Exposure [1]

Group and parent company

	31 Dec 2013		31 Dec 2012	
Nominals, EURm	Bought protection	Sold protection	Bought protection	Sold protection
CDOs, gross	1,266	1,587	1,833	2,314
Hedged exposures	965	966	1,442	1,444
CDOs, net[2]	**301[3]**	**621[4]**	**391[3]**	**870[4]**
- of which Equity	57	102	53	173
- of which Mezzanine	108	306	80	148
- of which Senior	136	213	258	549

[1] First-to-Default swaps are not classified as CDOs and are therefore not included in the table. Net bought protection amounts to EUR 47m (214) and net sold protection to EUR 18m (50). Both bought and sold protection are, to the predominant part, investment grade.

[2] Net exposure disregards exposure where tranches are completely identical in terms of reference pool attachment, detachment, maturity and currency.

[3] Of which investment grade EUR 184m (349) and sub investment grade EUR 115m (42).

[4] Of which investment grade EUR 411m (769) and sub investment grade EUR 273m (101) and not rated EUR 0m (0).

Restructured loans current year[1]

	Group		Parent company	
EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Loans before restructuring, carrying amount	0	31	0	31
Loans after restructuring, carrying amount	0	0	0	0

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

Assets taken over for protection of claims[1]

	Group		Parent company	
EURm	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Current assets, carrying amount:				
Land and buildings	108	93	108	93
Shares and other participations				
Other assets	3	4	0	0
Total	**111**	**97**	**108**	**93**

[1] In accordance with Nordea's policy for taking over assets for protection of claims, which is in compliance with the local Banking Business Acts, wherever Nordea is located. Assets, used as collateral for the loan, are generally taken over when the customer is not able to fulfil its obligations to Nordea.

The table below shows loans past due 6 days or more that are not considered impaired split by corporate and household customers. Past due loans to corporate customers that are not considered impaired were at end of 2013 EUR 251m down from EUR 316m one year ago, while past due loans for household customers increased to EUR 438m (405).

Past due loans, excl. impaired loans

	Group				Parent company			
	31 Dec 2013		31 Dec 2012		31 Dec 2013		31 Dec 2012	
EURm	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers
6-30 days	92	215	110	183	34	194	37	163
31-60 days	70	144	62	144	37	101	23	94
61-90 days	30	71	26	68	18	51	17	47
>90 days	58	8	118	9	53	8	112	9
Total	**251**	**438**	**316**	**405**	**142**	**354**	**189**	**314**
Past due not impaired loans divided by loans to the public after allowances, %	0.34	1.15	0.50	1.08	0.20	1.00	0.32	0.91

The distribution of loans to corporate by size of loans, seen in the table below, shows a high degree of diversification where approximately 80% of the corporate volume represents loans up to EUR 50m per customer.

Loans to corporate customers, by size of loan

	Group				Parent company			
EURm	31 Dec 2013	%	31 Dec 2012	%	31 Dec 2013	%	31 Dec 2012	%
0-10	41,146	54.9	33,812	54.0	39,041	54.9	31,766	54.0
10-50	19,140	25.6	16,316	26.1	18,161	25.6	15,329	26.1
50-100	5,199	6.9	4,717	7.5	4,933	6.9	4,432	7.5
100-250	5,939	7.9	6,038	9.6	5,635	7.9	5,673	9.6
250-500	3,471	4.6	1,735	2.8	3,293	4.6	1,630	2.8
500-	0	0.0	0	0.0	0	0.0	0	0
Total	**74,895**	**100.0**	**62,618**	**100.0**	**71,064**	**100.0**	**58,830**	**100.0**

Interest-bearing securities

Group	31 Dec 2013			31 Dec 2012		
EURm	At fair value	At amortised cost	Total	At fair value	At amortised cost	Total
State and sovereigns	8,672		8,672	6,483		6,483
Municipalities and other public bodies	146		146	97		97
Mortgage institutions	12,353		12,353	9,004		9,004
Other credit institutions	8,600	2,166	10,766	10,476	2,373	12,849
Corporates	1,881		1,881	1,151		1,151
Corporates, sub-investment grade	428		428	234		234
Other	0		0	0		-
Total	**32,080**	**2,166**	**34,246**	**27,445**	**2,373**	**29,818**

Parent company	31 Dec 2013			31 Dec 2012		
EURm	At fair value	At amortised cost	Total	At fair value	At amortised cost	Total
State and sovereigns	8,672		8,672	6,483		6,483
Municipalities and other public bodies	146		146	97		97
Mortgage institutions	12,353		12,353	9,004		9,004
Other credit institutions	8,600	2,166	10,766	10,476	2,373	12,849
Corporates	1,881		1,881	1,151		1,151
Corporates, sub-investment grade	428		428	234		234
Other	0		-	0		-
Total	**32,080**	**2,166**	**34,246**	**27,445**	**2,373**	**29,818**

Note 48 Nordea shares

Nordea Bank Finland Plc does not possess own shares. During the year Nordea Bank Finland has bought and sold shares in its parent company Nordea Bank AB (publ) as part of its normal trading and market making activities. The trades are specified in the table enclosed.

