Nordea

Annual Report 2010

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We grow with our customers. Last year, Nordea gave financial advice to many both existing and new customers.

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It's people who make Nordea Great

This Annual 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.

CEO letter

In the aftermath of the financial crisis, we were one of the first large banks to introduce a comprehensive programme to accelerate out of the crisis – the Prudent growth strategy. It already shows results: Customer satisfaction has increased; customer activity is high; income and profit increased significantly in the end of the year.

Dear shareholder,
2010 has been an important milestone on the journey towards Great Nordea.

We came out of the financial crisis in a strong position and used that advantage to be one of the first large banks to introduce a comprehensive programme to accelerate out of the crisis – the Prudent growth strategy. It already shows results: Customer satisfaction increases; customer activity is high; income and profit reached record levels in the end of the year.

We implemented the strategy in parallel with strengthening our balance sheet. Our position on capital, liquidity and funding has improved in order to meet demands of the coming new regulation. And we took an important step towards our vision: to become a Great European bank.

Prudent growth strategy delivers
In the beginning of 2010, we launched nine strategic initiatives to deliver on our ambitious financial targets, despite the low interest rates, high competition and stricter regulation. The goal was to free up resources to increase customer activity, income and profit. The initial effects of the strategy can now be evaluated.

The relations with corporate customers have strengthened, business volumes have increased and our customer satisfaction has never been higher among our relationship customers. During the year, we have welcomed more than 200,000 new Gold and Private Banking customers.

The results declined in the beginning of 2010, due to a normalisation of the capital markets and low general interest rates. However, in the last two quarters, income reverted to the highest levels ever. Loan losses have been significantly reduced. Total expenses increased, which to a large extent is due to currency effects and the implementation of the Group initiatives. Efficiency gains are still taken out every year. In total, operating profit is 18% higher in 2010 than in 2009. The risk-adjusted profit decreased in the first half of 2010, but recovered in the latter part of the year. In the fourth quarter, it was 35% higher than in the same period in 2009.

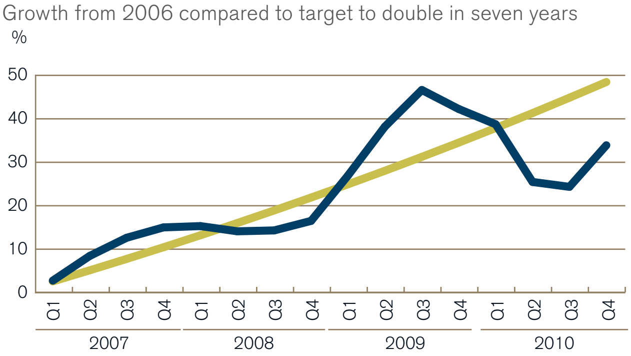
We have laid a strong foundation for continued growth. Our risk-weighted capital position is viewed as one of the strongest of the world's large banks. The increasing customer activity within the Nordic countries will lead to further increases in income. Expected interest rate hikes will have a positive effect on income from deposits. In 2010, we established 45 new branches in Poland, ensuring the infrastructure required to continue to grow in this important market. Our experience is that a new branch in Poland has a positive return within less than a year.

We continuously increase efficiency and an important part of our growth strategy is to improve our foundation and make processes more efficient.

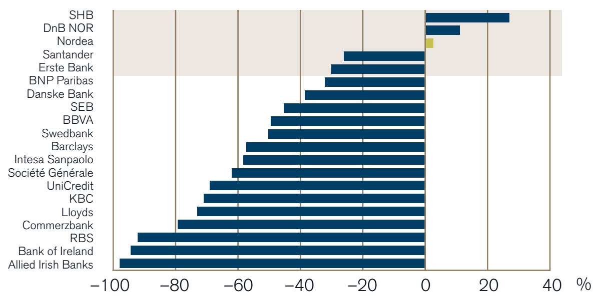
The journey towards Great Nordea
Our long-term vision is to become a great European bank. Next to the Prudent growth strategy, there are three cornerstones in that vision:

1. Profit orientation & prudence. Through the financial crisis, Nordea's financial results have been very stable compared to other banks. Nordea's loan losses have been limited and normalised during 2010 to levels around our risk appetite, 25 basis points. Over the cycle, we have an average clearly below 25 basis points, even though it peaked just above 50 basis points in 2009. We have maintained our AA rating, which has been a corner stone in our operating model and is the most important factor affecting funding costs, which will grow even further in importance with the

Risk-adjusted profit growth
Growth from 2006 compared to target to double in seven years



Total Shareholder Return (TSR) in the top quartile of the European peer group, 2007–2010



Source: Thomson Reuters Ecowin

> 2010 has been an important milestone on the journey towards Great Nordea.

new regulatory framework for the financial industry.
2. Everything everyone does in Nordea has one key purpose: to deliver great customer experiences. Our other values – One Nordea Team and It's All About People – are strong drivers in bringing great experiences to every customer – from individual households to some of the largest companies in the world. In 2010, Nordea's customer satisfaction reached its all-time-high among our relationship customers. In a time when mistrust has spread with the entire financial industry, Nordea's customers are more satisfied than ever. Nothing makes me more proud, and nothing is more important for the long-term development of Nordea.
3. Ambitious vision and targets. In 2007, we formulated ambitious targets for risk-adjusted profit (RAP), total shareholder return (TSR) and return on equity (ROE). The extraordinary low interest rates and higher funding costs have led to a RAP that is somewhat below the track towards a doubling between 2007 and 2013. However, in the latter part of 2010, income grew significantly and the gap decreased. This long-term target is still within reach. Since 2007, Nordea is one of few European banks that have delivered a positive TSR. But in 2010, the share price increase was low compared to banks that recovered from large share price declines in earlier years. ROE has developed in line with top-performing European banks. It was 11.5% in 2010.

As a consequence of the stable financial development and successful execution of the Prudent growth strategy, Nordea was appointed Bank of the Year by The Banker in three out of four Nordic countries – for the second consecutive year. We also entered Forbes Top 100 list of important global companies as one of only two Nordic companies, and maintained our position on Fortune's top 500 companies in the world.

