

IMPORTANT NOTICE

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

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

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

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

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

SUPPLEMENT NO. 1 DATED 1 AUGUST 2014 TO THE BASE PROSPECTUS DATED 8 MAY 2014



NORDEA BANK AB (publ)

(Incorporated with limited liability in the Kingdom of Sweden)

€50,000,000,000

Euro Medium Term Note Programme

This supplement no. 1 (the "**Supplement**") is supplemental to, and must be read in conjunction with, the base prospectus dated 8 May 2014 (the "**Base Prospectus**" which also serves as a base listing particulars, the "**Base Listing Particulars**") prepared by Nordea Bank AB (publ) (the "**Issuer**") with respect to its €50,000,000,000 Euro Medium Term Note Programme (the "**Programme**") and constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

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

Application has been made to the Irish Stock Exchange for the approval of this Supplement as a Base Listing Particulars supplement (the "**Base Listing Particulars Supplement**"). Save where expressly provided or the context otherwise requires, in the case of Exempt Notes, any reference in this Supplement to "Supplement" shall be deemed to be a reference to "Base Listing Particulars Supplement" and any reference to "Base Prospectus" shall be deemed to be a reference to "Base Listing Particulars".

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

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

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

AMENDMENTS TO THE BASE PROSPECTUS

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

SECOND QUARTER REPORT 2014

On 17 July 2014, the Issuer published its second quarter report for the six months ending 30 June 2014 (the "**Second Quarter Report 2014**"). The Second Quarter Report 2014 contains unaudited consolidated and individual financial statements. By virtue of this Supplement, the unaudited consolidated income statement, statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement the Issuer's unaudited income statement and balance sheet and the related notes of the Second Quarter Report 2014 are set out in the annex hereto, and such annex forms part of this Supplement and the Base Prospectus.

RATINGS

On 29 May 2014, Moody's announced that it had changed the ratings outlook of a total of 81 banks, including the Nordea Group, in the European Union, Liechtenstein and Norway from stable to negative. In addition, the ratings outlook of two other banks was changed from positive to stable. This announcement followed the completion by Moody's of its review of bank ratings due to the introduction of the new European bank recovery and resolution framework. Due to this ratings action, the text "Aa3" relating to the rating given by Moody's Investors Service Limited to the Issuer in the section entitled "Ratings" on page vii of the Base Prospectus is deleted and replaced with the text "Aa3 (Negative outlook)".

RISK FACTORS

The section of the Base Prospectus entitled "Risk Factors" is supplemented as follows:

1. The text "(together with the January 2011 release (as defined herein))" in the first paragraph of the section entitled "Risk Factors—Risks Relating to Liquidity and Capital Requirements—The Nordea Group's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate" on page 18 of the Base Prospectus is deleted and replaced with the text "(together with the press release published by the Basel Committee on Banking Supervision on 13 January 2011 setting out the minimum requirements for non-common equity tier 1 and tier 2 instruments to ensure loss absorbency at the point of non-viability)".
2. The following text is inserted to become the last three sentences of the first paragraph of the section entitled "Risk Factors—Risks Relating to the Notes—CRD IV introduces capital requirements that are in addition to the minimum capital ratio" on page 25 of the Base Prospectus:

"As of the date of hereof, certain proposed legislative amendments to implement CRD IV in Sweden have not yet been adopted. However, the SFSA has announced plans on how the new capital requirements will be applied once the proposal is adopted, including the assignment of a systemic risk buffer of 3.0 per cent. in common equity tier 1 capital as of 1 January 2015, a further 2.0 per cent. common equity tier 1 capital requirement that will apply within the framework of pillar 2 and the activation of the countercyclical buffer in Sweden."
3. The following text is inserted to immediately follow the last paragraph of the section entitled "Risk Factors—Risks Relating to the Notes—CRD IV introduces capital requirements that are in addition to the minimum capital ratio" on page 25 of the Base Prospectus:

"The SFSA has proposed to implement 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 indicated that it does not, under normal conditions, intend to make a formal decision on the capital requirement under pillar 2. To the extent that the SFSA has not adopted any formal decision, the capital requirement under pillar 2 does not affect the level at which 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."

4. The section entitled "Risk Factors—Risks Relating to the Notes—Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes" on page 27 of the Base Prospectus is deleted and replaced with the following text:

"Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes."

Recovery and Resolution Directive

On 12 June 2014, a directive providing for the establishment of a European-wide framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**") was published in the Official Journal of the European Union. The BRRD is expected to enter into force before 1 January 2015 with implementation dates discussed below. 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 contemplates that powers will be provided 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 (which could include Subordinated Notes) 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 Notes), whether unsubordinated or subordinated, of a failing financial institution and/or to convert certain debt claims (which could include the Notes) into another security, including ordinary shares of the surviving Group entity, if any, which may itself be written down. The bail-in power can be used to recapitalise an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. The write-down and conversion power can be used either together with, or also, independently of, a resolution action.

The majority of the measures set out in the BRRD will need to be implemented in national law 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 addition to the loss absorption requirements, 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.

There remains uncertainty regarding the ultimate nature and scope of these powers and, when implemented, how they would affect the Issuer, the Nordea Group and the Notes. Accordingly, it is not yet possible to assess the full impact of the BRRD. There can be no assurances that, once it is implemented, the fact of its implementation or the taking of any actions currently contemplated (including any earlier implementation of such requirements in Sweden (including retrospectively, if and to the extent the BRRD is implemented retrospectively so as to apply to the Notes)) would not adversely affect the price or value of an investment in Notes subject to the provisions of the BRRD and/or the ability of the Issuer to satisfy its obligations under such Notes. Until fully implemented, the Issuer cannot predict the precise effects of the bail-in power and the write-down and conversion power and its use in relation to the Notes. Prospective investors in the Notes should consult their own advisors as to the consequences of the implementation of the BRRD."

5. The following text is inserted to immediately follow the second sentence of the section entitled "Risk Factors—Risks Relating to the Notes—Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act" on page 29 of the Base Prospectus:

"Sweden and the United States have reached an agreement in substance to enter into an intergovernmental agreement (an "IGA") to help implement FATCA for certain Swedish entities. If the IGA is entered into as agreed in substance, payments of U.S. source income to Swedish "financial institutions," as defined under the IGA, including the Issuer, would not be subject to FATCA withholding provided that they are in compliance with the IGA. However, the Issuer and other Swedish financial institutions would be required to report certain information regarding their respective U.S. account holders to the government of Sweden, which information may ultimately be reported to the U.S. Internal Revenue Service. It is not yet certain how the IGA would address withholding on "foreign passthru payments" (which may include payments on the Notes) or if such withholding will be required at all. In addition, there can be no assurances that Sweden and the United States will in fact enter into an IGA."

BOARD OF DIRECTORS

The following paragraph is inserted to immediately precede the section entitled "Nordea Bank AB (publ)—Group Executive Management" on page 121 of the Base Prospectus:

"On 17 July 2014, Nordea Bank AB announced that Svein Jacobsen, member of the Board of Directors of Nordea Bank AB had notified the Board of Directors that his assignment as board member of Nordea Bank AB will be discontinued early with effect from 31 July 2014."

GROUP EXECUTIVE MANAGEMENT

The following paragraphs are inserted to immediately precede the section entitled "Nordea Bank AB (publ)—Independence" on page 123 of the Base Prospectus:

"On 4 June 2014, Nordea Bank AB announced that Peter Nyegaard, member of Group Executive Management, Executive Vice President, Chief Operating Officer of Wholesale Banking and Country Senior Executive in Denmark, had decided to leave Nordea Bank AB and that Mads G. Jakobsen, Deputy Head of Retail Banking, was appointed as new Country Senior Executive in Denmark. On 10 June 2014, Nordea Bank AB announced that Mads G.

Jakobsen was also appointed a member of Group Executive Management. Prior to his current position, Mr. Jakobsen held a number of senior positions within Wholesale Banking, most recently as Head of FICC (Fixed Income, Currencies & Commodities).

There are no potential conflicts of interest between any duties of the members of the Board of Directors or members of Group Executive Management of the Issuer (including Mads G. Jakobsen) towards the Issuer and their private interests and/or other duties."

GENERAL INFORMATION

The third paragraph of the "General Information" section on page 158 of the Base Prospectus is deleted and replaced by the following:

- "3. Since 30 June 2014, the date to which the latest unaudited financial statements of the Issuer were prepared, there has been no significant change in the financial or trading position of the Issuer or the Nordea Group."

UPDATE OF THE SUMMARY OF THE PROGRAMME

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

SELECTED FINANCIAL INFORMATION

The Selected Financial Information section on pages 125-127 of the Base Prospectus is replaced in its entirety with the updated Selected Financial Information in Appendix 2 to this Supplement.

ANNEX

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Nordea Bank AB (publ)

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Income statement

| EURm | Note | Q2 2014 | Q2 2013 | Jan-Jun 2014 | Jan-Jun 2013 | Full year 2013 |
|---|------|---------------|---------------|-----------------|-----------------|-------------------|
| Operating income | | | | | | |
| Interest income | | 2,549 | 2,686 | 5,077 | 5,379 | 10,604 |
| Interest expense | | -1,181 | -1,295 | -2,347 | -2,630 | -5,079 |
| Net interest income | | 1,368 | 1,391 | 2,730 | 2,749 | 5,525 |
| Fee and commission income | | 941 | 904 | 1,872 | 1,749 | 3,574 |
| Fee and commission expense | | -233 | -240 | -460 | -462 | -932 |
| Net fee and commission income | 3 | 708 | 664 | 1,412 | 1,287 | 2,642 |
| Net result from items at fair value | 4 | 356 | 416 | 767 | 860 | 1,539 |
| Profit from companies accounted for under the equity method | | 3 | 9 | 12 | 44 | 79 |
| Other operating income | | 21 | 10 | 36 | 56 | 106 |
| Total operating income | | 2,456 | 2,490 | 4,957 | 4,996 | 9,891 |
| Operating expenses | | | | | | |
| General administrative expenses: | | | | | | |
| Staff costs | | -907 | -753 | -1,663 | -1,507 | -2,978 |
| Other expenses | 5 | -415 | -453 | -841 | -914 | -1,835 |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | | -64 | -50 | -119 | -102 | -227 |
| Total operating expenses | | -1,386 | -1,256 | -2,623 | -2,523 | -5,040 |
| Profit before loan losses | | 1,070 | 1,234 | 2,334 | 2,473 | 4,851 |
| Net loan losses | 6 | -135 | -186 | -293 | -384 | -735 |
| Operating profit | | 935 | 1,048 | 2,041 | 2,089 | 4,116 |
| Income tax expense | | -219 | -248 | -485 | -506 | -1,009 |
| Net profit for the period from continuing operations | | 716 | 800 | 1,556 | 1,583 | 3,107 |
| Net profit for the period from discontinued operations, after tax | 12 | -30 | -29 | -39 | -16 | 9 |
| Net profit for the period | | 686 | 771 | 1,517 | 1,567 | 3,116 |
| Attributable to: | | | | | | |
| Shareholders of Nordea Bank AB (publ) | | 686 | 772 | 1,517 | 1,566 | 3,116 |
| Non-controlling interests | | - | -1 | - | 1 | - |
| Total | | 686 | 771 | 1,517 | 1,567 | 3,116 |
| Basic earnings per share, EUR - Total operations | | 0.17 | 0.19 | 0.38 | 0.39 | 0.77 |
| Diluted earnings per share, EUR - Total operations | | 0.17 | 0.19 | 0.38 | 0.39 | 0.77 |

Statement of comprehensive income

| EURm | Q2 2014 | Q2 2013 | Jan-Jun 2014 | Jan-Jun 2013 | Full year 2013 |
|--|-------------|-------------|-----------------|-----------------|-------------------|
| Net profit for the period | 686 | 771 | 1,517 | 1,567 | 3,116 |
| Items that may be reclassified subsequently to the income statement | | | | | |
| Currency translation differences during the period | -108 | -568 | -138 | -574 | -999 |
| Hedging of net investments in foreign operations: | | | | | |
| Valuation gains/losses during the period | 109 | 272 | 95 | 304 | 464 |
| Tax on valuation gains/losses during the period | -24 | -60 | -21 | -67 | -102 |
| Available for sale investments: ¹ | | | | | |
| Valuation gains/losses during the period | 11 | -24 | 22 | 10 | 31 |
| Tax on valuation gains/losses during the period | -2 | 8 | -5 | -1 | -6 |
| Cash flow hedges: | | | | | |
| Valuation gains/losses during the period | -18 | 29 | -49 | 27 | -2 |
| Tax on valuation gains/losses during the period | 5 | -7 | 11 | -7 | -1 |
| Items that may not be reclassified subsequently to the income statement | | | | | |
| Defined benefit plans: | | | | | |
| Remeasurement of defined benefit plans | -102 | - | -159 | - | 155 |
| Tax on remeasurement of defined benefit plans | 25 | - | 36 | - | -39 |
| Other comprehensive income, net of tax² | -104 | -350 | -208 | -308 | -499 |
| Total comprehensive income | 582 | 421 | 1,309 | 1,259 | 2,617 |
| Attributable to: | | | | | |
| Shareholders of Nordea Bank AB (publ) | 582 | 422 | 1,309 | 1,258 | 2,617 |
| Non-controlling interests | - | -1 | - | 1 | - |
| Total | 582 | 421 | 1,309 | 1,259 | 2,617 |

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

² Of which EUR 27m for Q2 2014 and EUR 29m for Jan-Jun 2014 (Q2 2013: EUR -12m, Jan-Jun 2013: EUR -22m, Jan-Dec 2013: EUR -22m) related to discontinued operations.