Acquisitions

Month	Quantity	Average acq.price	Amount, EUR
January	69,189	7.72	528,605.85
February	456	8.24	3,757.44
March	65,884	8.97	602,862.87
April	177,806	8.58	1,539,078.41
May	117,103	9.65	1,132,049.86
June	8,455	8.50	70,010.90
July	2,638	9.04	24,116.90
August	134,187	9.51	1,278,093.26
September	46,997	9.01	420,291.23
October	229,419	8.91	2,086,514.32
November	131,899	9.19	1,210,670.81
December	83,942	9.12	752,058.39
	1,067,975		9,648,110.23

Sales

Month	Quantity	Average price	Amount, EUR
January	-284,570	7.57	-2,160,718.81
February	-11,725	8.51	-100,506.07
March	-113,091	8.97	-1,030,519.36
April	-115,124	8.63	-1,039,752.90
May	-124,125	9.43	-1,186,326.96
June	-3,006	9.17	-27,282.40
July	-8,600	8.86	-75,281.47
August	-105,453	9.53	-950,382.79
September	-124,270	9.05	-1,133,033.73
October	-262,302	9.22	-2,452,024.76
November	-68,353	9.36	-638,041.72
December	-97,207	9.16	-876,125.61
	-1,317,826		-11,669,996.57

The quota value of the Nordea Bank AB (publ) share is EUR 1.00. The trades had an insignificant effect on the shareholding and voting-power in Nordea Bank AB (publ). At year-end 2013 NBF owned 32,441 shares of the parent company.

The proposal of the Board of Directors to the Annual General Meeting

The parent company's distributable funds on 31 December 2013 were EUR 6,040,396,280.47, of which the profit for the year was EUR 780,036,821.89. The Board of Directors proposes that

1. a dividend of EUR 750,000,000.00 be paid
2. whereafter the distributable funds will be EUR 5,290,396,280.47.

Signatures of the Directors' report and of the Financial Statements:

Helsinki, 28 February 2014

Torsten Hagen Jørgensen

Casper von Koskull

Carl-Johan Granvik

Gunn Wærsted

Our auditors' report has been issued today.

Helsinki, 28 February 2014

KPMG OY AB

Marcus Tötterman
Authorised Public Accountant

Auditors’ report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Nordea Bank Finland Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Nordea Bank Finland Plc for the year ended on 31 December 2013. The financial statements comprise both the consolidated and the parent company’s statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company’s accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor’s responsibility
Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Finnish Credit Institutions Act, the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion,

- both the consolidated and the parent company’s financial statements give a true and fair view of their financial position, financial performance, and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland
- the information in the report of the Board of Directors is consistent with the information in the financial statements.

Other opinions
We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Managing Director be discharged from liability for the financial period audited by us.

Helsinki 28 February 2014

KPMG OY AB

Marcus Tötterman
Authorized Public Accountant in Finland

INDEX OF DEFINED TERMS

REGISTERED AND PRINCIPAL OFFICE OF THE ISSUER

Nordea Bank Finland Plc
Aleksanterinkatu 36 B
FI-00020 Nordea Helsinki
Finland
Telephone number: +358 9 1651

INDEPENDENT PUBLIC ACCOUNTANTS

PricewaterhouseCoopers Oy
Itämerentori 2
FI-00180 Helsinki
Finland

DEALERS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

Deutsche Bank Aktiengesellschaft
Grosse Gallusstrasse 10-14
60272 Frankfurt am Main
Germany

DZ BANK AG
Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Platz der Republik
60265 Frankfurt am Main
Germany

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Landesbank Baden-Württemberg
Am Hauptbahnhof 2
70173 Stuttgart
Germany

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

Natixis
30 avenue Pierre Mendès France
75013 Paris
France

Norddeutsche Landesbank - Girozentrale -
Friedrichswall 10
30159 Hannover
Germany

Nordea Bank Danmark A/S
Christiansbro
Strandgade 3
DK-1401 Copenhagen K
Denmark

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR
United Kingdom

Société Générale
29, Boulevard Haussmann
75009 Paris
France

UBS Limited
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

UniCredit Bank AG
Arabellastr. 12
81925 Munich
Germany

SWISS DEALER

UBS AG
Bahnhofstrasse 45
CH-8001 Zurich
Switzerland

FISCAL AGENT AND PAYING AGENT

Citibank, N.A.
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR AND TRANSFER AGENT

Citigroup Global Markets Deutschland AG
Reuterweg 16
60323 Frankfurt am Main
Germany

FINNISH ISSUING AGENT

Nordea Bank Finland Plc
Aleksanterinkatu 36 B
FI-00020 Nordea Helsinki
Finland

FINNISH REGISTRAR

Euroclear Finland Ltd
PB 1110
FI-00101 Helsinki
Finland

IRISH LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

LEGAL ADVISERS

To the Issuer as to English law

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

To the Dealers as to English law

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

Programme counsel as to Finnish law

Hannes Snellman Attorneys Ltd
Eteläesplanadi 20
Helsinki
Finland

Programme counsel as to Swiss law

Homburger AG
Prime Tower
Hardstrasse 201
CH-8005 Zurich
Switzerland