The New Normal

The new regulation will affect the fundament of global financial industry. Banks will not go back to the old normal situation after the financial crisis, but will face a radically changed business environment, that is often referred to as the "New Normal". The work with new regulations is not yet finished, but the details of the new framework are gradually becoming clearer.

Before the crisis, the average core tier 1 ratio in the financial industry was around 4%. With the new regulation, banks will most likely be required to have above 10% core tier 1 capital. Estimates show that the total additional capital required in the European financial sector will be between EUR 600bn and 1,050bn. With the increase in capital, ROE will by definition be put under pressure – and the banks that cannot deliver sufficient ROE will face problems attracting the capital required.

The stricter rules on liquidity are estimated to increase the demand for short liquidity. A large share will have to be invested in government bonds. The exact levels are under discussion, but there is no doubt that also the liquidity regulation will affect ROE.

In the new normal, stronger demands on match-funding are likely to be imposed, which would also affect ROE since funding maturity will become significantly longer. Maturity transformation has been one key part of modern banking operating models, and with the discussed regulation, it will diminish substantially.

It is of large interest for both societies and banks to reduce risks of new financial crises. Nordea will be engaged in the analysis of the coming regulation in order to try to ensure that the regulation becomes efficient without undue effects on customers and the economic recovery.

Nordea has taken action to meet the new regulation. Our capital ratios are already meeting the new requirements, our ROE is high relative to the market average, we have a sound liquidity and we have increased maturities in our funding. These adjustments affect the results 2010 compared to the situation 2007. As regulatory details are set in 2011, we will develop and adjust our Prudent growth strategy to the New Normal.

To conclude, 2010 was an important year for Nordea. We initiated a comprehensive set of growth initiatives that has started to deliver; we increased the number of customers; we strengthened our existing customer relations; and we started to adjust our balance sheet to the New Normal. These milestones would not have been possible to reach without the devotion and hard work of the employees and managers in Nordea. It had neither been possible without the mutual dialogues and active involvement from both household and corporate customers. Finally, the trust in our strategy and direction shown by shareholders has been instrumental to create the stability needed to take Nordea one step closer to becoming a Great European bank.

Best regards

Christian Clausen

Nordea 10 years – steady progress into a solid position in nine markets

Strong development in customer business and financial results – people make Nordea Great

Nordea – the bank for the future with a long history
Nordea was formed in 2000, when large domestic banks in Denmark, Finland, Norway and Sweden were brought together under the new name Nordea.

Now, ten years after the formation of the Group, Nordea is a well unified universal financial services group, with a solid position in nine markets, within corporate merchant banking and retail banking as well as in capital markets, asset management and life insurance.

10 years of progress – well diversified and strong income growth
During Nordea's first 10 years, a steady and well-diversified income growth has been seen in all corporate and household segments, especially in the Nordic relationship segments – Corporate Merchant Banking, Large corporate, Gold and Private Banking – which play a key role to Nordea's prudent growth strategy.

Progress has been good in all areas – customer propositions and customer satisfaction, the focus of our dedicated people, the operating model as well as in terms of income generation and cost efficiency. This is important for achieving prudent growth with balanced risks and capital utilisation, producing income growth also in commission income and fair value result, and not exclusively in income from balance-sheet volumes.

Customer orientation and corporate social responsibility
Nordea has a clear customer orientation, as embodied in one of the core values – Great customer experiences.

Delivery of great customer experiences through advanced and dedicated advice, services and products within the full range of financial services has over recent years grown natural and essential to Nordea and its employees.

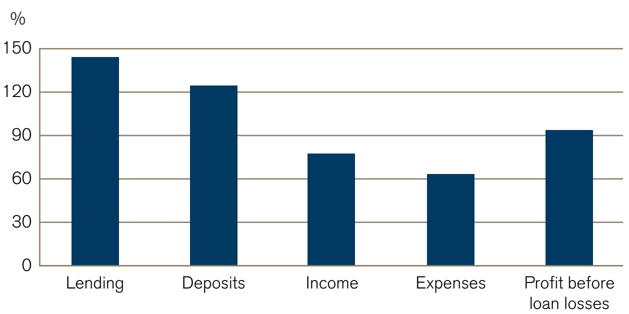
Relationship banking – in the corporate segments – through designated relationship managers in charge of developing and organising the customer relationship has proven successful in providing a total view of the customer's business and financial affairs, which is beneficial both in terms of business opportunities, business development and risk overview.

Personal banking advice – in the household segments – aims to gather all the customer's business and serve as the customer's lifetime financial partner, providing assistance in all financial matters. The 360-degree-meeting for Gold customers has been developed as a very useful tool for the customer and the personal banking adviser in grasping the financial situation and identifying possibilities.

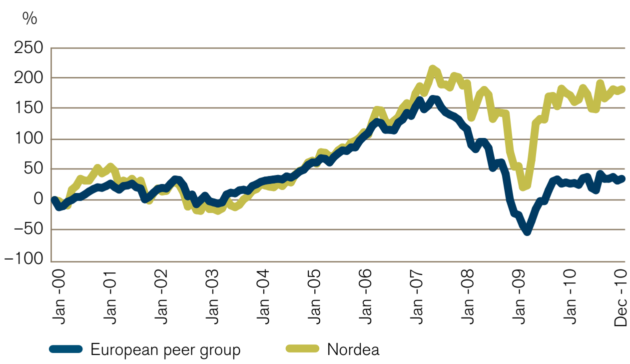
It's people who make Nordea Great
As a relationship bank, Nordea is committed to people, not least our employees. It is our skilled and dedicated employees and their ability to deliver on great customer experiences that distinguish us from our competitors. Driven by customer focus and a desire to make it possible, employees are Nordea's best asset.

As a relationship bank, it is also Nordea's people who reflect the quality of the services offered to customers. The advisers are organised in customer teams, in order to be able to present a full range of specialists to serve the corporate customers' various financial needs. And in the

10 years of high income and profit growth



Total Shareholder Return (TSR) 2000–2010 Nordea and the European peer group



Nordea is the largest financial services group in Northern Europe with a market capitalisation of approx. EUR 33bn, total assets of EUR 581bn and a core tier 1 capital ratio of 10.3%. Nordea is the region's largest asset manager with EUR 191bn in assets under management.

household side, the personal banking adviser and the supporting functions join forces and form teams to ensure that each household receives efficient service.