Balance sheet

| EURm | Note | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2013 |
|--|------|----------------|----------------|----------------|
| Assets | | | | |
| Cash and balances with central banks | | 25,191 | 33,529 | 29,682 |
| Loans to central banks | 7 | 11,639 | 11,769 | 6,840 |
| Loans to credit institutions | 7 | 14,977 | 10,743 | 11,632 |
| Loans to the public | 7 | 347,076 | 342,451 | 340,354 |
| Interest-bearing securities | | 89,438 | 87,314 | 83,137 |
| Financial instruments pledged as collateral | | 8,430 | 9,575 | 7,289 |
| Shares | | 35,950 | 33,271 | 30,064 |
| Derivatives | | 78,644 | 70,992 | 78,875 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | | 234 | 203 | 265 |
| Investments in associated undertakings | | 489 | 630 | 614 |
| Intangible assets | | 3,284 | 3,246 | 3,336 |
| Property and equipment | | 511 | 431 | 424 |
| Investment property | | 3,457 | 3,524 | 3,293 |
| Deferred tax assets | | 74 | 62 | 131 |
| Current tax assets | | 147 | 31 | 162 |
| Retirement benefit assets | | 322 | 321 | 128 |
| Other assets | | 14,516 | 11,064 | 14,487 |
| Prepaid expenses and accrued income | | 2,211 | 2,383 | 2,376 |
| Assets held for sale | 12 | 136 | 8,895 | 8,807 |
| Total assets | | 636,726 | 630,434 | 621,896 |
| <i>Of which assets customer bearing the risk</i> | | <i>27,322</i> | <i>24,912</i> | <i>22,318</i> |
| Liabilities | | | | |
| Deposits by credit institutions | | 53,753 | 59,090 | 62,887 |
| Deposits and borrowings from the public | | 201,646 | 200,743 | 196,268 |
| Liabilities to policyholders | | 50,667 | 47,226 | 45,380 |
| Debt securities in issue | | 185,506 | 185,602 | 173,183 |
| Derivatives | | 70,436 | 65,924 | 72,972 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | | 2,818 | 1,734 | 1,970 |
| Current tax liabilities | | 416 | 303 | 396 |
| Other liabilities | | 30,936 | 24,737 | 24,732 |
| Accrued expenses and prepaid income | | 3,361 | 3,677 | 3,568 |
| Deferred tax liabilities | | 881 | 935 | 1,042 |
| Provisions | | 329 | 177 | 341 |
| Retirement benefit obligations | | 491 | 334 | 338 |
| Subordinated liabilities | | 6,604 | 6,545 | 7,223 |
| Liabilities held for sale | 12 | 36 | 4,198 | 3,725 |
| Total liabilities | | 607,880 | 601,225 | 594,025 |
| Equity | | | | |
| Non-controlling interests | | 2 | 2 | 4 |
| Share capital | | 4,050 | 4,050 | 4,050 |
| Share premium reserve | | 1,080 | 1,080 | 1,080 |
| Other reserves | | -367 | -159 | 32 |
| Retained earnings | | 24,081 | 24,236 | 22,705 |
| Total equity | | 28,846 | 29,209 | 27,871 |
| Total liabilities and equity | | 636,726 | 630,434 | 621,896 |
| Assets pledged as security for own liabilities | | 175,208 | 174,418 | 170,564 |
| Other assets pledged | | 9,987 | 7,467 | 8,699 |
| Contingent liabilities | | 21,749 | 20,870 | 22,544 |
| Credit commitments ¹ | | 78,358 | 78,332 | 82,069 |
| Other commitments | | 1,028 | 1,267 | 1,306 |

¹ Including unutilised portion of approved overdraft facilities of EUR 44,485m (31 Dec 2013: EUR 44,053, 30 Jun 2013: EUR 44,228m).

Statement of changes in equity

| Attributable to shareholders of Nordea Bank AB (publ) | | | | | | | | | | |
|---|----------------------------|-----------------------|-----------------------------------|------------------|--------------------------------|-----------------------|-------------------|---------------|---------------------------|---------------|
| Other reserves: | | | | | | | | | | |
| EURm | Share capital ¹ | Share premium reserve | Translation of foreign operations | Cash flow hedges | Available for sale investments | Defined benefit plans | Retained earnings | Total | Non-controlling interests | Total equity |
| Balance at 1 Jan 2014 | 4,050 | 1,080 | -613 | -18 | 81 | 391 | 24,236 | 29,207 | 2 | 29,209 |
| Total comprehensive income | - | - | -64 | -38 | 17 | -123 | 1,517 | 1,309 | - | 1,309 |
| Share-based payments ³ | - | - | - | - | - | - | 11 | 11 | - | 11 |
| Dividend for 2013 | - | - | - | - | - | - | -1,734 | -1,734 | - | -1,734 |
| Disposal of own shares ² | - | - | - | - | - | - | 51 | 51 | - | 51 |
| Balance at 30 Jun 2014 | 4,050 | 1,080 | -677 | -56 | 98 | 268 | 24,081 | 28,844 | 2 | 28,846 |

| Attributable to shareholders of Nordea Bank AB (publ) | | | | | | | | | | |
|---|----------------------------|-----------------------|-----------------------------------|------------------|--------------------------------|-----------------------|-------------------|---------------|---------------------------|---------------|
| Other reserves: | | | | | | | | | | |
| EURm | Share capital ¹ | Share premium reserve | Translation of foreign operations | Cash flow hedges | Available for sale investments | Defined benefit plans | Retained earnings | Total | Non-controlling interests | Total equity |
| Balance at 1 Jan 2013 | 4,050 | 1,080 | 24 | -15 | 56 | 275 | 22,530 | 28,000 | 5 | 28,005 |
| Total comprehensive income | - | - | -637 | -3 | 25 | 116 | 3,116 | 2,617 | - | 2,617 |
| Share-based payments ³ | - | - | - | - | - | - | 17 | 17 | - | 17 |
| Dividend for 2012 | - | - | - | - | - | - | -1,370 | -1,370 | - | -1,370 |
| Purchases of own shares ² | - | - | - | - | - | - | -57 | -57 | - | -57 |
| Other changes | - | - | - | - | - | - | - | - | -3 | -3 |
| Balance at 31 Dec 2013 | 4,050 | 1,080 | -613 | -18 | 81 | 391 | 24,236 | 29,207 | 2 | 29,209 |

| Attributable to shareholders of Nordea Bank AB (publ) | | | | | | | | | | |
|---|----------------------------|-----------------------|-----------------------------------|------------------|--------------------------------|-----------------------|-------------------|---------------|---------------------------|---------------|
| Other reserves: | | | | | | | | | | |
| EURm | Share capital ¹ | Share premium reserve | Translation of foreign operations | Cash flow hedges | Available for sale investments | Defined benefit plans | Retained earnings | Total | Non-controlling interests | Total equity |
| Balance at 1 Jan 2013 | 4,050 | 1,080 | 24 | -15 | 56 | 275 | 22,530 | 28,000 | 5 | 28,005 |
| Total comprehensive income | - | - | -337 | 20 | 9 | - | 1,566 | 1,258 | 1 | 1,259 |
| Share-based payments ³ | - | - | - | - | - | - | 9 | 9 | - | 9 |
| Dividend for 2012 | - | - | - | - | - | - | -1,370 | -1,370 | - | -1,370 |
| Purchases of own shares ² | - | - | - | - | - | - | -30 | -30 | - | -30 |
| Other changes | - | - | - | - | - | - | - | - | -2 | -2 |
| Balance at 30 Jun 2013 | 4,050 | 1,080 | -313 | 5 | 65 | 275 | 22,705 | 27,867 | 4 | 27,871 |

¹ Total shares registered were 4,050 million (31 Dec 2013: 4,050 million, 30 Jun 2013: 4,050 million).

² Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 30 Jun 2014 were 24.5 million (31 Dec 2013: 31.8 million, 30 Jun 2013: 32.8 million).

³ The total holding of own shares related to Long Term Incentive Programme (LTIP) is 15.9 million (31 Dec 2013: 18.3 million, 30 Jun 2013: 18.3 million).

Cash flow statement, condensed - Total operations

| EURm | Jan-Jun 2014 | Jan-Jun 2013 | Full year 2013 |
|--|-----------------|-----------------|-------------------|
| <i>Operating activities</i> | | | |
| Operating profit | 2,041 | 2,089 | 4,116 |
| Profit for the period from discontinued operations, after tax | -39 | -16 | 9 |
| Adjustments for items not included in cash flow | 4,563 | 1,829 | 4,492 |
| Income taxes paid | -505 | -614 | -1,010 |
| Cash flow from operating activities before changes in operating assets and liabilities | 6,060 | 3,288 | 7,607 |
| Changes in operating assets and liabilities | -15,698 | -6,479 | -1,292 |
| Cash flow from operating activities | -9,638 | -3,191 | 6,315 |
| <i>Investing activities</i> | | | |
| Sale/acquisition of business operations | 481 | - | - |
| Property and equipment | -139 | -47 | -120 |
| Intangible assets | -70 | -91 | -228 |
| Net investments in debt securities, held to maturity | 2,032 | 429 | 930 |
| Other financial fixed assets | -1 | -10 | -10 |
| Cash flow from investing activities | 2,303 | 281 | 572 |
| <i>Financing activities</i> | | | |
| Issued/amortised subordinated liabilities | - | - | -500 |
| Divestment/repurchase of own shares incl change in trading portfolio | 51 | -30 | -57 |
| Dividend paid | -1,734 | -1,370 | -1,370 |
| Cash flow from financing activities | -1,683 | -1,400 | -1,927 |
| Cash flow for the period | -9,018 | -4,310 | 4,960 |
| Cash and cash equivalents at beginning of the period | 45,670 | 42,808 | 42,808 |
| Translation difference | 61 | -351 | -2,098 |
| Cash and cash equivalents at end of the period | 36,713 | 38,147 | 45,670 |
| Change | -9,018 | -4,310 | 4,960 |
| Cash and cash equivalents | 30 Jun | 30 Jun | 31 Dec |
| The following items are included in cash and cash equivalents (EURm): | <u>2014</u> | <u>2013</u> | <u>2013</u> |
| Cash and balances with central banks | 25,191 | 29,682 | 33,529 |
| Loans to central banks | 9,542 | 6,102 | 9,313 |
| Loans to credit institutions | 1,968 | 2,254 | 2,290 |
| Assets held for sale | 12 | 109 | 538 |

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

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

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

Notes to the financial statements

Note 1 Accounting policies

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC), as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the recommendation RFR 1 "Supplementary Accounting Rules for Groups" and UFR statements issued by the Swedish Financial Reporting Board as well as the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54, 2013:2 and 2013:24) have also been applied.

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

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2013 Annual Report.

The new standard IFRS 10 "Consolidated Financial Statements" was implemented on 1 January 2014 but has not had any significant impact on the financial statements.

The Swedish Financial Supervisory Authority has issued amendments to FFFS 2008:25 in FFFS 2013:24 and the Swedish Financial Reporting Board has issued amendments to RFR 1 "Supplementary Accounting Rules for Groups". These amendments are effective as from 1 January 2014 but have not had any significant impact on Nordea.

Forward starting bonds

The presentation of forward starting bonds was changed in the fourth quarter 2013. The impact on the comparative figures for the second quarter 2013 was not significant and the comparative figures have consequently not been restated.

Impact on capital adequacy from new or amended IFRS standards

IFRS 9 "Financial Instruments" covering classification and measurement (Phase I) and general hedging (Phase III) has been adopted by the IASB but has not yet been implemented by Nordea.

The changes in classification and measurement (Phase I) 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 or 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.

The main change to the general hedging requirements (Phase III) is that the standard aligns hedge accounting more closely with the risk management activities. As Nordea generally only 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.

The IASB has also adopted IFRS 15 "Revenue from Contracts with Customers". The new standard has not yet been implemented by Nordea. It is not expected that the standard will have any significant impact on Nordea's financial statements, capital adequacy or large exposures.

Exchange rates

| | Jan-Jun 2014 | Jan-Dec 2013 | Jan-Jun 2013 |
|----------------------------------|-----------------|-----------------|-----------------|
| EUR 1 = SEK | | | |
| Income statement (average) | 8.9594 | 8.6524 | 8.5302 |
| Balance sheet (at end of period) | 9.1762 | 8.8591 | 8.7773 |
| EUR 1 = DKK | | | |
| Income statement (average) | 7.4627 | 7.4579 | 7.4572 |
| Balance sheet (at end of period) | 7.4557 | 7.4593 | 7.4588 |
| EUR 1 = NOK | | | |
| Income statement (average) | 8.2796 | 7.8091 | 7.5226 |
| Balance sheet (at end of period) | 8.4035 | 8.3630 | 7.8845 |
| EUR 1 = PLN | | | |
| Income statement (average) | 4.1766 | 4.1969 | 4.1777 |
| Balance sheet (at end of period) | 4.1568 | 4.1543 | 4.3376 |
| EUR 1 = RUB | | | |
| Income statement (average) | 48.0224 | 42.3269 | 40.7514 |
| Balance sheet (at end of period) | 46.3779 | 45.3246 | 42.8450 |

Note 2 Segment reporting

| | Operating segments | | | | | | | Total Group |
|--|--------------------|--------------------|-------------------|------------------------|--------------------------|--------------------------|----------------|--------------|
| | Retail Banking | Whole-sale Banking | Wealth Management | Group Corporate Centre | Other operating segments | Total operating segments | Reconciliation | |
| Jan-Jun 2014 | | | | | | | | |
| Total operating income, EURm | 2,871 | 1,303 | 817 | 201 | 6 | 5,198 | -241 | 4,957 |
| - of which internal transactions ¹ , EURm | -795 | -126 | 11 | 881 | 29 | 0 | - | - |
| Operating profit, EURm | 1,115 | 822 | 420 | 66 | 1 | 2,424 | -383 | 2,041 |
| Loans to the public ² , EURbn | 221 | 57 | 9 | - | - | 287 | 60 | 347 |
| Deposits and borrowings from the public ² , EURbn | 109 | 40 | 11 | - | - | 160 | 42 | 202 |

Jan-Jun 2013

| | | | | | | | | |
|--|-------|-------|-----|-----|----|-------|-----|--------------|
| Total operating income, EURm | 2,809 | 1,265 | 733 | 200 | 4 | 5,011 | -15 | 4,996 |
| - of which internal transactions ¹ , EURm | -818 | -148 | 14 | 952 | 0 | 0 | - | - |
| Operating profit, EURm | 1,056 | 679 | 351 | 81 | -1 | 2,166 | -77 | 2,089 |
| Loans to the public ² , EURbn | 216 | 58 | 9 | - | - | 283 | 57 | 340 |
| Deposits and borrowings from the public ² , EURbn | 106 | 42 | 11 | - | - | 159 | 37 | 196 |