Strong financial result over Nordea's first 10 years

Nordea and its predecessors have over many decades developed from more than 300 regional and local banks into a single universal financial services group, with a unique diversification, robust business model, one operating model and a strong financial track record.

The formation has created both a solid development in terms of cost efficiency and also a strong trend in income and business volumes in terms of lending, deposits and asset management.

Income has increased in all income lines, with contribution from net interest income, net fee and commission income and net fair value result from customer transactions. Total income has increased approx. 70% and costs have increased approx. 60% over 10 years, giving an increase in profit before loan losses of approx. 90% and an improved cost/income ratio from 58% to 52%.

Record-high income 2010

In 2010, total income increased 3% to a record-high level of EUR 9,334m and operating profit increased by 18% to EUR 3,639m. Nordea again showed strong performance with delivery on the Group initiatives and strong business development.

Income is well diversified between segments and income growth occurred in all customer segments. In the Nordic relationship segments – Corporate Merchant Banking and Large corporate as well as Gold and Private Banking customers – income growth was strong in 2010, 12%. Income in Treasury and Markets decreased from the exceptionally strong levels last year.

The increase in total expenses was maintained at an expected growth rate of 3%, excluding currency effects. Profit before loan losses decreased 1%, while operating profit increased 18%, due to lower net loan losses. Risk-adjusted profit was EUR 2,622m, down 6% from last year.

Delivery on financial targets

Nordea's total shareholder return (TSR) was 3.7% in 2010, ranking nine among the banks in our European peer group. From the beginning of 2000, Nordea's accumulated TSR is 183%, ranking four among our peer banks. Return on equity was 11.5% in 2010. Nordea's long-term target set in 2006 is to double the risk-adjusted profit in seven years. Over these four years, risk-adjusted profit has increased 34%.

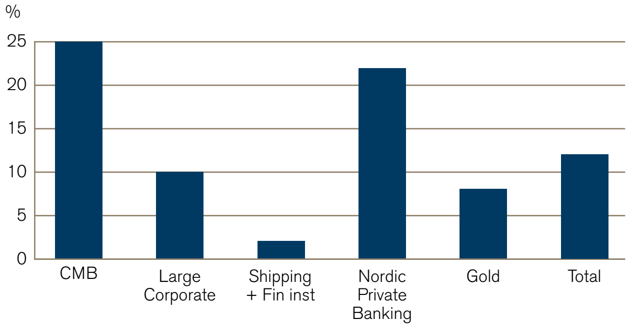
Bank of the Year 2010

Nordea was awarded Bank of the Year 2010 prizes in three countries: Denmark, Norway and Sweden, by the magazine The Banker, which is part of the Financial Times group.

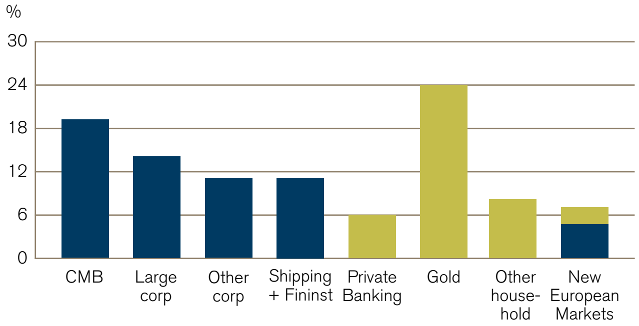
The Nordea brand has also been further strengthened in the Nordic countries and in Poland, Russia and the Baltic countries.

Nordea has continued to strengthen the delivery of advisory services and financial products to corporate customers, households and financial institutions to give great customer experiences.

High income growth in Nordic relationship segments 2010



Income well diversified between customer segments
Distribution of total income between customer segments, 2010



Leading financial services Group – with strong capital and funding position

Nordea – with a solid position in nine markets
Nordea is a universal bank with leading positions within corporate merchant banking as well as retail banking and private banking. It is also the leading provider of life and pensions products in the Nordic countries.

With approx. 1,400 branches, call centres in all Nordic countries and a highly competitive e-bank, Nordea has the largest distribution network in the Nordic and Baltic Sea region.

Nordea has the largest customer base of any financial services group in the Nordic region with approx. 11 million customers including new European markets, of which 7.5 million are household customers in customer programme and 0.7 million are active corporate customers.

New regulations on capital and liquidity – Basel III
During 2010, the new capital and risk framework, Basel III, has been finalised and more clarity has evolved on the main elements of the new regulatory requirements. Nordea is well prepared to meet new regulatory requirements.

The overall impact on Nordea's RWA is an expected increase of approx 10%, mainly due to changes in calculation of market risk and credit-value-adjustment (CVA) risk. The impact on Nordea's capital base is expected to be limited. Nordea already meets the capital requirements from what is known of the new regulations.

Strong capital position
Nordea has a strong capital position, with EUR 21.0bn in tier 1 capital, of which EUR 19.1bn was core tier 1 capital. The core tier 1 capital ratio excluding transition rules was 10.3% and the tier 1 capital ratio 11.4% (including hybrid capital) at the end of 2010.

The capital policy states that over a business cycle, the target for the tier 1 ratio is 9% and the target for the total capital ratio is 11.5%.

Solid liquidity and funding position
Nordea's funding and liquidity management aims at prudency regarding both long-term and short-term risks.

Also in the very turbulent funding markets in 2010, Nordea continued to show funding strength and continued to fund both long and short-term debt at attractive prices relative to peers. The amount of new and extended long-term funding issued in 2010 increased to EUR 33bn, excluding Danish covered bonds. The portion of long-term funding was largely unchanged at 65% of wholesale funding. During 2010, Nordea issued its first covered bonds in Norway and Finland.

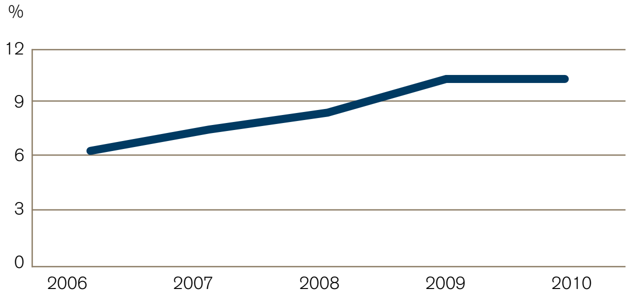
Short-term liquidity risk was held at moderate levels throughout 2010 with a liquidity buffer of EUR 61bn by year-end. The liquidity buffer is composed of highly liquid central bank eligible securities with characteristics similar to Basel III liquid assets.