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

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

Breakdown of Retail Banking, Wholesale Banking and Wealth Management

| | Retail Banking Nordic ¹ | | Retail Banking Baltic countries ² | | Retail Banking Other ³ | | Retail Banking Jan-Jun | |
|--|------------------------------------|-------|--|------|-----------------------------------|------|------------------------|--------------|
| | Jan-Jun | | Jan-Jun | | Jan-Jun | | Jan-Jun | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Total operating income, EURm | 2,857 | 2,762 | 85 | 81 | -71 | -34 | 2,871 | 2,809 |
| - of which internal transactions, EURm | -672 | -735 | -23 | -23 | -100 | -60 | -795 | -818 |
| Operating profit, EURm | 1,223 | 1,092 | 2 | 19 | -110 | -55 | 1,115 | 1,056 |
| Loans to the public, EURbn | 213 | 208 | 8 | 8 | - | - | 221 | 216 |
| Deposits and borrowings from the public, EURbn | 105 | 103 | 4 | 3 | - | - | 109 | 106 |

| | Corporate & Institutional Banking | | Shipping, Offshore & Oil Services | | Nordea Bank Russia | | Capital Markets unallocated | | Wholesale Banking Other ⁴ | | Wholesale Banking Jan-Jun | |
|--|-----------------------------------|------|-----------------------------------|------|--------------------|------|-----------------------------|------|--------------------------------------|------|---------------------------|--------------|
| | Jan-Jun | | Jan-Jun | | Jan-Jun | | Jan-Jun | | Jan-Jun | | Jan-Jun | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Total operating income, EURm | 782 | 748 | 181 | 168 | 141 | 117 | 204 | 214 | -5 | 18 | 1,303 | 1,265 |
| - of which internal transactions, EURm | -81 | -109 | -33 | -41 | -17 | -22 | 52 | 64 | -47 | -40 | -126 | -148 |
| Operating profit, EURm | 490 | 453 | 183 | 66 | 90 | 79 | 93 | 103 | -34 | -22 | 822 | 679 |
| Loans to the public, EURbn | 39 | 40 | 11 | 12 | 7 | 6 | - | - | - | - | 57 | 58 |
| Deposits and borrowings from the public, EURbn | 35 | 37 | 4 | 4 | 1 | 1 | - | - | - | - | 40 | 42 |

| | Private Banking | | Asset Management | | Life & Pension unallocated | | Wealth Management Other ⁵ | | Wealth Management Jan-Jun | |
|--|-----------------|------|------------------|------|----------------------------|------|--------------------------------------|------|---------------------------|------------|
| | Jan-Jun | | Jan-Jun | | Jan-Jun | | Jan-Jun | | Jan-Jun | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Total operating income, EURm | 410 | 372 | 279 | 232 | 258 | 231 | -130 | -102 | 817 | 733 |
| - of which internal transactions, EURm | 8 | 10 | 0 | 0 | 0 | 0 | 3 | 4 | 11 | 14 |
| Operating profit, EURm | 204 | 169 | 167 | 125 | 154 | 129 | -105 | -72 | 420 | 351 |
| Loans to the public, EURbn | 9 | 9 | - | - | - | - | - | - | 9 | 9 |
| Deposits and borrowings from the public, EURbn | 11 | 11 | - | - | - | - | - | - | 11 | 11 |

¹ Retail Banking Nordic includes banking operations in Denmark, Finland, Norway and Sweden.

² Retail Banking Baltic countries includes banking operations in Estonia, Latvia and Lithuania.

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

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

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

Note 2, continued

Reconciliation between total operating segments and financial statements

| | Operating profit, EURm Jan-Jun | | Loans to the public, EURbn 30 Jun | | Deposits and borrowings from the public, EURbn 30 Jun | |
|---|--------------------------------------|--------------|---|------------|---|------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Total operating segments | 2,424 | 2,166 | 287 | 283 | 160 | 159 |
| Group functions ¹ | -70 | -53 | - | - | - | - |
| Unallocated items | -156 | 61 | 63 | 46 | 44 | 30 |
| Differences in accounting policies ² | -157 | -85 | -3 | 11 | -2 | 7 |
| Total | 2,041 | 2,089 | 347 | 340 | 202 | 196 |

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

² Impact from plan exchange rates used in the segment reporting. As from Q1 2014 the allocation principles has changed, which in addition leads to a difference between the measurement of the operating profit in the "Total operating segments" and the "Total Group". Comparative figures have been restated accordingly.

Measurement of operating segments' performance

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

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

Note 3 Net fee and commission income

| EURm | Q2 2014 | Q1 2014 | Q2 2013 | Jan-Jun 2014 | Jan-Jun 2013 | Full year 2013 |
|--|-------------|-------------|-------------|-----------------|-----------------|-------------------|
| Asset management commissions | 292 | 273 | 244 | 565 | 476 | 1,000 |
| Life insurance | 88 | 91 | 82 | 179 | 166 | 350 |
| Brokerage, securities issues and corporate finance | 72 | 85 | 85 | 157 | 150 | 296 |
| Custody and issuer services | 53 | 22 | 35 | 75 | 57 | 124 |
| Deposits | 10 | 9 | 12 | 19 | 24 | 50 |
| Total savings and investments | 515 | 480 | 458 | 995 | 873 | 1,820 |
| Payments | 101 | 103 | 101 | 204 | 201 | 417 |
| Cards | 130 | 123 | 133 | 253 | 250 | 508 |
| Total payment and cards | 231 | 226 | 234 | 457 | 451 | 925 |
| Lending | 126 | 137 | 133 | 263 | 256 | 510 |
| Guarantees and documentary payments | 44 | 46 | 45 | 90 | 99 | 187 |
| Total lending related commissions | 170 | 183 | 178 | 353 | 355 | 697 |
| Other commission income | 25 | 42 | 34 | 67 | 70 | 132 |
| Fee and commission income | 941 | 931 | 904 | 1,872 | 1,749 | 3,574 |
| Savings and investments | -85 | -82 | -75 | -167 | -150 | -322 |
| Payments | -21 | -21 | -23 | -42 | -45 | -90 |
| Cards | -62 | -58 | -68 | -120 | -125 | -259 |
| State guarantee fees | -32 | -35 | -32 | -67 | -65 | -132 |
| Other commission expenses | -33 | -31 | -42 | -64 | -77 | -129 |
| Fee and commission expenses | -233 | -227 | -240 | -460 | -462 | -932 |
| Net fee and commission income | 708 | 704 | 664 | 1,412 | 1,287 | 2,642 |

Note 4 Net result from items at fair value

| EURm | Q2 2014 | Q1 2014 | Q2 2013 | Jan-Jun 2014 | Jan-Jun 2013 | Full year 2013 |
|--|------------|------------|------------|-----------------|-----------------|-------------------|
| Shares/participations and other share-related instruments | 841 | 55 | 77 | 896 | 1,028 | 2,630 |
| Interest-bearing securities and other interest-related instruments | 1,177 | 955 | -328 | 2,132 | -287 | 238 |
| Other financial instruments | 90 | 25 | -3 | 115 | 128 | 90 |
| Foreign exchange gains/losses | -318 | -101 | 223 | -419 | 513 | 876 |
| Investment properties | 4 | 161 | 39 | 165 | 62 | 145 |
| Change in technical provisions ¹ , Life insurance | -1,239 | -551 | 681 | -1,790 | -8 | -1,519 |
| Change in collective bonus potential, Life insurance | -213 | -154 | -278 | -367 | -599 | -978 |
| Insurance risk income, Life insurance | 49 | 51 | 51 | 100 | 102 | 202 |
| Insurance risk expense, Life insurance | -35 | -30 | -46 | -65 | -79 | -145 |
| Total | 356 | 411 | 416 | 767 | 860 | 1,539 |

Of which Life insurance

| EURm | Q2 2014 | Q1 2014 | Q2 2013 | Jan-Jun 2014 | Jan-Jun 2013 | Full year 2013 |
|--|------------|------------|------------|-----------------|-----------------|-------------------|
| Shares/participations and other share-related instruments | 894 | 55 | -7 | 949 | 932 | 2,418 |
| Interest-bearing securities and other interest-related instruments | 628 | 519 | -406 | 1,147 | -285 | 30 |
| Other financial instruments | -5 | 0 | 0 | -5 | 0 | 0 |
| Foreign exchange gains/losses | -31 | -5 | 19 | -36 | -23 | 66 |
| Investment properties | 8 | 163 | 37 | 171 | 61 | 144 |
| Change in technical provisions ¹ , Life insurance | -1,239 | -551 | 681 | -1,790 | -8 | -1,519 |
| Change in collective bonus potential, Life insurance | -213 | -154 | -278 | -367 | -599 | -978 |
| Insurance risk income, Life insurance | 49 | 51 | 51 | 100 | 102 | 202 |
| Insurance risk expense, Life insurance | -35 | -30 | -46 | -65 | -79 | -145 |
| Total | 56 | 48 | 51 | 104 | 101 | 218 |

¹ Premium income amounts to EUR 547m for Q2 2014 and EUR 1,148 m for Jan-Jun 2014 (Q1 2014: EUR 601m, Q2 2013: EUR 513m, Jan-Jun 2013: 1,210m, Jan-Dec 2013: EUR 2,278m).

Note 5 Other expenses

| | Q2 | Q1 | Q2 | Jan-Jun | Jan-Jun | Full year |
|--|-------------|-------------|-------------|-------------|-------------|---------------|
| EURm | 2014 | 2014 | 2013 | 2014 | 2013 | 2013 |
| Information technology | -127 | -144 | -161 | -271 | -304 | -671 |
| Marketing and representation | -26 | -28 | -31 | -54 | -60 | -116 |
| Postage, transportation, telephone and office expenses | -42 | -50 | -49 | -92 | -104 | -192 |
| Rents, premises and real estate | -124 | -87 | -92 | -211 | -187 | -373 |
| Other | -96 | -117 | -120 | -213 | -259 | -483 |
| Total | -415 | -426 | -453 | -841 | -914 | -1,835 |

Note 6 Net loan losses

| | Q2 | Q1 | Q2 | Jan-Jun | Jan-Jun | Full year |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| EURm | 2014 | 2014 | 2013 | 2014 | 2013 | 2013 |
| Loan losses divided by class | | | | | | |
| Loans to credit institutions | 0 | 0 | 0 | 0 | 0 | 1 |
| Loans to the public | -121 | -152 | -189 | -273 | -402 | -748 |
| - of which provisions | -228 | -269 | -310 | -497 | -620 | -1,131 |
| - of which write-offs | -151 | -158 | -173 | -309 | -315 | -709 |
| - of which allowances used to cover write-offs | 109 | 126 | 129 | 235 | 240 | 508 |
| - of which reversals | 129 | 132 | 149 | 261 | 257 | 508 |
| - of which recoveries | 20 | 17 | 16 | 37 | 36 | 76 |
| Off-balance sheet items | -14 | -6 | 3 | -20 | 18 | 12 |
| Total | -135 | -158 | -186 | -293 | -384 | -735 |

Key ratios

| | Q2 | Q1 | Q2 | Jan-Jun | Jan-Jun | Full year |
|-------------------------------|------|------|------|---------|---------|-----------|
| | 2014 | 2014 | 2013 | 2014 | 2013 | 2013 |
| Loan loss ratio, basis points | 16 | 18 | 22 | 17 | 23 | 21 |
| - of which individual | 15 | 18 | 24 | 17 | 22 | 20 |
| - of which collective | 1 | 0 | -2 | 0 | 1 | 1 |

Note 7 Loans and impairment

| EURm | Total | | | |
|---|----------------|----------------|----------------|----------------|
| | 30 Jun 2014 | 31 Mar 2014 | 31 Dec 2013 | 30 Jun 2013 |
| Loans, not impaired | 370,098 | 363,538 | 361,218 | 355,004 |
| Impaired loans | 6,409 | 6,317 | 6,564 | 6,677 |
| - Performing | 4,073 | 3,908 | 3,909 | 3,808 |
| - Non-performing | 2,336 | 2,409 | 2,655 | 2,869 |
| Loans before allowances | 376,507 | 369,855 | 367,782 | 361,681 |
| Allowances for individually assessed impaired loans | -2,391 | -2,407 | -2,397 | -2,454 |
| - Performing | -1,418 | -1,391 | -1,372 | -1,362 |
| - Non-performing | -973 | -1,016 | -1,025 | -1,092 |
| Allowances for collectively assessed impaired loans | -424 | -421 | -422 | -401 |
| Allowances | -2,815 | -2,828 | -2,819 | -2,855 |
| Loans, carrying amount | 373,692 | 367,027 | 364,963 | 358,826 |

| EURm | Central banks and credit institutions | | | | The public | | | |
|---|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 30 Jun 2014 | 31 Mar 2014 | 31 Dec 2013 | 30 Jun 2013 | 30 Jun 2014 | 31 Mar 2014 | 31 Dec 2013 | 30 Jun 2013 |
| Loans, not impaired | 26,619 | 20,646 | 22,515 | 18,476 | 343,479 | 342,892 | 338,703 | 336,528 |
| Impaired loans | 24 | 24 | 24 | 24 | 6,385 | 6,293 | 6,540 | 6,653 |
| - Performing | - | - | - | - | 4,073 | 3,908 | 3,909 | 3,808 |
| - Non-performing | 24 | 24 | 24 | 24 | 2,312 | 2,385 | 2,631 | 2,845 |
| Loans before allowances | 26,643 | 20,670 | 22,539 | 18,500 | 349,864 | 349,185 | 345,243 | 343,181 |
| Allowances for individually assessed impaired loans | -24 | -24 | -24 | -24 | -2,367 | -2,383 | -2,373 | -2,430 |
| - Performing | - | - | - | - | -1,418 | -1,391 | -1,372 | -1,362 |
| - Non-performing | -24 | -24 | -24 | -24 | -949 | -992 | -1,001 | -1,068 |
| Allowances for collectively assessed impaired loans | -3 | -3 | -3 | -4 | -421 | -418 | -419 | -397 |
| Allowances | -27 | -27 | -27 | -28 | -2,788 | -2,801 | -2,792 | -2,827 |
| Loans, carrying amount | 26,616 | 20,643 | 22,512 | 18,472 | 347,076 | 346,384 | 342,451 | 340,354 |

Allowances and provisions

| EURm | 30 Jun 2014 | 31 Mar 2014 | 31 Dec 2013 | 30 Jun 2013 |
|---|----------------|----------------|----------------|----------------|
| Allowances for items on the balance sheet | -2,815 | -2,828 | -2,819 | -2,855 |
| Provisions for off balance sheet items | -81 | -67 | -61 | -70 |
| Total allowances and provisions | -2,896 | -2,895 | -2,880 | -2,925 |

Key ratios

| | 30 Jun 2014 | 31 Mar 2014 | 31 Dec 2013 | 30 Jun 2013 |
|---|----------------|----------------|----------------|----------------|
| Impairment rate, gross, basis points | 170 | 171 | 178 | 185 |
| Impairment rate, net, basis points | 107 | 106 | 113 | 117 |
| Total allowance rate, basis points | 75 | 76 | 77 | 79 |
| Allowances in relation to impaired loans, % | 37 | 38 | 37 | 37 |
| Total allowances in relation to impaired loans, % | 44 | 45 | 43 | 43 |
| Non-performing, not impaired, EURm | 334 | 360 | 418 | 346 |