Nordea draws benefit from being a well recognised AA-rated bank, practising prudent liquidity management, with a conservative business profile. This combined with the well-diversified and strong funding base, including stable household deposits and the access to domestic covered bond markets, have all contributed positively.

Well-diversified credit portfolio
Nordea has long adhered to a consistent and prudent credit risk management and has defined its credit risk appetite as an expected loss level of 25 basis points over the cycle. Net loan losses over the past years show an average not exceeding this level and were in 2010 31 basis points.

Credit quality started to improve again in 2010. The total effect from positive rating and scoring migration on risk-weighted assets (RWA) was a decrease by approx. 1.3% in 2010.

Capital position, core tier 1 capital ratio excluding transition rules



Funding strength, new and extended long-term funding (excluding Danish covered bonds)

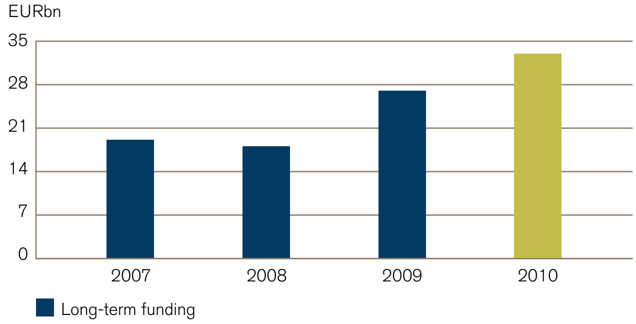


Photo: NASDAQ

Bank of the Year – Denmark, Norway and Sweden
Solid position in nine markets
Split of Group income, market shares and ranks

1) Shipping, Oil Services & International, International Private Banking and Group functions.

Large customer base and advisory capacity

11 mill	total number of customers
3.0 mill	Gold and Private Banking customers. 7% annual growth rate
700 th	corporate customers, 12% annual income growth since 2007
1,400	branches give strong distribution power

Prudent growth strategy and Group initiatives deliver strong business development

Strong business development 2010 following up on the progress made in Nordea's first 10 years
Nordea's business continued to develop strongly in 2010, with the focus on further enhancing business relations with core customers and also on acquiring new customers.

The number of Gold and Private Banking customers increased by more than 200,000 in 2010.

The strong business development and financial results in 2010 derive from the organic growth strategy and the journey towards Great Nordea launched four years ago as well as on the consistent business model and the focus on efficiency, risk and capital, which have contributed to the progress during Nordea's first 10 years.

Consistent focus on stability and profitability
Following the formation of Nordea in 2000, the harmonisation of the operations was conducted with a strong focus on efficiency and performance. To enhance stability and profitability, several initiatives under the banner of focus, speed and performance were conducted during the years 2002–2006.

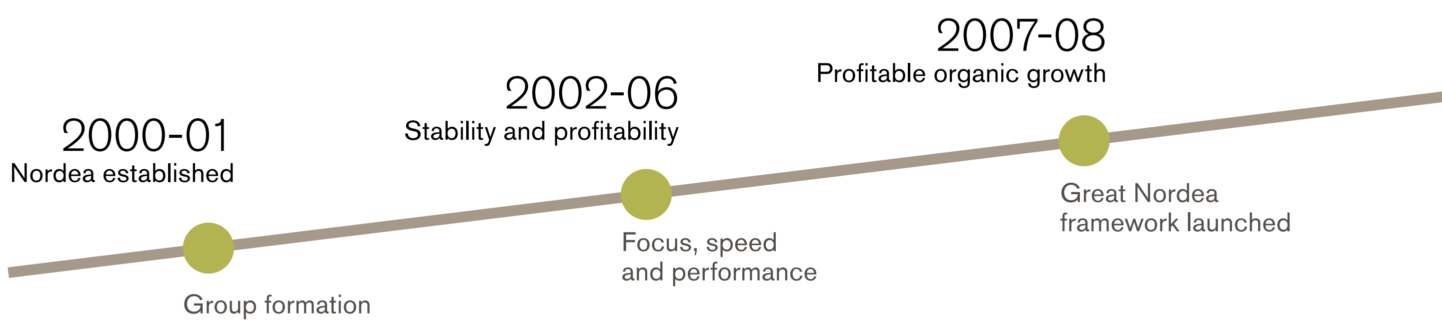
Prudent growth strategy and Group initiatives
In 2007, Nordea embarked on a journey from a Good to a Great bank and initiated a clear organic growth strategy in the Nordic and New European Markets. Today's growth strategy is essentially unchanged, although its execution has been adjusted in order to allow to a greater extent to balance the growth with an attractive return.

The road towards Great will be characterised by prudent growth carefully assessing risks and opportunities. The focus of the organic growth strategy will be to grow the relationship customer segments, to free up resources to support growth and finance investments for improvement of efficiency and the foundation of the bank and ensure alignment with new regulatory requirements.

The prudent growth supported by the Group initiatives delivers result
Given the strong funding name and the capital strength, Nordea continues to focus on the successful execution of the ongoing organic growth strategy among the Nordic relationship customers, attract new relationship customers and increase Nordea's share of their business.

With nine Group initiatives launched in early 2010, related to both growth and efficiency, the prudent growth strategy delivers good results, which contribute to growth in income, cost efficiency and profit increase.

Activities related to the Group initiatives are on track in all areas. The initiatives have generated more than EUR 300m in additional income in 2010, ie above the target for the year. The efficiency gains amounted to approx. EUR 70m, in line with earlier expectations. Total investments amounted to approx. EUR 200m, of which approx. EUR 70m were



> Nordea is the largest financial services group in Northern Europe, with leading positions.

accounted for as expenses in the income statement. The investments are expected to be somewhat higher in 2011.

The new distribution plans were carried out in Nordic Banking and 82 branches are now operating in the new branch format. Several improvements and new features in the Private Netbank have been implemented as well as an enhanced mobile offering.

New customer acquisition continued strongly with 130,000 Gold and Private Banking customers, who were new customers to Nordea.

Growth Plan Finland proceeds according to plan and close to 170 new advisers and specialists have been recruited this year in high-growth areas to ensure services needed in the coming years. In total, 50-60 branches will be relocated or refurbished to better serve our customers during the next 12 months.

Growth Plan Corporate Merchant Banking Sweden proceeds as planned, in terms of income development and progress regarding customer relations and new cash management mandates.

In line with Growth Plan Poland, 45 new branches were opened in 2010.

The efficiency and foundation initiatives proceed as planned within both IT infrastructure upgrades and product platforms.

Regarding the initiatives for top-league IT performance, additional steps to create a platform to realise cost efficiency gains have been paired with significant investments in 2010 in upgrading the IT platform. This will create a stable platform and facilitate the handling of higher volumes and growth.

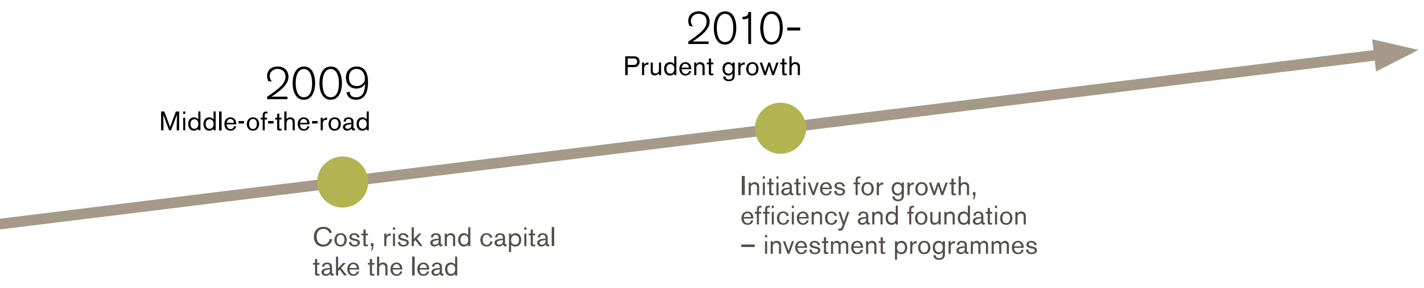
In the product platform area, large investments are being undertaken in uniform product platforms for cards and cash management. This will further lift the product offerings and enable continued growth.

The activities with the general infrastructure upgrade proceeds as planned.

Growth achieved with low increase of the risk level

The Group-wide credit policy and decision-making structure ensures that credit risk limits for customers and customer groups are set at relevant credit decision authority level within the Group.

Growth in 2010 was mainly related to household customers in the Gold segment and to strong corporate customers. The impact of the growth has meant an improvement in the average rating in the Group.



Events 2010

First quarter

Nordea was named Mergers & Acquisitions Adviser 2009 in the Nordic region by the magazine Acquisitions Monthly, published by Thomson Reuters.

Nordea won the title "World's Best Trade Finance Providers 2010" in both Finland and Denmark, by the magazine Global Finance.

Nordea was appointed Best Internet bank in Sweden by the newspaper Internetworld.

Nordea was awarded Best Nordic Private Bank in 2010 by the international magazine Euromoney.

Nordea was awarded Best Providers of Money Market Funds in the Nordic Region in a Global Finance survey. In addition, Nordea was awarded Best CLS-Linked Bank offering in the Nordic Region.

When the Olympic Games kicked off, Nordea had sponsored athletes and teams in several countries.

Nordea in Norway launched an iPhone application, as the first Norwegian bank to offer a broad-based mobile tool for iPhone. The application has since then also been launched in Sweden and Denmark.

Nordea presented a new vision, to be a Great European bank, as well as the prudent growth strategy and new Group initiatives at a capital markets event in London.

Second quarter

Nordea in Singapore celebrated its 30th anniversary.

More than 2,500 marketing screens, a new marketing channel, had been installed in branches all over the Nordic countries.

Nordea was awarded the prize for the Best Bank in Finland by the magazine Global Finance.

The Financial Times included Nordea Funds in the top 10 European league of investment funds. Nordea was the only North-European bank in the ranking.

In Sweden, the weekly magazine Affärsvärlden named Nordea the best larger Private Bank, based on a mystery shopping survey.

Third quarter

Nordea maintains the position as the largest clearing bank on the European Energy Exchange, with a market share of 30%.

Nordea and other banks operating in Sweden establish a joint company for their ATMs.

Trade Finance magazine Euromoney nominated Nordea the Best Trade Finance Bank in the Nordic and Baltic regions. Both the readers and a jury from the magazine voted Nordea as the winner.

Nordea was appointed Best Investment Bank in Denmark by Euromoney.

Nordea was named the safest bank in the Nordic region by the American magazine Global Finance, in its yearly comparison of the 500 largest banks in the world.

Fourth quarter

Nordea arranged the IPO for the company Pandora, which was the largest transaction in Denmark in 16 years and the third largest in Europe 2010.

In a Nordic marketing campaign, on TV, in print and online, Nordea introduced a new portal on local Nordea web pages, encouraging potential Gold customers to test out and start a dialogue with Nordea.

The industry magazine Leasing Life nominated Nordea Finance the most innovative European finance company in 2010.

The Swedish magazine mobil.se named Nordea Best Mobile Bank of the Year.

Nordma, a Norwegian industry association for direct marketing, gave Nordea a gold medal for best consumer campaign for the Microspar launch. In addition, Nordea was given The Audience Prize for the same campaign.

In Poland, Nordea won third place in Newsweek's "Friendly Bank 2010" ranking, as well as second place in Forbes "Best Bank for Companies".

A new front page was launched on Nordea's corporate website, Nordea.com. On the Swedish language version of the site, a newsroom service was piloted.

Nordea opened a new operations centre in Poland, to handle manual back-office work and employ up to 500 employees in coming years.

Group CEO Christian Clausen was elected president of the European Banking Federation, EBF. He was also named business leader of the year in Denmark by The Danish Association of Managers and Executives.

Nordea was appointed "Rocket of the Year" in Universum's ranking of attractive employers in Sweden.