Note 8 Classification of financial instruments

| EURm | Loans and receivables | Held to maturity | Held for trading | Designated at fair value through profit or loss | Derivatives used for hedging | Available for sale | Total |
|--|--------------------------|---------------------|---------------------|--|------------------------------------|-----------------------|----------------|
| Financial assets | | | | | | | |
| Cash and balances with central banks | 25,191 | - | - | - | - | - | 25,191 |
| Loans to central banks | 10,699 | - | 940 | - | - | - | 11,639 |
| Loans to credit institutions | 7,286 | - | 7,625 | 66 | - | - | 14,977 |
| Loans to the public | 248,963 | - | 47,090 | 51,023 | - | - | 347,076 |
| Interest-bearing securities | - | 3,331 | 38,327 | 19,746 | - | 28,034 | 89,438 |
| Financial instruments pledged as collateral | - | - | 8,430 | - | - | - | 8,430 |
| Shares | - | - | 7,118 | 28,828 | - | 4 | 35,950 |
| Derivatives | - | - | 76,468 | - | 2,176 | - | 78,644 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 234 | - | - | - | - | - | 234 |
| Other assets | 7,200 | - | - | 6,048 | - | - | 13,248 |
| Prepaid expenses and accrued income | 1,613 | - | 61 | 16 | - | - | 1,690 |
| Total 30 Jun 2014 | 301,186 | 3,331 | 186,059 | 105,727 | 2,176 | 28,038 | 626,517 |
| Total 31 Dec 2013 ¹ | 304,996 | 5,359 | 166,073 | 105,551 | 1,947 | 28,006 | 611,932 |

| EURm | Held for trading | Designated at fair value through profit or loss | Derivatives used for hedging | Other financial liabilities | Total |
|--|---------------------|--|------------------------------------|-----------------------------------|----------------|
| Financial liabilities | | | | | |
| Deposits by credit institutions | 26,670 | 1,847 | - | 25,236 | 53,753 |
| Deposits and borrowings from the public | 29,434 | 6,126 | - | 166,086 | 201,646 |
| Liabilities to policyholders, investment contracts | - | 15,817 | - | - | 15,817 |
| Debt securities in issue | 8,057 | 39,009 | - | 138,440 | 185,506 |
| Derivatives | 69,060 | - | 1,376 | - | 70,436 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | - | - | - | 2,818 | 2,818 |
| Other liabilities | 11,136 | 6,985 | - | 10,479 | 28,600 |
| Accrued expenses and prepaid income | 12 | 374 | - | 1,674 | 2,060 |
| Subordinated liabilities | - | - | - | 6,604 | 6,604 |
| Total 30 Jun 2014 | 144,369 | 70,158 | 1,376 | 351,337 | 567,240 |
| Total 31 Dec 2013 ¹ | 132,375 | 68,001 | 1,336 | 356,619 | 558,331 |

¹ The comparative figures have been restated to reflect a correction of the classification of liabilities linked to the development of assets in pooled schemes. The deposits have been moved from "Other financial liabilities" to "Designated at fair value through profit or loss". Corresponding assets have been moved from "Held for trading" to "Designated at fair value through profit or loss". There was no impact on the carrying amounts.

Note 9 Fair value of financial assets and liabilities

| EURm | 30 Jun 2014 | | 31 Dec 2013 | |
|---|-----------------|----------------|-----------------|----------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Cash and balances with central banks | 25,191 | 25,191 | 33,529 | 33,529 |
| Loans | 373,926 | 373,926 | 365,166 | 365,166 |
| Interest-bearing securities | 89,438 | 89,652 | 87,314 | 87,439 |
| Financial instruments pledged as collateral | 8,430 | 8,430 | 9,575 | 9,575 |
| Shares | 35,950 | 35,950 | 33,271 | 33,271 |
| Derivatives | 78,644 | 78,644 | 70,992 | 70,992 |
| Other assets | 13,248 | 13,248 | 10,179 | 10,179 |
| Prepaid expenses and accrued income | 1,690 | 1,690 | 1,906 | 1,906 |
| Total | 626,517 | 626,731 | 611,932 | 612,057 |
| Financial liabilities | | | | |
| Deposits and debt instruments | 450,327 | 451,516 | 453,714 | 455,368 |
| Liabilities to policyholders | 15,817 | 15,817 | 13,737 | 13,737 |
| Derivatives | 70,436 | 70,436 | 65,924 | 65,924 |
| Other liabilities | 28,600 | 28,600 | 22,610 | 22,610 |
| Accrued expenses and prepaid income | 2,060 | 2,060 | 2,346 | 2,346 |
| Total | 567,240 | 568,429 | 558,331 | 559,985 |

The determination of fair value is described in the Annual report 2013, Note G42 "Assets and liabilities at fair value".

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

| EURm | Quoted prices in active markets for the same instrument (Level 1) | Of which Life | Valuation technique using observable data (Level 2) | Of which Life | Valuation technique using non- observable data (Level 3) | Of which Life | Total |
|---|---|------------------|--|------------------|---|------------------|----------------|
| Assets at fair value on the balance sheet¹ | | | | | | | |
| Loans to central banks | - | - | 940 | - | - | - | 940 |
| Loans to credit institutions | - | - | 7,691 | - | - | - | 7,691 |
| Loans to the public | - | - | 98,113 | - | - | - | 98,113 |
| Interest-bearing securities ² | 55,478 | 11,118 | 38,630 | 6,976 | 353 | 68 | 94,461 |
| Shares ³ | 30,433 | 21,878 | 1,634 | 1,632 | 3,959 | 2,987 | 36,026 |
| Derivatives | 75 | 3 | 77,070 | 81 | 1,499 | - | 78,644 |
| Other assets | - | - | 6,048 | 1 | - | - | 6,048 |
| Prepaid expenses and accrued income | 16 | - | 61 | - | - | - | 77 |
| Total 30 Jun 2014 | 86,002 | 32,999 | 230,187 | 8,690 | 5,811 | 3,055 | 322,000 |
| Total 31 Dec 2013 | 87,475 | 30,764 | 208,347 | 8,362 | 5,755 | 2,946 | 301,577 |
| Liabilities at fair value on the balance sheet¹ | | | | | | | |
| Deposits by credit institutions | - | - | 28,517 | 1,189 | - | - | 28,517 |
| Deposits and borrowings from the public | - | - | 35,560 | - | - | - | 35,560 |
| Liabilities to policyholders | - | - | 15,817 | 15,817 | - | - | 15,817 |
| Debt securities in issue | 39,009 | - | 8,057 | - | - | - | 47,066 |
| Derivatives | 68 | - | 68,419 | 33 | 1,949 | - | 70,436 |
| Other liabilities | 9,809 | - | 8,312 | - | - | - | 18,121 |
| Accrued expenses and prepaid income | - | - | 386 | - | - | - | 386 |
| Total 30 Jun 2014 | 48,886 | - | 165,068 | 17,039 | 1,949 | - | 215,903 |
| Total 31 Dec 2013 | 44,095 | - | 156,217 | 14,905 | 1,400 | - | 201,712 |

¹ All items are measured at fair value on a recurring basis at the end of each reporting period.

² Of which EUR 8,354m relates to the balance sheet item Financial instruments pledged as collateral.

³ Of which EUR 76m relates to the balance sheet item Financial instruments pledged as collateral.

Determination of fair values for items measured at fair value on the balance sheet

For information about valuation techniques and inputs used in the fair value measurement, see the Annual report 2013, Note G42 "Assets and liabilities at fair value".

Transfers between Level 1 and 2

During the period, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 521m from Level 1 to Level 2 and EUR 671m from Level 2 to Level 1 of the fair value hierarchy. Nordea also transferred other liabilities of EUR 180m from Level 2 to Level 1. The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the period and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from Level 2 to Level 1 was that the instruments have again been actively traded during the period and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 10, continued

Movements in Level 3

| EURm | Fair value gains/losses recognised in the income statement during the year | | | Recognised in OCI | Purchases / Issues | Sales | Settlements | Transfers into Level 3 | Transfers out of Level 3 | Translation differences | 30 Jun |
|-----------------------------|--|------------|-------------|-------------------|--------------------|-------------|-------------|------------------------|--------------------------|-------------------------|--------------|
| | 1 Jan | Realised | Un-realised | | | | | | | | |
| Interest-bearing securities | 478 | 7 | 8 | -3 | 48 | -183 | -2 | - | - | - | 353 |
| - of which Life | 104 | 5 | 3 | - | 18 | -62 | - | - | - | - | 68 |
| Shares | 3,841 | 246 | 7 | - | 359 | -458 | -9 | - | -24 | -3 | 3,959 |
| - of which Life | 2,842 | 190 | 20 | - | 331 | -359 | -13 | - | -24 | - | 2,987 |
| Derivatives (net) | 37 | 96 | -487 | - | - | - | -96 | - | - | - | -450 |
| Other liabilities | 1 | - | - | - | - | -1 | - | - | - | - | - |
| Total 2014, net | 4,355 | 349 | -472 | -3 | 407 | -640 | -107 | - | -24 | -3 | 3,862 |
| Total 2013, net | 4,824 | 318 | -222 | - | 132 | -649 | 61 | -21 | -6 | 10 | 4,447 |

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. During the period Nordea transferred shares of EUR 24m from Level 3 to Level 2. The reason for the transfer from Level 3 to Level 2 was that observable market data became available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the period are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in Level 3

For information about valuation processes for fair value measurement in level 3, see the Annual report 2013 Note G42 "Assets and liabilities at fair value".

Deferred day 1 profit

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (Level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (Day 1 profit) is deferred. For more information see, the Annual report 2013 Note G1 "Accounting policies". The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of how this aggregated difference has changed during the period (movement of deferred Day 1 profit).

Deferred day 1 profit - Derivatives, net

| EURm | 2014 | 2013 |
|--|-----------|-----------|
| Opening balance at 1 Jan | 38 | 24 |
| Deferred profit on new transactions | 4 | 22 |
| Recognised in the income statement during the period | -6 | 0 |
| Closing balance at 30 Jun | 36 | 46 |

Note 10, continued

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

| EURm | Fair value | Of which Life ¹ | Valuation techniques | Unobservable input | Range of fair value ⁴ |
|---|--------------|-------------------------------|---|--|-------------------------------------|
| Interest-bearing securities | | | | | |
| Mortgage and other credit institutions ² | 269 | 8 | Discounted cash flows | Credit spread | -11/11 |
| Corporates | 79 | 60 | Discounted cash flows | Credit spread | -5/5 |
| Other | 5 | - | - | - | -1/1 |
| Total 30 Jun 2014 | 353 | 68 | | | -17/17 |
| Total 31 Dec 2013 | 478 | 104 | | | -25/25 |
| Shares | | | | | |
| Private equity funds | 2,306 | 1,784 | Net asset value ³ | | |
| Hedge funds | 427 | 163 | Net asset value ³ | | |
| Credit funds | 452 | 371 | Net asset value/market consensus ³ | | |
| Other funds | 570 | 548 | Net asset value/Fund prices ³ | | |
| Other | 204 | 121 | - | | |
| Total 30 Jun 2014 | 3,959 | 2,987 | | | -394/394 |
| Total 31 Dec 2013 | 3,841 | 2,842 | | | -381/381 |
| Derivatives, net | | | | | |
| Interest rate derivatives | 241 | - | Option model | Correlations Volatilities | -7/7 |
| Equity derivatives | -255 | - | Option model | Correlations Volatilities Dividend | -17/10 |
| Foreign exchange derivatives | -321 | - | Option model | Correlations Volatilities | +/-0 |
| Credit derivatives | -125 | - | Credit derivative model | Correlations Recovery rates | -8/7 |
| Other | 10 | - | Option model | Correlations Volatilities | +/-0 |
| Total 30 Jun 2014 | -450 | - | | | -32/24 |
| Total 31 Dec 2013 | 37 | - | | | -31/25 |

¹ Investment in financial instruments is a major part of the life insurance business, acquired to fulfill the obligations behind the insurance- and investment contracts. The gains or losses on these instruments are almost exclusively allocated to policyholders and do consequently not affect Nordea's equity.

² Of which EUR 155m is priced at a credit spread (the difference between the discount rate and LIBOR) of 1.45% and a reasonable change of this credit spread would not affect the fair value due to callability features.

³ The fair values are based on prices and net asset values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. For private equity funds the dominant measurement methodology used by the suppliers/custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA (European Venture Capital Association). Less than 15% of the private equity fund investments are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are in a range of 0% to 95% compared to the values received from suppliers/custodians.

⁴ The column "Range of fair value" shows the sensitivity of Level 3 financial instruments to changes in key assumptions. For more information see the Annual Report 2013, Note G42 "Assets and liabilities at fair value".

Note 11 Capital adequacy**Summary of items included in own funds**

| EURm | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2013 |
|---|----------------|----------------|----------------|
| Calculation of own funds | | | |
| Equity ¹ | 27,953 | 28,429 | 26,934 |
| Proposed/actual dividend | -781 | -1,734 | -626 |
| Deferred tax assets | - | -68 | -138 |
| Intangible assets | -2,974 | -2,987 | -3,022 |
| IRB provisions shortfall (-) ² | -263 | -369 | -433 |
| Deduction for investments in credit institutions (50%) ³ | - | -99 | -95 |
| Pension assets in excess of related liabilities ⁴ | -86 | - | - |
| Other items, net | -677 | -60 | -70 |
| Common Equity Tier 1 capital (net after deduction) | 23,172 | 23,112 | 22,550 |
| Additional Tier 1 instruments | 1,556 | 1,949 | 1,976 |
| Deductions for investments in insurance companies | - | -616 | -614 |
| Tier 1 capital (net after deduction) | 24,728 | 24,445 | 23,912 |
| Tier 2 instruments | 4,653 | 4,789 | 5,391 |
| IRB provisions excess (+)/shortfall (-) ² | - | -369 | -433 |
| Deduction for investments in credit institutions (50%) ³ | - | -99 | -95 |
| Deductions for investments in insurance companies | -514 | -616 | -614 |
| Pension assets in excess of related liabilities | - | -190 | -87 |
| Other items, net | - | 80 | 65 |
| Own funds (net after deduction)⁵ | 28,867 | 28,040 | 28,139 |

¹ Equity has been restated to include NLP deduction for Q4 2013 and Q2 2013.

² Shortfall is now deducted 100% CET1, previously 50% T1, 50% T2.

³ CRD III deducted 50% T1, 50% T2, CRD IV risk weighted with 250%.

⁴ Based on conditional FSA approval.

⁵ Own Funds adjusted for IRB provision, i.e. Basel I Own funds equal EUR 29,131m by 30 June 2014.

| EURm | 30 Jun 2014 Minimum Capital requirement | 30 Jun 2014 REA | 31 Dec 2013 Minimum Capital requirement | 31 Dec 2013 REA | 30 Jun 2013 Minimum Capital requirement | 30 Jun 2013 REA |
|--|---|-----------------------|---|-----------------------|---|-----------------------|
| Credit risk | 9,779 | 122,241 | 10,376 | 129,705 | 11,006 | 137,582 |
| IRB | 8,486 | 106,083 | 8,965 | 112,061 | 9,243 | 115,551 |
| - of which corporate | 5,963 | 74,538 | 6,787 | 84,844 | 6,972 | 87,154 |
| - of which advanced | 4,386 | 54,824 | - | - | - | - |
| - of which foundation | 1,577 | 19,714 | 6,787 | 84,844 | 6,972 | 87,154 |
| - of which institutions | 736 | 9,202 | 468 | 5,848 | 524 | 6,554 |
| - of which retail | 1,646 | 20,581 | 1,588 | 19,848 | 1,631 | 20,388 |
| - of which other | 141 | 1,762 | 122 | 1,521 | 116 | 1,455 |
| Standardised | 1,293 | 16,158 | 1,411 | 17,644 | 1,763 | 22,031 |
| - of which sovereign | 66 | 825 | 34 | 428 | 24 | 303 |
| - of which retail | 689 | 8,610 | 862 | 10,776 | 845 | 10,556 |
| - of which other | 538 | 6,723 | 515 | 6,440 | 894 | 11,172 |
| Credit Value Adjustment Risk | 273 | 3,412 | - | - | - | - |
| Market risk | 777 | 9,708 | 700 | 8,753 | 580 | 7,253 |
| - of which trading book, Internal Approach | 449 | 5,609 | 410 | 5,131 | 328 | 4,114 |
| - of which trading book, Standardised Approach | 155 | 1,931 | 186 | 2,321 | 157 | 1,957 |
| - of which banking book, Standardised Approach | 173 | 2,168 | 104 | 1,301 | 95 | 1,182 |
| Operational risk | 1,347 | 16,842 | 1,344 | 16,796 | 1,344 | 16,796 |
| Standardised | 1,347 | 16,842 | 1,344 | 16,796 | 1,344 | 16,796 |
| Sub total | 12,176 | 152,203 | 12,420 | 155,254 | 12,930 | 161,631 |
| Adjustment for Basel I floor | | | | | | |
| Additional capital requirement | 5,195 | 64,932 | 4,318 | 53,969 | 4,008 | 50,095 |
| Total | 17,371 | 217,135 | 16,738 | 209,223 | 16,938 | 211,726 |

Note 11, continued

Minimum Capital Requirement & Buffers

| Percentage | Minimum Capital requirement | Buffers | | | | Total |
|------------------------------|--------------------------------|---------|------|------|-----|--------|
| | | CCB | CCCB | SIFI | SRB | |
| Common Equity Tier 1 capital | 4.5 | N/A | N/A | N/A | N/A | 4.5 |
| Tier 1 capital | 6.0 | N/A | N/A | N/A | N/A | 6.0 |
| Own funds | 8.0 | N/A | N/A | N/A | N/A | 8.0 |
| EURm | | | | | | |
| Common Equity Tier 1 capital | 6,849 | | | | | 6,849 |
| Tier 1 capital | 9,132 | | | | | 9,132 |
| Own funds | 12,176 | | | | | 12,176 |

Capital ratios

| | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2013 |
|--|----------------|----------------|----------------|
| Percentage | | | |
| Common Equity Tier 1 capital ratio, including profit | 15.2 | 14.9 | 14.0 |
| Tier 1 ratio, including profit | 16.2 | 15.7 | 14.8 |
| Total capital ratio, including profit | 19.0 | 18.1 | 17.4 |

Note 12 Discontinued operations and disposal groups held for sale

| EURm | Q2 2014 | Q2 2013 | Jan-Jun 2014 | Jan-Jun 2013 | Full year 2013 |
|---|------------|------------|-----------------|-----------------|-------------------|
| Net interest income | 1 | 37 | 28 | 79 | 154 |
| Net fee and commission income | -3 | 9 | -1 | 18 | 38 |
| Other operating income | 4 | -1 | 9 | 0 | 7 |
| Total operating income | 2 | 45 | 36 | 97 | 199 |
| Total operating expenses | -6 | -31 | -41 | -63 | -118 |
| Net loan losses | 3 | -10 | -4 | -11 | -26 |
| Operating profit | -1 | 4 | -9 | 23 | 55 |
| Income tax expense | 0 | 0 | -1 | -6 | -13 |
| Net profit for the period from discontinued | -1 | 4 | -10 | 17 | 42 |
| Net result for the period recognised on the measurement at fair value | -19 | 1 | -19 | 1 | 1 |
| Transaction and transition cost (including cost to sell) | -10 | -34 | -10 | -34 | -34 |
| Net profit for the period from discontinued operations after measurement at fair value less cost to sell | -30 | -29 | -39 | -16 | 9 |

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

Balance sheet - Condensed

| EURm | 30 Jun 2014 |
|--|----------------|
| Assets | |
| Investment in associated undertakings | 95 |
| Total other assets | 41 |
| Total assets held for sale | 136 |
| Liabilities | |
| Total other liabilities | 36 |
| Total liabilities held for sale | 36 |

Discontinued operations and assets/liabilities held for sale relate to Nordea's earlier announced decision to divest its Polish banking, financing and life insurance operations, including Nordea Bank Polska S.A., Nordea Finance Polska S.A. and Nordea Polska Towarzystwo Ubezpieczeń na Życie S.A., to PKO Bank Polski. All regulatory approvals were received and the transaction closed during the second quarter 2014. The operations have consequently been derecognised. The disposal group is excluded from Note 2 "Segment reporting" as this is not part of the reporting to the Chief Operating Decision Maker (CODM). The majority of the business was previously reported in the Retail Banking Poland segment. The impact from discontinued operations on other comprehensive income can be found in the statement of comprehensive income.

As from the first quarter 2014 "Assets held for sale" also includes the investment in the associated undertaking Nets Holding A/S. The reclassification follows Nordea's earlier announced divestment of its 20.7% stake. All approvals have been received and the sale was completed on 9 July 2014. As from the reclassification to "Assets held for sale" the investment is held at the lower of fair value and carrying amount. The gain amounts to approximately EUR 378m and will be recognised during the third quarter.

Note 13 Risks and uncertainties

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

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

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

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

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

Business definitions

Return on equity

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

Total shareholders return (TSR)

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

Risk-adjusted profit

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

Tier 1 capital

The Tier 1 capital of an institution consists of the sum of the Common Equity Tier 1 capital and Additional Tier 1 capital of the institution. Common equity Tier 1 includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, deferred tax assets, intangible assets in the banking operations, the full expected shortfall deduction (the negative difference between expected losses and provisions) and finally other deductions such as cash flow hedges.

Tier 1 capital ratio

Tier 1 capital as a percentage of risk exposure amount. The Common equity tier 1 capital ratio is calculated as Common equity tier 1 capital as a percentage of risk exposure amount.

Loan loss ratio

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

Impairment rate, gross

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

Impairment rate, net

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

Total allowance rate

Total allowances divided by total loans before allowances.

Allowances in relation to impaired loans

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

Total allowances in relation to impaired loans (provisioning ratio)

Total allowances divided by total impaired loans before allowances.

Non-performing, not impaired

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

Expected losses

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

Economic capital

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

RAROCAR

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

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

Nordea Bank AB (publ)

Accounting policies

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

The disclosures in this interim report follow the interim reporting requirements in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54, 2013:2 and 2013:24). More information can be found in the Group's interim report.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2013 Annual Report.

The Swedish Financial Supervisory Authority has issued amendments to FFFS 2008:25 in FFFS 2013:24 and the Swedish Financial Reporting Board has issued amendments to RFR 2 "Accounting for Legal Entities". The new requirement in FFFS 2013:24 for disclosing maturity information was early adopted as from 1 January 2013. All other amendments have been adopted as from 1 January 2014 but have not had any significant impact on Nordea.

Forthcoming changes in IFRS not yet implemented by the parent company can be found in the section "Impact on capital adequacy from new or amended IFRS standards" in Note 1 for the Group. The conclusions within this section are also where applicable relevant for the parent company.

Nordea Bank AB (publ)

Income statement

| EURm | Q2 2014 | Q2 2013 | Jan-Jun 2014 | Jan-Jun 2013 | Full year 2013 |
|---|-------------|-------------|-----------------|-----------------|-------------------|
| Operating income | | | | | |
| <i>Interest income</i> | 526 | 541 | 1,020 | 1,107 | 2,140 |
| <i>Interest expense</i> | -349 | -369 | -695 | -760 | -1,499 |
| Net interest income | 177 | 172 | 325 | 347 | 641 |
| <i>Fee and commission income</i> | 256 | 304 | 543 | 659 | 1,259 |
| <i>Fee and commission expense</i> | -73 | -75 | -135 | -128 | -250 |
| Net fee and commission income | 183 | 229 | 408 | 531 | 1,009 |
| Net result from items at fair value | 35 | 12 | 91 | 41 | 131 |
| Dividends | 1 | 0 | 351 | 300 | 1,827 |
| Other operating income | 468 | 156 | 613 | 313 | 674 |
| Total operating income | 864 | 569 | 1,788 | 1,532 | 4,282 |
| Operating expenses | | | | | |
| General administrative expenses: | | | | | |
| Staff costs | -292 | -248 | -544 | -498 | -982 |
| Other expenses | -236 | -254 | -460 | -478 | -1,018 |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | -34 | -24 | -65 | -48 | -109 |
| Total operating expenses | -562 | -526 | -1,069 | -1,024 | -2,109 |
| Profit before loan losses | 302 | 43 | 719 | 508 | 2,173 |
| Net loan losses | -14 | -30 | -41 | -55 | -124 |
| Impairment of securities held as financial non-current assets | - | - | - | - | -4 |
| Operating profit | 288 | 13 | 678 | 453 | 2,045 |
| Appropriations | - | - | - | - | 102 |
| Income tax expense | -2 | -8 | -12 | -42 | -192 |
| Net profit for the period | 286 | 5 | 666 | 411 | 1,955 |

Nordea Bank AB (publ)

Balance sheet

| EURm | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2013 |
|---|----------------|----------------|----------------|
| Assets | | | |
| Cash and balances with central banks | 395 | 45 | 52 |
| Treasury bills | 4,951 | 4,953 | 4,894 |
| Loans to credit institutions | 89,283 | 80,917 | 71,205 |
| Loans to the public | 40,382 | 34,155 | 34,538 |
| Interest-bearing securities | 11,003 | 11,128 | 11,229 |
| Financial instruments pledged as collateral | 238 | 737 | 410 |
| Shares | 4,722 | 5,351 | 4,857 |
| Derivatives | 4,568 | 4,219 | 4,408 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | -15 | -11 | 6 |
| Investments in group undertakings | 17,514 | 17,723 | 17,664 |
| Investments in associated undertakings | 7 | 7 | 8 |
| Intangible assets | 798 | 729 | 701 |
| Property and equipment | 141 | 118 | 119 |
| Deferred tax assets | 25 | 28 | 17 |
| Current tax assets | 118 | 0 | 85 |
| Other assets | 1,413 | 2,533 | 1,549 |
| Prepaid expenses and accrued income | 1,100 | 1,291 | 1,139 |
| Total assets | 176,643 | 163,923 | 152,881 |
| Liabilities | | | |
| Deposits by credit institutions | 30,552 | 17,500 | 18,982 |
| Deposits and borrowings from the public | 49,259 | 47,531 | 48,180 |
| Debt securities in issue | 64,348 | 62,961 | 52,967 |
| Derivatives | 3,219 | 3,627 | 3,114 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 1,149 | 715 | 824 |
| Current tax liabilities | 2 | 11 | 2 |
| Other liabilities | 1,685 | 4,173 | 1,962 |
| Accrued expenses and prepaid income | 1,121 | 1,150 | 1,325 |
| Deferred tax liabilities | 0 | 10 | 9 |
| Provisions | 240 | 184 | 174 |
| Retirement benefit obligations | 163 | 166 | 176 |
| Subordinated liabilities | 6,011 | 5,971 | 6,643 |
| Total liabilities | 157,749 | 143,999 | 134,358 |
| Untaxed reserves | 3 | 3 | 106 |
| Equity | | | |
| Share capital | 4,050 | 4,050 | 4,050 |
| Share premium reserve | 1,080 | 1,080 | 1,080 |
| Other reserves | -7 | -2 | 23 |
| Retained earnings | 13,768 | 14,793 | 13,264 |
| Total equity | 18,891 | 19,921 | 18,417 |
| Total liabilities and equity | 176,643 | 163,923 | 152,881 |
| Assets pledged as security for own liabilities | 2,215 | 2,454 | 3,120 |
| Other assets pledged | 7,375 | 7,033 | 5,982 |
| Contingent liabilities | 70,679 | 70,385 | 86,126 |
| Credit commitments ¹ | 24,000 | 26,713 | 25,408 |

¹ Including unutilised portion of approved overdraft facilities of EUR 13,539m (31 Dec 2013: EUR 12,845m, 30 Jun 2013: EUR 12,340m).

Note 1 Capital adequacy**Summary of items included in own funds**

| EURm | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2013 |
|---|----------------|----------------|----------------|
| Calculation of own funds | | | |
| Equity | 18,891 | 19,923 | 18,394 |
| Proposed/actual dividend | - | -1,734 | -626 |
| Deferred tax assets | - | -28 | -17 |
| Intangible assets | -798 | -729 | -701 |
| IRB provisions shortfall (-) ¹ | - | -81 | -39 |
| Deduction for investments in credit institutions (50%) ² | - | - | - |
| Pension assets in excess of related liabilities ³ | - | - | - |
| Other items, net | -258 | - | - |
| Common Equity Tier 1 capital (net after deduction) | 17,835 | 17,351 | 17,011 |
| Additional Tier 1 instruments | 1,577 | 1,949 | 1,976 |
| Deductions for investments in insurance companies | - | - | - |
| Tier 1 capital (net after deduction) | 19,412 | 19,300 | 18,987 |
| Tier 2 instruments | 4,435 | 4,143 | 4,693 |
| IRB provisions excess (+)/shortfall (-) ¹ | 53 | -81 | -39 |
| Deduction for investments in credit institutions (50%) ² | - | - | - |
| Deductions for investments in insurance companies | -514 | - | - |
| Pension assets in excess of related liabilities | - | - | - |
| Other items, net | - | - | 33 |
| Own funds (net after deduction)⁴ | 23,386 | 23,362 | 23,674 |

¹ Shortfall is now deducted 100% CET1, previously 50% T1, 50% T2.