The magazine The Banker, which is part of the Financial Times group, awarded Nordea prizes for Bank of the Year 2010 in three countries: Denmark, Norway and Sweden.

Key financial figures

Income, profit and business volumes, key items	2010	2009	Change %	2008	2007
Total operating income, EURm	9,334	9,073	3	8,200	7,886
Total operating expenses, EURm	–4,816	–4,512	7	–4,338	–4,066
Profit before loan losses, EURm	4,518	4,561	–1	3,862	3,820
Net loan losses, EURm	–879	–1,486	–41	–466	60
Operating profit, EURm	3,639	3,075	18	3,396	3,883
Net profit for the year, EURm	2,663	2,318	15	2,672	3,130
Loans to the public, EURbn	314.2	282.4	11	265.1	244.7
Deposits and borrowings from the public, EURbn	176.4	153.6	15	148.6	142.3
of which savings deposits	51.3	47.8	7	45.5	40.8
Assets under management, EURbn	191.0	158.1	21	125.6	157.1
Technical provisions, Life, EURbn	36.8	32.2	14	28.3	32.1
Equity, EURbn	24.5	22.4	9	17.8	17.2
Total assets, EURbn	580.8	507.5	14	474.1	389.1

Ratios and key figures	2010	2009	2008	2007
Basic earnings per share, EUR	0.66	0.60	0.79	0.93
Diluted earnings per share, EUR	0.66	0.60	0.79	0.93
Share price[1], EUR	8.16	7.10	3.90	8.90
Total shareholders' return, %	3.7	78.6	–46.9	6.4
Proposed / actual dividend per share, EUR	0.29	0.25	0.20	0.50
Equity per share[1], EUR	6.07	5.56	5.29	5.09
Potential shares outstanding[1], million	4,043	4,037	2,600	2,597
Weighted average number of diluted shares, million	4,022	3,846	3,355	3,352
Return on equity, %	11.5	11.3	15.3	19.7
Cost/income ratio, %	52	50	53	52
Loan loss ratio, basis points of total loans	31	56	19	–3
Core tier 1 capital ratio, excluding transition rules[1], %	10.3	10.3	8.5	7.5
Tier 1 capital ratio, excluding transition rules[1], %	11.4	11.4	9.3	8.3
Total capital ratio, excluding transition rules[1], %	13.4	13.4	12.1	10.9
Core tier 1 capital ratio[1], %	8.9	9.3	6.7	6.3
Tier 1 capital ratio[1], %	9.8	10.2	7.4	7.0
Total capital ratio[1], %	11.5	11.9	9.5	9.1
Core tier 1 capital, EURm	19,103	17,766	14,313	12,821
Tier 1 capital, EURm	21,049	19,577	15,760	14,230
Risk-weighted assets, incl transition rules[1], EURbn	215	192	213	205
Number of employees (full-time equivalents)[1]	33,809	33,347	34,008	31,721
Risk-adjusted profit, EURm	2,622	2,786	2,279	2,239
Economic profit [2], EURm	936	1,334	1,015	1,231
Economic capital[1,2], EURbn	17.5	16.7	15.8	13.4
EPS, risk-adjusted, EUR	0.65	0.72	0.68	0.67
RAROCAR[2], %	15.0	17.3	15.6	17.8
MCEV, EURm	3,655	3,244	2,624	3,189

1) End of the year.
2) Economic capital restated due to changes in the economic capital framework reflecting alignment towards regulatory framework.

Reflections from the Chairman

At the AGM 2011, Hans Dalborg will resign as chairman of Nordea. Since 1991, he has held leading positions in what is now Nordea. As CEO of Nordbanken, his task was to clear out the effects of the 1990s crisis and create the Nordic vision. As CEO of MeritaNordbanken, it was to complete the mergers between Merita, Nordbanken, Unidanmark and Kreditkassen. As chairman of Nordea, the mission has been to shape one of Europe's leading banks.

Thank you for 20 exciting years

During my years in the service of the bank, I have enjoyed rewarding cooperation with dedicated employees, skilled management, committed board colleagues and demanding owners. As chairman of the Board, I have had the privilege of working together with two extraordinarily competent CEOs.

During the latest financial crisis, Nordea was one of the few European banks that maintained the confidence of the market. We increased lending to small businesses, captured market shares among the Nordic large companies and retained our earning capacity. Nordea was not a part of the problem, rather a part of the solution.

The memories of all of us who dealt with the Nordic crises of the 1990s had become an integral part of the behaviour, systems and processes, which made Nordea a stabilising factor in the global crisis.

Here are some further reflections from my 20 years with the bank.

Change is the normal state of affairs

When I entered the world of banking, very few had heard of Internet. We had clumsy mobile phones which were just about good enough to make calls on, and we saw telex and fax machines as powerful tools. Banks in the Nordic countries were national and customers did their business at branches or possibly by post or phone.

Banks today probably account for the countries' most extensive IT operations. The financial system is global. Customers need only visit a branch a few times a year. Regular transactions are done via internet. Nordea has more than six million net customers.

Though much has changed in 20 years, the one thing that is certain is that even greater changes will occur over the coming two decades. I may believe we have accomplished a great deal in past years, but more remains to be achieved.

Technology continues to develop. ”The sky is the limit” has taken on a new meaning when ever more things are done via satellite and computers soon will have their memories in ”the cloud”.

Globalisation progresses. There are no longer any national boundaries for capital, knowledge and talent. The majority of goods and services now face - or will face - global competition.

The rules of the game change. The financial crisis swung the pendulum from deregulation to re-regulation. It will swing again if the burdens imposed by regulation – in particular the lack of harmonisation – threaten the financial sector as an engine of growth. Customer demands also continue to change. Demands increase.

The industry structure is affected. The banks that will take the lead in Europe and the world will need to be big in terms of capital, liquidity, customer bases, IT systems and competence. What will make the difference is the ability to see new business opportunities in accelerating change.

Yesterday's triumphs don't count.

The mission of a company is to create value

Value creation is the driving force in a company's development.

The owners risk their capital in the company and are ultimately responsible for its operations. It is from them the board of directors, management and employees get their mandates. Unless it creates value for the shareholders, a company can neither grow nor even survive.

Shareholder value derives from customer value. Income comes from the customers. Customer value is created by qualified and committed employees, with good support systems that can offer attractive products.

Customers who meet dedicated employees get good service. A company must create value for its employees.

Companies that create value are the foundation of a market economy and for the welfare state, which is built on taxes on capital and labour and much more. Value for society underpins the company's legitimacy.

It is essential to have clearly defined measures of success. As regards shareholder value, we in Nordea focus on risk-adjusted profit/share, return on equity (ROE) and total shareholder return (TSR). In 2006 we announced that our profits would double in seven years. This target stands firm despite the recent global financial crisis.

Value creation as a main mission also applies to banks. This necessitates high quality in regulation and supervision of banking operations and in their management.

Clear rules and close supervision from society must determine the framework. The owners of the company shall bear the risk and, together with the board and management, have full responsibility for running the company.

One should not confuse the role of the regulators with the role of the owners.

The Board sets the direction on behalf of the owners

Corporate governance aims to ensure that companies are run with the owners' interests regarding profit in the foreground. Good corporate governance fosters confidence in the stock market.

Good corporate governance is mainly about having decision-making systems, that stimulate people to take responsibility and to the extent possible to limit the scope for poor decisions.

The Board of Directors has the mandate from the shareholders meeting to manage and run the company. Its most essential task is to ensure that there is a first class operative management in the company, ie a competent CEO.

The Board's responsibility for the strategic development of a company is increasingly recognised. The Board shall define the business and the vision and decide on main strategies for the operation, make strategically vital decisions and set the limits for risk-taking. In Nordea, the Board decides on all compensation issues relating to the management.

The Board must monitor the company's development and intervene when necessary. However, it is important that the Board allows the management to lead; dual commands in any form create uncertainty.

A well-functioning board of directors comprises independent and bold individuals with varying backgrounds and skills, who can establish a common view of the company and develop thorough knowledge of the company and its markets.

Effective work of the Board of Directors is characterised by a relevant agenda in which the essential matters are thoroughly dealt with and unessential matters are cleared away, solid preparations by all, and meeting management which ensures that all points of view come to the surface.

The chairman's role and responsibilities have become more explicit, as the chairman is now being appointed at the annual general meeting. The chairman, along with the CEO, is the company's main spokesperson and ambassador. A chairman must be able to listen, but should also have the ability to summarise views into clear and effective decisions.

The chairman is also the CEO's sounding board. His job is not to make the decisions, but to encourage decision-making. A good relationship between chairman and CEO means a frank dialogue containing both support and criticism.

Good corporate governance contributes to strong in-house management.

Strong leadership creates hope and energy

A company's leadership is crucial to its development.

There is a fundamental difference between being a manager and being a leader. A manager is appointed; you have to follow him or her. A leader gets the mandate from the confidence of others. He or she is a person you want to follow.

Management is drawing on the energy contained in an organisation. ”Leadership” means being a catalyst with the ability to increase the quantity of energy in an organisation.

Integrity is an important quality of leadership. This means that actions and thoughts are neither corrupt nor based on tactical reasons. This leader can be relied on.

Another such quality is courage. Civil courage is a particularly respected and admirable quality; perhaps because it is such a scarce resource.

The ability to have visions and being able to pedagogically translate them into actions is a third quality of a natural leader. When I look for managers/leaders I look for individuals with the ability to "look around the corner”. A firm belief in the vision builds confidence and strength.

A good leader has high demands on himself and on others. He or she takes the blame for mistakes and celebrates the team for successes.

A successful leader is also distinct, consistent and practices what he/she preaches. It's not what you say but what you do that sets the example.

Unfortunately, many people fail to achieve their inherent potential. Constricted organisations and mediocre managers may stand in the way. The leader's most essential task is to find other leaders and shore up self-esteem and sense of responsibility of the employees, ie contribute to their growth.

People are driven forward by ambitions, dreams, longing, hope. A large part of leadership is the ability to communicate hope.

The future is something we create.


A winning culture originates in customer needs
Culture is the glue that holds different societies and organisations together. It provides guidance as to what is right and what is wrong, what is beautiful or ugly, what is important or unimportant.

Instead of detailed instructions and decisions, companies are run largely on the basis of values, codes and generally applicable concepts - a culture, frameworks within which individual decision-makers take positions. It is vital that the board and the management set the tone. ”Stairs are cleaned from the top.”

When Merita and Nordbanken merged, many wondered how would it be possible to combine Finnish culture and Swedish culture under the same corporate roof. It has worked very well indeed. But it didn't happen by itself. When two companies from two different nations meet it is essential for this to be a meeting of cultures rather than a clash of cultures.

It is highly fortunate that we are different. We said when we established Nordea that we are similar enough to be able to cooperate, different enough to have a lot to learn from each other and many enough to constitute a good home market.

The task of the management was on the one hand to create the fundamental values which provide guidance, and on the other to accept as well as support national differences.

We defined at an early stage Nordea's mission: we help households and companies to realise their dreams, life projects and business concepts by providing customised financial solutions. In brief ”Making it possible”.

For a newly merged company about to break new ground to make it possible for the customers, ”creating value”, ”being innovative” and ”empowering” became the values. When benefits from the merger for the customers and owners were to be realised in full, the management's message was ”focus, speed and performance” and ”from too many to just one”. New common operational methods were created.

Today, Nordea stands for ”great customer experiences” in order to exceed expectations and build partnership, ”it's all about people” as it is the employees who make the difference and ”one Nordea team” to utilise the aggregate resources of Nordea for each customer.

In a strong culture the rules are fewer and better.

Vigorous companies hold both businessmen and entrepreneurs
A businesslike approach is key to successful financial operations. It must be imbued in all we do. In a bank, everyone needs to know math.

Successful strategies are based on an appraisal of future market logic, not just past experience. Timing is always crucial. Strategic focus creates perspective; the Board and management will recognise an opportunity when they see it.

Nordea was formed through structural mergers. A cross-border large European bank with the four great Nordic countries as the foundation was the vision.

The bank has gained strength through organic growth with strategic focus and a professional approach to business. Only through continuous improvement, including cost cuts, the financial scope for future ventures is created.

Every well-run company has dynamic balance sheet management. It requires optimal capital structure and funding and effective use of capital. Capital requirements are determined by strategy and market and, as in Nordea's case, by regulations.