² CRD III deducted 50% T1, 50% T2, CRD IV risk weighted with 250%.

³ Based on conditional FSA approval.

⁴ Own Funds adjusted for IRB provision, i.e. Basel I Own funds EUR 23,333m by 30 June 2014.

Own Funds

| EURm | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2013 |
|--|----------------|----------------|----------------|
| Common Equity Tier 1 capital, including profit | 17,835 | 17,351 | 17,011 |
| Own Funds, including profit | 23,386 | 23,362 | 23,674 |
| Common equity tier 1 capital, excluding profit | 17,170 | 17,130 | 16,600 |
| Own funds, excluding profit | 22,720 | 23,141 | 23,264 |

Note 1, continued

| EURm | 30 Jun 2014 Minimum Capital requireme | 30 Jun 2014 REA | 31 Dec 2013 Minimum Capital requireme | 31 Dec 2013 REA | 30 Jun 2013 Minimum Capital requireme | 30 Jun 2013 REA |
|--|---|-----------------------|---|-----------------------|---|-----------------------|
| Credit risk | 5,960 | 74,502 | 6,296 | 78,700 | 6,474 | 80,925 |
| IRB | 2,826 | 35,322 | 3,428 | 42,854 | 3,735 | 46,682 |
| - of which corporate | 2,368 | 29,601 | 3,100 | 38,749 | 3,397 | 42,457 |
| - of which advanced | 1,675 | 20,934 | - | - | - | - |
| - of which foundation | 693 | 8,667 | 3,100 | 38,749 | 3,397 | 42,457 |
| - of which institutions | 242 | 3,028 | 105 | 1,318 | 121 | 1,509 |
| - of which retail | 165 | 2,059 | 180 | 2,254 | 188 | 2,348 |
| - of which other | 51 | 634 | 43 | 533 | 29 | 368 |
| Standardised | 3,134 | 39,180 | 2,868 | 35,846 | 2,739 | 34,243 |
| - of which sovereign | 9 | 117 | 2 | 26 | 104 | 1,299 |
| - of which retail | 229 | 2,863 | 101 | 1,258 | 2 | 27 |
| - of which other | 2,896 | 36,200 | 2,765 | 34,562 | 2,633 | 32,917 |
| Credit Value Adjustment Risk | 14 | 171 | - | - | - | - |
| Market risk | 211 | 2,635 | 128 | 1,596 | 85 | 1,059 |
| - of which trading book, Internal Approach | 54 | 679 | 34 | 429 | 25 | 308 |
| - of which trading book, Standardised Approach | 11 | 133 | 5 | 59 | 7 | 87 |
| - of which banking book, Standardised Approach | 146 | 1,823 | 89 | 1,108 | 53 | 664 |
| Operational risk | 322 | 4,028 | 250 | 3,121 | 250 | 3,121 |
| Standardised | 322 | 4,028 | 250 | 3,121 | 250 | 3,121 |
| Sub total | 6,507 | 81,336 | 6,674 | 83,417 | 6,809 | 85,105 |
| Adjustment for Basel I floor | | | | | | |
| Additional capital requirement | - | - | - | - | - | - |
| Total | 6,507 | 81,336 | 6,674 | 83,417 | 6,809 | 85,105 |

Minimum Capital Requirement & Buffers

| Percentage | Minimum | Buffers | | | | Total |
|------------------------------|---------------------|---------|------|------|-----|--------------|
| | Capital requirement | CCB | CCCB | SIFI | SRB | |
| Common Equity Tier 1 capital | 4.5 | N/A | N/A | N/A | N/A | 4.5 |
| Tier 1 capital | 6.0 | N/A | N/A | N/A | N/A | 6.0 |
| Own funds | 8.0 | N/A | N/A | N/A | N/A | 8.0 |
| EURm | | | | | | |
| Common Equity Tier 1 capital | 3,660 | | | | | 3,660 |
| Tier 1 capital | 4,880 | | | | | 4,880 |
| Own funds | 6,507 | | | | | 6,507 |

Capital ratios

| Percentage | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2013 |
|--|----------------|----------------|----------------|
| Common Equity Tier 1 capital ratio, including profit | 21.9 | 20.8 | 20.0 |
| Tier I ratio, including profit | 23.9 | 23.1 | 22.3 |
| Total Capital ratio, including profit | 28.8 | 28.0 | 27.8 |
| Common Equity Tier 1 capital ratio, excluding profit | 21.1 | 20.5 | 19.5 |
| Tier I ratio, excluding profit | 23.0 | 22.9 | 21.8 |
| Total Capital ratio, excluding profit | 27.9 | 27.7 | 27.3 |

For further information:

- A press conference with management will be held on 17 July at 9.30 CET, at Regeringsgatan 59, Stockholm.
- An international telephone conference for analysts with management will be held on 17 July at 14.30 CET. Please dial +44 20 3427 1906, confirmation code 8591825#, no later than ten minutes in advance. The telephone conference can be viewed live on www.nordea.com. An indexed on-demand version will also be available on www.nordea.com. A replay will be available through 25 July, by dialling +44 20 3427 0598, access code 8591825#.
- An analyst and investor presentation will be held in London on 18 July at 12.00 local time at InterContinental London Park Lane, 1 Hamilton Place, Park Lane, London W1J 7QY. To attend, please contact Claire Deane, UBS Investment Bank, claire.deane@ubs.com
- This quarterly report, an investor presentation and a fact book are available on www.nordea.com.

Contacts:

| | |
|--|------------------|
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| Torsten Hagen Jørgensen, Group CFO | +46 8 614 7814 |
| Rodney Alfvén, Head of Investor Relations | +46 72 235 05 15 |
| Claus Christensen, Head of Group Identity & Communications | +45 2524 8993 |

Financial calendar

22 October 2014 – Third quarter results 2014 (silent period starts 7 October 2014)

The Board of Directors and the President and Group CEO certify that the half-year interim report provides a fair overview of the Parent Company's and the Group's operations, their financial position and result, and describes material risks and uncertainties that the Parent Company and other companies in the Group are facing.

Stockholm 17 July 2014

Björn Wahlroos
Chairman

Marie Ehrling
Vice Chairman

Kari Ahola
Board member¹

Elisabeth Grieg
Board member

Svein Jacobsen
Board member

Tom Knutzen
Board member

Robin Lawther
Board member

Lars G Nordström
Board member

Lars Oddestad
Board member¹

Hans Christian Riise
Board member¹

Sarah Russell
Board member

Kari Stadigh
Board member

Christian Clausen
President and Group CEO

¹ Employee representative

This report is published in one additional language version, in Swedish. In the event of any inconsistencies between the Swedish language version and this English version, the English version shall prevail.

The information provided in this press release is such, which Nordea is required to disclose pursuant to the Swedish Financial Instruments Trading Act (1991:980) and/or the Swedish Securities Markets Act (2007:528).

This report contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward looking statements as a result of various factors. Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels. This report does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

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Smålandsgatan 17
SE-105 71 Stockholm
www.nordea.com/ir
Tel. +46 8 614 7800
Corporate registration No. 516406-0120

Report on Review of Interim Financial Information

Introduction

We have reviewed the half-year interim report of Nordea Bank AB (publ) as of June 30, 2014 and for the six-month period then ended. The Board of directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this half-year interim report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-year interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies for the group and in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies for the parent company.

Stockholm 17 July 2014

KPMG AB

Hans Åkervall
Authorised public accountant

APPENDIX 1 SUMMARY

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

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

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

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

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

| Section B – Issuer | | |
|--------------------|---|---|
| B.1 | The legal name of the Issuer: The commercial name of the Issuer: | Nordea Bank AB (publ) (" Nordea Bank AB " or the " Issuer "). Nordea. |
| B.2 | The domicile and legal form of the Issuer, legislation under which the Issuer operates and its country of incorporation: | The Issuer is a public (<i>publ</i>) limited liability company incorporated under Swedish law and is subject to the Swedish Companies Act (2005:551) and is licensed to conduct banking operations in accordance with the Banking and Finance Business Act (2004:297). The Issuer is registered at the Swedish Companies Registration Office under the name Nordea Bank AB with registration no. 516406-0120 and its registered office is located in Stockholm, Sweden. |
| B.4b | Trends: | Not applicable. There are no clear trends affecting the Issuer or the markets in which it and the Nordea Group operate. |
| B.5 | The Group: | <p>The Issuer is the parent company of the Nordea Group. The Nordea Group is a large financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) with additional operations in Russia, the Baltic countries and Luxembourg, as well as branches in a number of other international locations. The three main subsidiaries of Nordea Bank AB are Nordea Bank Danmark A/S in Denmark, Nordea Bank Finland Plc in Finland and Nordea Bank Norge ASA in Norway.</p> <p>The Issuer believes that the Nordea Group has the largest customer base of any financial services group based in the Nordic markets (based on a comparison of Nordic bank annual reports by Nordea Markets (Nordea Bank Finland Plc)). As of 31 December 2013, the Nordea Group had total assets of EUR 630 billion and tier 1 capital of EUR 24.4 billion, and was the largest Nordic-based asset manager with EUR 233 billion in assets under management.</p> |
| B.9 | Profit forecast or profit estimate: | Not applicable. The Issuer does not make a profit forecast or profit estimate in the Base Prospectus. |
| B.10 | Audit report qualifications: | Not applicable. There are no qualifications in the audit reports for the Issuer. |
| B.12 | Selected key financial information: | The tables below show certain selected summarised financial information which, without material changes, is derived from, and must be read together with, the Nordea Group's audited consolidated financial statements for the year ending 31 December 2013 set out in Annex 1 to the Base Prospectus and the auditor's report and notes thereto and the Nordea Group's unaudited consolidated financial statements for the six months ending 30 June 2014 set out in the Annex to this Supplement and the notes thereto ¹ . |

¹ By virtue of the Supplement dated 1 August 2014, selected key information for the six months ending 30 June 2014 accompanied by comparative data from the same period in the prior financial year has been included.

| | | Group | | | |
|-------------|--|--|---------|---------|---------|
| | | 2013 | 2012 | H1 2014 | H1 2013 |
| | | <i>(EUR millions)</i> | | | |
| | | Income Statement | | | |
| | Total operating income | 9,891 | 9,998 | 4,957 | 4,996 |
| | Net loan losses | -735 | -895 | -293 | -384 |
| | Net profit for the period | 3,116 | 3,126 | 1,517 | 1,567 |
| | | Balance Sheet | | | |
| | Total assets..... | 630,434 | 668,178 | 636,726 | 621,896 |
| | Total liabilities | 601,225 | 640,173 | 607,880 | 594,025 |
| | Total equity | 29,209 | 28,005 | 28,846 | 27,871 |
| | Total liabilities and equity | 630,434 | 668,178 | 636,726 | 621,896 |
| | | Cash Flow Statement | | | |
| | Cash flow from operating activities before changes in operating assets and liabilities | 7,607 | 6,633 | 6,060 | 3,288 |
| | Cash flow from operating activities | 6,315 | 19,754 | -9,638 | -3,191 |
| | Cash flow from investing activities | 572 | 774 | 2,303 | 281 |
| | Cash flow from financing activities | -1,927 | -170 | -1,683 | -1,400 |
| | Cash flow for the period | 4,960 | 20,358 | -9,018 | -4,310 |
| | Change | 4,960 | 20,358 | -9,018 | -4,310 |
| | There has been no material adverse change in the ordinary course of business or in the prospects or condition of the Issuer since 31 December 2013, being the date of its last published audited financial statements. | | | | |
| | There has been no significant change in the financial or trading position of the Issuer which has occurred since 30 June 2014 ² , being the date of its last published unaudited financial statements. | | | | |
| B.13 | Recent events: | Not applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency since the date of its last published audited or unaudited financial statements. | | | |
| B.14 | Dependence upon other entities within the Group: | Not applicable. The Issuer is not dependent on other entities within the Nordea Group. | | | |
| B.15 | The Issuer's principal activities: | <p>The Nordea Group's organisational structure is built around three main business areas: Retail Banking, Wholesale Banking and Wealth Management. In addition to these business areas, the Nordea Group's organisation includes the following two Group functions: Group Corporate Centre and Group Risk Management.</p> <p>The Issuer conducts banking operations in Sweden within the scope of the Nordea Group's business organisation. The Issuer develops and markets financial products and services to personal customers, corporate customers and</p> | | | |

² By virtue of the Supplement dated 1 August 2014, the date since which there has been no significant change in the financial or trading position of the Issuer has been updated from 31 March 2014 to 30 June 2014.

| | | the public sector. | | | | | | | | |
|---|--|---|---------------|--------|-----------------------------------|------------------------|---|------------------------|-----------------------|-----|
| B.16 | Controlling persons: | Not applicable. To the best of the Issuer's knowledge, the Nordea Group is not directly or indirectly owned or controlled by any single person or group of persons acting together. | | | | | | | | |
| B.17 | Ratings assigned to the Issuer or its debt securities: | <p>As of the date of the Base Prospectus, the long term (senior) debt ratings of the Issuer are³:</p> <table><tr><th>Rating Agency</th><th>Rating</th></tr><tr><td>Moody's Investors Service Limited</td><td>Aa3 (Negative outlook)</td></tr><tr><td>Standard & Poor's Credit Market Services Europe Limited</td><td>AA- (Negative outlook)</td></tr><tr><td>Fitch Ratings Limited</td><td>AA-</td></tr></table> <p><i>The Notes to be issued have not been assigned any ratings solicited by the Issuer./The Notes to be issued are expected to be rated:</i></p> <p><i>Standard & Poor's Credit Market Services Europe Limited: [].</i></p> <p><i>Moody's Investors Service Limited: [].</i></p> <p><i>Fitch Ratings Limited: [].</i></p> | Rating Agency | Rating | Moody's Investors Service Limited | Aa3 (Negative outlook) | Standard & Poor's Credit Market Services Europe Limited | AA- (Negative outlook) | Fitch Ratings Limited | AA- |
| Rating Agency | Rating | | | | | | | | | |
| Moody's Investors Service Limited | Aa3 (Negative outlook) | | | | | | | | | |
| Standard & Poor's Credit Market Services Europe Limited | AA- (Negative outlook) | | | | | | | | | |
| Fitch Ratings Limited | AA- | | | | | | | | | |

| Section C – The Notes | | |
|------------------------------|--------------------------------------|--|
| C.1 | Type and class of securities: | <p>Forms of Notes: Notes may be issued in bearer form, in registered form or (in the case of VP Notes, VPS Notes, Swedish Notes and Swiss Franc Notes) in uncertificated and dematerialised book entry form.</p> <p>Each Tranche of Notes in bearer form (except Swiss Franc Notes) will initially be in the form of a Temporary Global Note. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.</p> <p>Global Notes may be issued in Classic Global Note or New Global Note form, as specified in the relevant Final Terms.</p> <p>Each Tranche of Registered Notes will be in the form of either Individual Note Certificates or a Global Registered Note, in each case as specified in the relevant Final Terms. Each Global Registered Note will be exchangeable for Individual Note Certificates in accordance with its terms.</p> |

³ By virtue of the Supplement dated 1 August 2014, the Issuer wishes to clarify that the rating provided by Moody's Investors Service Limited has a negative outlook.

| | | |
|-----|---------------------------------------|---|
| | | <p>Notes in bearer form will not be exchangeable for Notes in registered form and Notes in registered form will not be exchangeable for Notes in bearer form.</p> <p><i>The Notes are [bearer Notes which are [not] issued in New Global Note form/registered Notes/VP Notes/VPS Notes/Swedish Notes in uncertificated and dematerialised book entry form].</i></p> <p>Issuance in Series: Notes are issued in series (each a "Series") and Notes of each Series will all be subject to identical terms (except issue price, issue date and interest commencement date, which may or may not be identical) whether as to currency, denomination, interest or maturity or otherwise, save that a Series may comprise Notes in bearer form and in registered form. Further Notes may be issued as part of an existing Series (each a "Tranche"), which will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches.</p> <p><i>The Series number of the Notes is []. [The Tranche number is [].]</i></p> <p>Security Identification Number(s): The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg or, in the case of VP Notes, the VP or, in the case of VPS Notes, the VPS or, in the case of Swedish Notes, Euroclear Sweden or, in the case of Swiss Franc Notes, the SIS. Each Tranche of Notes will be allocated an International Securities Identification Number (ISIN), Common Code and/or other securities identifier, which will be contained in the Final Terms relating thereto. Notes issued in Series comprising more than one Tranche may be assigned a temporary ISIN and Common Code or other securities identifier on issue.</p> <p><i>The Notes will be cleared through []. The Notes have been assigned the following securities identifiers: [].</i></p> <p>Conditions: "Terms and Conditions of the Notes" in the Base Prospectus, as completed by the relevant Final Terms.</p> |
| C.2 | Currency of the securities issue: | <p>Currencies: U.S. dollars, euro, sterling, Yen, Swiss francs, Renminbi and/or such other currency or currencies as may be agreed with the relevant Dealer(s), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p><i>The currency of the Notes is [].</i></p> <p>Denominations: Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to (i) a minimum denomination of €1,000 (or its equivalent in any other currency); and (ii) compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p><i>The Notes are issued in denomination(s) of [].</i></p> |
| C.5 | Restrictions on free transferability: | <p>Each Dealer and each purchaser of Notes must observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes or distribute the Base Prospectus or any offering material in relation to the Notes. In particular, Nordea Bank AB has not registered, and will not register, the Notes under the Securities Act or any other securities laws. Subject thereto (and, in the case of beneficial owners of global Notes, in accordance with the applicable procedures of the relevant clearing system(s) in which such Notes are held), the Notes will be freely transferable.</p> |

| | | |
|-----|--|---|
| C.8 | The rights attaching to the securities, including ranking and limitations to those rights: | <p>Status of the Notes: Notes may be issued on a subordinated or an unsubordinated basis.</p> <p><i>The Notes are [Unsubordinated Notes/Subordinated Notes].</i></p> <p>Taxation: All payments in respect of the Notes will be made without withholding or deduction for or on account of Swedish withholding taxes unless required by law. If such withholdings are required by Swedish law the Issuer will in certain circumstances pay certain additional amounts as described in, and subject to exceptions set out in, Condition 8 (<i>Taxation</i>).</p> <p>Governing Law: English law governs the Notes and all non-contractual obligations arising out of or in connection with them except that (i) the subordination provisions applicable to Subordinated Notes are governed by Swedish law; (ii) the registration of VP Notes in the VP are governed by Danish law; (iii) the registration of VPS Notes in the VPS are governed by Norwegian law; and (iv) the registration of Swedish Notes in the book entry system and register maintained by Euroclear Sweden (the "Euroclear Sweden Register") are governed by Swedish law. Holders of the Notes are entitled to the rights and subject to the obligations and liabilities arising under such regulations and legislation of such jurisdictions.</p> <p>Negative Pledge: None.</p> <p>Cross Default: None.</p> <p>Substitution and Variation: The Issuer may substitute or vary the terms of the Subordinated Notes as provided in Condition 17 (<i>Substitution and Variation</i>) if so specified in the relevant Final Terms. Such Notes may not be substituted or varied without the prior approval of the Swedish Financial Supervisory Authority (<i>Finansinspektionen</i>) ("SFSA").</p> <p><i>Condition 17 (Substitution and Variation) is [not] applicable to the Notes.</i></p> <p>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 8 May 2014 (as amended and/or restated and/or replaced from time to time).</p> <p>Limitations on the rights attaching to the Notes: This part of the Element is not applicable, as there are no such limitations on rights attaching to the Notes.</p> |
| C.9 | The rights attaching to the securities (continued), including information as to interest, maturity, yield and the representative of the Holders: | <p>See Element C.8 for a description of the rights attaching to the Notes, ranking and limitations.</p> <p>Interest: Notes may be interest bearing or non-interest bearing. See Condition 5 (<i>Interest</i>). Notes may be issued as fixed rate, floating rate (based on LIBOR, EURIBOR, BBSW, BKBM, CDOR, CIBOR, HIBOR, JIBAR, MOSPRIME, NIBOR, SHIBOR, STIBOR, TIBOR, TIIE, TRLIBOR or WIBOR), reset, zero coupon or partly paid. In respect of each Tranche of interest-bearing Notes, the date from which interest becomes payable and the due dates for interest will be specified in the relevant Final Terms.</p> |
| | | <p><i>The Notes do not bear interest./The Notes are interest-bearing:</i></p> <p><i>Nominal interest rate: [].</i></p> |

| | | |
|--|--|---|
| | | <p><i>Interest Commencement Date: [].</i></p> <p><i>Interest Payment Date(s): [].</i></p> <p><i>[Reset Date(s): [].]</i></p> <p><i>[Reference Rate: [].]</i></p> <p><i>[Margin: +/- [].]</i></p> <p><i>[Maximum Rate of Interest: [].]</i></p> <p><i>[Minimum Rate of Interest: [].]</i></p> <p><i>[Day Count Fraction: [].]</i></p> <p>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.</p> <p><i>Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [].</i></p> <p>Redemption: Notes may be redeemable at par or at such other redemption amount as may be specified in the relevant Final Terms.</p> <p>Early redemption of the Notes will be permitted for taxation reasons. In relation to Subordinated Notes only, redemption is permitted as a result of a Capital Event or a Tax Event. Notes denominated in Sterling may not be redeemed prior to one year and one day from the date of issue (the "Issue Date").</p> <p>No early redemption of Subordinated Notes may take place without the prior written consent of the SFSA.</p> <p><i>Unless previously redeemed, or purchased and cancelled, each Note will be redeemed at [par/its final redemption amount of [] per Calculation Amount]. [The Notes are Subordinated Notes and early redemption is permitted as a result of a Capital Event or a Tax Event [only with the prior written consent of the SFSA].]</i></p> <p>Optional Redemption: Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or (in the case of Unsubordinated Notes only) the Holder to the extent (if at all) specified in the relevant Final Terms.</p> <p><i>The Notes do [not] provide for early redemption at the option of [either] the Issuer [and/or] the Holder. [The Notes may be redeemed at the option of the Issuer [in whole]/[in whole or in part] on [] at [], plus accrued interest (if any) to such date, on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holder.]/[The Issuer shall, at the option of the Holder of any Note redeem such Note on [] at [] together with interest (if any) accrued to such date, on the Holder's giving not less than 45 days' notice to the Issuer.]</i></p> <p>Withholding Tax Redemption: Except as described in "Optional Redemption" above, early redemption will only be permitted if, as a result of any change in the laws of the Kingdom of Sweden 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</p> |
|--|--|---|

| | | |
|----------------------|---|---|
| | | <p>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 or in the interpretation or administration of any such laws or regulations which becomes effective on or after the Issue Date of such Notes or, in the case of Unsubordinated Notes, any earlier date specified in the relevant Final Terms on the occasion of the next payment due in respect of such Notes the Issuer would be required to pay additional amounts as provided in Condition 8. In such circumstances, the Issuer may, at its option and with respect to Subordinated Notes, subject to the prior approval of the SFSA, having given not less than thirty nor more than sixty days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders in accordance with Condition 14 (which notice shall be irrevocable) redeem in whole (but not, unless and to the extent that the relevant Final Terms specifies otherwise, in part in relation to Unsubordinated Notes) the Notes of the relevant Series at its Outstanding Principal Amount (or such other redemption amount as may be specified in the relevant Final Terms or at the redemption amount referred to in Condition 6(h), together with accrued interest (if any) thereon.</p> <p>"Outstanding Principal Amount" means, the principal amount of the Note on the Issue Date as reduced by any partial redemptions or repurchases from time to time.</p> <p>Issue Price: Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer at the time of issuance in accordance with prevailing market conditions.</p> <p><i>The Issue Price of the Notes is [].</i></p> <p>Yield: The yield of each Tranche of Notes bearing interest at a fixed rate will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date.</p> <p><i>Based upon the Issue Price of [], at the Issue Date the anticipated yield of the Notes is [] per cent. per annum.</i></p> <p>Representative of the Noteholders: Not applicable. This part of the Element relates to representative(s) of the Noteholders. There is no trustee.</p> |
| C.10 | Derivative components in interest payment: | <p>Not applicable.</p> <p>This Element requires that an explanation be given of how the value of an investment in Notes with interest payments linked to derivative components is affected by the value of the underlying instrument(s). No such Notes will be issued under the Programme.</p> |
| C.11 C.21 | Listing and trading: | <p>Each Series may be admitted to listing on the Official List of the Irish Stock Exchange and to trading on its Main Market and/or admitted to listing elsewhere as may be agreed between the Issuer and the relevant Dealer and as specified in the relevant Final Terms. Unlisted Notes may also be issued.</p> <p><i>The Notes are unlisted Notes./Application will be made for the Notes to be admitted to listing on [] and to trading on [] effective as of [].</i></p> |

Section D - Risks

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| D.2 | Risks specific to the Issuer: | <p>In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in the Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. These factors include:</p> <p><i>Risks relating to current macroeconomic conditions</i></p> <p>Risks related to the European economic crisis have had and, despite the recent period 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.</p> <p>Furthermore, the Nordea Group's performance is significantly influenced by the general economic condition in the countries in which it operates, in particular the Nordic markets (Denmark, Finland, Norway and Sweden). Negative economic developments and conditions in the markets in which it operates can adversely affect its business, financial condition and results of operations, and measures implemented by the Nordea Group might not be satisfactory to reduce any credit, market and liquidity risks.</p> <p><i>Risks relating to the Nordea Group's credit portfolio</i></p> <p>Adverse changes in the credit quality of the Nordea Group's borrowers and counterparties or a decrease in collateral values are likely to affect the recoverability and value of the Nordea Group's assets and require an increase in its individual provisions and potentially in collective provisions for impaired loans. A significant increase in the size of the Nordea Group's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Nordea Group's business, financial condition and results of operations.</p> <p>The Nordea Group is exposed to counterparty credit risk, settlement risk and transfer risk on transactions executed in the financial services industry and its transactions in financial instruments. If counterparties default on their obligations, this could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.</p> <p><i>Risks relating to market exposure</i></p> <p>The value of financial instruments held by Nordea Group are sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. Write-downs or realise impairment charges may have a material adverse effect on the Nordea Group's business, financial condition and results of operations, while the performance of financial markets and volatile market conditions could result in a significant decline in the Nordea Group's trading and investment income, or result in a trading loss.</p> <p><i>The Nordea Group is exposed to structural market risk</i></p> |
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| | | <p>The Nordea Group is exposed to structural interest income risk when there is a mismatch between the interest rate re-pricing periods, volumes or reference rates of its assets, liabilities and derivatives. It is also exposed to currency translation risk primarily as a result of its Swedish and Norwegian banking businesses, as it prepares its consolidated financial statements in its functional currency, the euro. Any mismatch in any given period in the event of changes in interest rates, or failure to successfully hedge currency risk exposure, could have a material adverse effect on the Nordea Group's financial condition and results of operations.</p> <p><i>Risks relating to liquidity and capital requirements</i></p> <p>A substantial part of the Nordea Group's liquidity and funding requirements is met through reliance on customer deposits, as well as ongoing access to wholesale lending markets, including issuance of long-term debt market instruments such as covered bonds. Turbulence in the global financial markets and economy may adversely affect the Nordea Group's liquidity and the willingness of certain counterparties and customers to do business with the Nordea Group.</p> <p>The Nordea Group's business performance could be affected if the capital adequacy ratios it is required to maintain under the legislative package comprising Directive 2013/36/EU, Regulation (EU) No. 575/2013 and any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer or the Nordea Group and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer or the Nordea Group (on a solo or consolidated basis, as the case may be) to the extent required by Directive 2013/36/EU or Regulation (EU) No. 575/2013, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof) ("CRD IV") are reduced or perceived to be inadequate.</p> <p>The Nordea Group's funding costs and its access to the debt capital markets depend significantly on its credit ratings. A reduction in credit ratings could adversely affect the Nordea Group's access to liquidity and its competitive position, and therefore, have a material adverse effect on its business, financial condition and results of operations.</p> <p><i>Other risks relating to the Nordea Group's business</i></p> <p>The Nordea Group's business operations are dependent on the ability to process a large number of complex transactions across different markets in many currencies and operations are carried out through a number of entities. Although the Nordea Group has implemented risk controls and taken other actions to mitigate exposures and/or losses, there can be no assurances that such procedures will be effective in controlling each of the operational risks faced by the Nordea Group, or that the Nordea Group's reputation will not be damaged by the occurrence of any operational risks.</p> <p>The Nordea Group's operations in Russia and the Baltic countries which are typically more volatile and less developed economically and politically than markets in Western Europe and North America – present various risks that do not apply, or apply to a lesser degree, to its businesses in the Nordic markets. Additionally, some of these markets are typically more volatile and less developed economically and politically than markets in Western Europe and North America.</p> <p>The Nordea Group's performance is, to a large extent, dependent on the talents and efforts of highly skilled individuals, and the continued ability of the</p> |
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| | | <p>Nordea Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. New regulatory restrictions, such as the newly 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.</p> <p>There is competition for the types of banking and other products and services that the Nordea Group provides and there can be no assurances that the Nordea Group can maintain its competitive position.</p> <p><i>Risks relating to the legal and regulatory environments in which the Nordea Group operates</i></p> <p>The Nordea Group is subject to substantial regulation and oversight by a number of different regulators as well as laws and regulations, administrative actions and policies in each of the jurisdictions in which it operates, all of which are subject to change, and compliance with which may from time to time require significant costs.</p> <p>The Nordea Group may incur substantial costs in monitoring and complying with new capital adequacy and recovery and resolution framework requirements, which may also impact existing business models. In addition, there can also be no assurances that breaches of legislation or regulations by the Nordea Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.</p> <p>In the ordinary course of its business, the Nordea Group is subject to regulatory oversight and liability risk and is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active. These types of claims and proceedings expose the Nordea Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on its businesses.</p> <p>The Nordea Group's activities are subject to tax at various rates around the world computed in accordance with local legislation and practice. Legislative changes or decisions by tax authorities may impair the present or previous tax position of the Nordea Group.</p> |
| D.3 | Risks specific to the Notes: | <p>There are also risks related to any issue of Notes under the Programme and specific types of Notes, which prospective investors should carefully consider and make sure they understand prior to making any investment decision with respect to the Notes, including:</p> <ul style="list-style-type: none"> • The Notes may not be a suitable investment for all investors. • The Notes may not be freely transferred. • There may be no active trading market for the Notes. • Noteholders are subject to market volatility. • Ratings may not always mirror the risk related to individual Notes. |

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| | | <ul style="list-style-type: none"> • Fixed Rate Notes are subject to interest rate risks. • There are risks relating to Partly Paid Notes. • There are risks relating to fixed/floating rate Notes. • There are risks relating to reset Notes. • The Notes may be issued at a substantial discount or premium. • The Notes are subject to risks related to exchange rates and exchange controls. • Noteholders are subject to credit risk on the Issuer. • The Notes may be redeemed prior to maturity. • Some Notes are subordinated to other liabilities of the Issuer. • The Issuer is not prohibited from issuing further debt, which may rank <i>pari passu</i> with or senior to the Subordinated Notes. • CRD IV introduces capital requirements that are in addition to the minimum capital ratio. • Remedies in case of default on Subordinated Notes are severely limited. • Noteholders' rights and obligations may be amended at meetings of Noteholders. • The terms and conditions of the Notes may be changed. • The Issuer could, in certain circumstances, substitute or vary the terms of Subordinated Notes. • Changes in laws and regulations may affect the terms and conditions of the Notes. • The Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples. • The amount of Notes to be issued under the Programme may be changed. • Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes. • Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act. • Investors will have to rely on Euroclear's, Clearstream, Luxembourg's, VP's, VPS's, Euroclear Sweden's or SIS's (as the case may be) procedures for transfer, payment and communication with the Issuer. <p>In addition to the above, there are risks specific to Notes denominated in Renminbi, including:</p> <ul style="list-style-type: none"> • Renminbi is not freely convertible. Convertibility restrictions may affect the ability of the Issuer to source Renminbi to finance its |
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| | | <p>obligations under Notes denominated in Renminbi.</p> <ul style="list-style-type: none"> • The limited availability of the Renminbi outside the People's Republic of China (due to restrictions) may affect the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi. • Changes in economic and political conditions may have an impact on the value of the Renminbi against the U.S. Dollar. Furthermore, changes in policies may also heighten the interest rate volatility. These factors could result in a decline of the value of a holder's investment. • All payments will be made in accordance with the modes of payment prescribed in the terms and conditions and no other means of payment may be utilised by the Issuer. • Under the PRC Enterprise Income Tax Law, non-resident enterprise holders of Renminbi-denominated Notes may become subject to income tax on the gains from the transfer of their holdings of Renminbi-denominated Notes. |
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| Section E - Offer | | |
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| E.2b | Reasons for the offer and use of proceeds: | <i>The net proceeds of the issue of the Notes will be used for [the general banking and other corporate purposes of the Nordea Group/[]].</i> |
| E.3 | Terms and Conditions of the Offer: | <i>Not applicable; the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency)./A Public Offer of the Notes will take place in the Public Offer Jurisdiction(s) during the Offer Period. [Summarise details of the Public Offer included in the "Distribution—Public Offer" and "Terms and Conditions of the Offer" items in Part B of the Final Terms.] Any investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation and settlement arrangements.</i> |
| E.4 | Interests material to the Issue: | <p>The Issuer has appointed Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Nordea Bank AB (publ), Nordea Bank Danmark A/S, Nordea Bank Finland Plc, Nordea Bank Norge ASA, The Royal Bank of Scotland plc, Société Générale, UBS Limited and UniCredit Bank AG as principal dealers for the Programme and UBS AG as Swiss dealer for the Programme (together with any other dealer appointed from time to time by the Issuer, either generally in relation to the Programme or in relation to a particular Series of Notes, the "Dealers").</p> <p>The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Dealership Agreement made between the Issuer and the Dealers. Notes may be distributed by way of private or public placement, in each case on a syndicated or a non-syndicated basis.</p> <p>Interests material to the issue/offer of Notes may arise principally as a result of the ordinary business activities of the Dealers and their affiliates, in the course</p> |

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| | | <p>of which they may make, hold and actively trade investments that may involve Notes and/or instruments of the Issuer or the Issuer's affiliates, including Notes, and may hedge their credit exposure to the Issuer. Such hedging may include the purchase of credit default swaps or the creation of short positions in Notes of the Issuer or the Issuer's affiliates, including potentially the Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such Notes.</p> <p><i>So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer./[].</i></p> |
| E.7 | Estimated expenses: | <p>It is not anticipated that the Issuer will charge any expenses to investors in connection with any issue of Notes. Other Authorised Offerors may, however, charge expenses to investors. Any expenses chargeable by an Authorised Offeror to an investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer. Such expenses (if any) will be determined on a case by case basis.</p> <p><i>No expenses are being charged to an investor in the Notes by the Issuer [or any Authorised Offeror]./The Authorised Offeror(s) will charge expenses to investors. The estimated expenses chargeable to investors by the Authorised Offeror(s) are [].</i></p> |

APPENDIX 2 SELECTED FINANCIAL INFORMATION

The tables below show certain selected summarised financial information which, without material changes, is derived from the Nordea Group's audited consolidated financial statements for the year ending 31 December 2013, which are set out in Annex 1 to the Base Prospectus and the Nordea Group's unaudited consolidated financial statements for the six months ending 30 June 2014, which are set out in the Annex to this Supplement and the notes thereto.

The Nordea 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, as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Act on Annual Reports in Credit Institutions and Securities Companies (1995:1559) and the recommendation RFR 1 "*Supplementary Accounting Rules for Groups*", and UFR statements issued by the Swedish Financial Reporting Board as well as the accounting regulations of the SFSA's (FFFS 2008:25, with amendments in FFFS 2009:11 and 2011:54), have also been applied.

The tables below shall be read together with the auditor's report and the notes thereto.

Income Statement

| | Group | | | |
|---|------------------------|--------|--------------------------------|--------|
| | Year ended 31 December | | Six-month period ended 30 June | |
| | 2013 | 2012 | 2014 | 2013 |
| | (EUR millions) | | | |
| Interest income | 10,604 | 11,939 | 5,077 | 5,379 |
| Interest expense | -5,079 | -6,376 | -2,347 | -2,630 |
| Net interest income | 5,525 | 5,563 | 2,730 | 2,749 |
| Fee and commission income | 3,574 | 3,258 | 1,872 | 1,749 |
| Fee and commission expense | -932 | -790 | -460 | -462 |
| Net fee and commission income | 2,642 | 2,468 | 1,412 | 1,287 |
| Net result from items at fair value | 1,539 | 1,774 | 767 | 860 |
| Profit from companies accounted for under the equity method | 79 | 93 | 12 | 44 |
| Other operating income | 106 | 100 | 36 | 56 |
| Total operating income | 9,891 | 9,998 | 4,957 | 4,996 |
| Operating expenses | | | | |
| General administrative expenses: | | | | |
| Staff costs | -2,978 | -2,989 | -1,663 | -1,507 |
| Other expenses | -1,835 | -1,808 | -841 | -914 |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | -227 | -267 | -119 | -102 |
| Total operating expenses | -5,040 | -5,064 | -2,623 | -2,523 |
| Profit before loan losses | 4,851 | 4,934 | 2,334 | 2,473 |
| Net loan losses | -735 | -895 | -293 | -384 |
| Operating profit | 4,116 | 4,039 | 2,041 | 2,089 |
| Income tax expense | -1,009 | -970 | -485 | -506 |
| Net profit for the period from continuing operations | 3,107 | 3,069 | 1,556 | 1,583 |
| Net profit for the period from discontinued operations, after tax | 9 | 57 | -39 | -16 |
| Net profit for the period | 3,116 | 3,126 | 1,517 | 1,567 |
| Attributable to: | | | | |
| Shareholders of Nordea Bank AB (publ) | 3,116 | 3,119 | 1,517 | 1,566 |
| Non-controlling interests | - | 7 | - | 1 |
| Total | 3,116 | 3,126 | 1,517 | 1,567 |

Balance Sheet

| | Group | | | |
|---|----------------|----------------|----------------|----------------|
| | 31 December | | 30 June | |
| | 2013 | 2012 | 2014 | 2013 |
| | (EUR millions) | | | |
| Assets | | | | |
| Cash and balances with central banks | 33,529 | 36,060 | 25,191 | 29,682 |
| Loans to central banks | 11,769 | 8,005 | 11,639 | 6,840 |
| Loans to credit institutions | 10,743 | 10,569 | 14,977 | 11,632 |
| Loans to the public | 342,451 | 346,251 | 347,076 | 340,354 |
| Interest-bearing securities | 87,314 | 86,626 | 89,438 | 83,137 |
| Financial instruments pledged as collateral | 9,575 | 7,970 | 8,430 | 7,289 |
| Shares | 33,271 | 28,128 | 35,950 | 30,064 |
| Derivatives | 70,992 | 118,789 | 78,644 | 78,875 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 203 | -711 | 234 | 265 |
| Investments in associated undertakings | 630 | 585 | 489 | 614 |
| Intangible assets | 3,246 | 3,425 | 3,284 | 3,336 |
| Property and equipment | 431 | 474 | 511 | 424 |
| Investment property | 3,524 | 3,408 | 3,457 | 3,293 |
| Deferred tax assets | 62 | 266 | 74 | 131 |
| Current tax assets | 31 | 78 | 147 | 162 |
| Retirement benefit assets | 321 | 142 | 322 | 128 |
| Other assets | 11,064 | 15,554 | 14,516 | 14,487 |
| Prepaid expenses and accrued income | 2,383 | 2,559 | 2,211 | 2,376 |
| Assets held for sale | 8,895 | - | 136 | 8,807 |
| Total assets | 630,434 | 668,178 | 636,726 | 621,896 |
| Liabilities | | | | |
| Deposits by credit institutions | 59,090 | 55,426 | 53,753 | 62,887 |
| Deposits and borrowings from the public | 200,743 | 200,678 | 201,646 | 196,268 |
| Liabilities to policyholders | 47,226 | 45,320 | 50,667 | 45,380 |
| Debt securities in issue | 185,602 | 183,908 | 185,506 | 173,183 |
| Derivatives | 65,924 | 114,203 | 70,436 | 72,972 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 1,734 | 1,940 | 2,818 | 1,970 |
| Current tax liabilities | 303 | 391 | 416 | 396 |
| Other liabilities | 24,737 | 24,773 | 30,936 | 24,732 |
| Accrued expenses and prepaid income | 3,677 | 3,903 | 3,361 | 3,568 |
| Deferred tax liabilities | 935 | 976 | 881 | 1,042 |
| Provisions | 177 | 389 | 329 | 341 |
| Retirement benefit obligations | 334 | 469 | 491 | 338 |
| Subordinated liabilities | 6,545 | 7,797 | 6,604 | 7,223 |
| Liabilities held for sale | 4,198 | - | 36 | 3,725 |
| Total liabilities | 601,225 | 640,173 | 607,880 | 594,025 |
| Equity | | | | |
| Non-controlling interests | 2 | 5 | 2 | 4 |
| Share capital | 4,050 | 4,050 | 4,050 | 4,050 |
| Share premium reserve | 1,080 | 1,080 | 1,080 | 1,080 |
| Other reserves | -159 | 340 | -367 | 32 |
| Retained earnings | 24,236 | 22,530 | 24,081 | 22,705 |
| Total equity | 29,209 | 28,005 | 28,846 | 27,871 |
| Total liabilities and equity | 630,434 | 668,178 | 636,726 | 621,896 |
| Assets pledged as security for own liabilities | 174,418 | 159,924 | 175,208 | 170,564 |
| Other assets pledged | 7,467 | 10,344 | 9,987 | 8,699 |
| Contingent liabilities | 20,870 | 21,157 | 21,749 | 22,544 |
| Credit commitments | 78,332 | 84,914 | 78,358 | 82,069 |
| Other commitments | 1,267 | 1,294 | 1,028 | 1,306 |

Cash Flow Statement

| | Group | | | |
|--|------------------------|--------|--------------------------------|--------|
| | Year ended 31 December | | Six-month period ended 30 June | |
| | 2013 | 2012 | 2014 | 2013 |
| | <i>(EUR millions)</i> | | | |
| Operating activities | | | | |
| Operating profit | 4,116 | 4,039 | 2,041 | 2,089 |
| Profit for the period from discontinued operations, after tax | 9 | 57 | -39 | -16 |
| Adjustment for items not included in cash flow | 4,492 | 3,199 | 4,563 | 1,829 |
| Income taxes paid | -1,010 | -662 | -505 | -614 |
| Cash flow from operating activities before changes in operating assets and liabilities | 7,607 | 6,633 | 6,060 | 3,288 |
| Cash flow from operating activities | 6,315 | 19,754 | -9,638 | -3,191 |
| Cash flow from investing activities | 572 | 774 | 2,303 | 281 |
| Cash flow from financing activities | -1,927 | -170 | -1,683 | -1,400 |
| Cash flow for the period | 4,960 | 20,358 | -9,018 | -4,310 |
| Cash and cash equivalents at the beginning of period | 42,808 | 22,606 | 45,670 | 42,808 |
| Translation differences | -2,098 | -156 | 61 | -351 |
| Cash and cash equivalents at the end of period | 45,670 | 42,808 | 36,713 | 38,147 |
| Change | 4,960 | 20,358 | -9,018 | -4,310 |