Entrepreneurship is just as necessary in a large company as in a small one. The will to create new business is an important attitude at all levels in a large company, which always has to fight to maintain its vitality.

There are no unprofitable customers; only poor business concepts and inefficiency.

Order facilitates bold decisions
A prerequisite for successful banking operations is to always know what you are doing and to only do things you understand.

A decisive cause of the latest global financial crisis starting in the USA was pure ignorance. Finance and credit policy created a property bubble of gigantic proportions. The financial sector believed that the highly explosive mortgage loan products they worked with were harmless.

A bank must keep its risks in order, know what the probabilities are, know how extensive the damage can be in the event of a negative outcome. This requires effective administrative processes, reliable accounting and powerful IT systems. In other words, a functioning infrastructure, or if you wish, a good bureaucracy.

When I came to Nordbanken in 1991, one major task was to create reliable, predictable procedures and instil order-promoting attitudes. If these attitudes are in place, if the accounting is reliable, if the documentation is correct, if areas of responsibility are clear – then there is a platform for bold business decisions. Then risk is not unknown but something that can be quantified.

A strong infrastructure is a prerequisite for well calculated risk-taking.

The essence of banking is to assess and manage risk
Risk assessment occurs in many areas. It requires understanding of macroeconomic risks, market risks,

> Successful mergers are realised in the line organisation. “Nordic Ideas” became Nordea.

liquidity risks, operational risks, counterparty risks, environmental risks and not least credit risks.

Nordea has developed systems for identifying, quantifying and pricing risk. The methods are becoming ever more sophisticated and this process must continue.

Credit granting has always been core to a bank. Banks play a crucial role in society: no credits – no welfare. Credits are also a vital part of a bank's earnings. But bad credits can bring a bank down. Loan losses arise not only through inadequate internal processes, but also due to inadequate understanding of external circumstances.

It is therefore vital for a bank to develop a consistent and stable credit culture. Fundamental to this are a serious attitude to granting of credits, knowing what is important and utilisation of all experiences in the organisation.

Being able to read financial statements is one type of knowledge; assessing people is another. Experience has taught us to value collateral, but this is outweighed by the ability and willingness to repay.

In over 20 years in various credit committees I have seen how loan officials develop an ability to focus on the essentials. It is always the easiest thing to say no to credit risk. But one should bear in mind that regardless of whether the bank says yes or no, the bank takes responsibility.

Credit granting is about assessing both people and figures.

Good ethics is good business

Banks are part of the financial infrastructure, and they must understand their responsibility and practice high ethical standards.

Nordea is founded on shared Nordic Ideas comprising freedom, equal opportunity, care for the environment, good citizenship, ethics, honesty and sincerity.

Our social responsibility and ethics must be manifested in clear policies providing guidance and system to our actions. We must always maintain a clear distance to grey areas and doubtful financial arrangements.

In its own operations, the bank must ensure sustainability. This is based on us having such financial strength and such a business that we add value in the societies and market places where we operate.

We should not consume more resources than absolutely necessary. This is good business and a priority for the environment and the climate.

We must take responsibility in customer relations. It is both good ethics and good business to refrain from credit granting to environmentally dubious projects.

We bear responsibility for our own employees but also for employees in operations we “make possible”. Here too, ethical and financial concerns coincide.

A bank must earn its ”licence to operate” every day.

Successful mergers are realised in the line organisation

Mergers often spring from the need to be big. We, who created Nordea, saw that our large corporate customers demanded services that required size from us to deliver – large-scale financings, complex payment systems and an international network.

Size provided resources for investments, especially in IT systems and benefits within asset management. We were able to increase efficiency. Major foreign banks prefer to do business with other large banks. With size we become visible.

Nordea is a successful result of many mergers. But most mergers fail. Indeed, two out of three become disappointments.

”Friendly mergers” cannot be based on stereotypical estimates of cost synergies. It is vital to have a ”strategic fit” as starting point with shared focus, vision and goals. Only then, resources, restructuring and results can be calculated. If consensus is achieved, one has to act fast.

A transaction has to be sensible for most shareholders. Capital structure and a preliminary organisation structure must be in place.

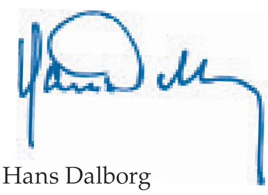
Strong and clear leadership is key to success. Mergers must be realised in the line organisation, with personal accountability for managers. Leadership of the new organisation must be visible. Delegating a merger process to a project outside of line management does not work.

To create commitment to the vision and minimise uncertainty, one has to communicate, communicate, communicate. No party may behave ”imperialistically”; all participants must be treated with respect.

A new company needs management, an economic structure, a culture. A common financial language and system has to be set early. We coined ”one will, one wallet”.

In a successful merger, one succeeds in identifying a set of values that provides clarity and direction.

”Nordic Ideas” became Nordea.



Hans Dalborg
Chairman of the Board

Prudent growth – balancing growth and return

Nordea's strategic target picture:

- Growth strategy
- Best relationship bank
- One operating model

Ambitious vision and targets
Nordea has an ambitious vision of becoming a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. The vision is reflected in Nordea's financial targets and supported by Nordea's values.

The vision for Nordea's business in the medium-term is stated in an operational strategic target picture comprising three components: firstly, Nordea wants to pursue a growth strategy that will generate sufficient income and resources to create great customer experiences and thereby long-term value. Secondly, Nordea wants to be the best relationship bank in the markets, where it operates. Thirdly, Nordea wants to have a foundation based on one operating model for all activities in order to free up resources to be deployed in better service to customers. The goals are to increase Nordic market shares and to have the highest level of customer satisfaction among peer banks in relationship segments.

The external financial targets of Nordea reflect the ambition to create superior value, which is measured by total shareholder return. The profitability dimension of value creation is measured by return on equity and the long-term growth dimension by risk-adjusted profit. After the strong increase in 2009, risk-adjusted profit decreased 6% in 2010 to EUR 2,622m. Measured since the launch of the growth strategy four years ago, Nordea is in the top quartile of its European peer group in terms of total shareholder return.

Nordea performed comprehensive internal reviews to analyse the consequences on its business model during the year. It is evident that the developing regulatory frameworks relating to capital and liquidity will change the relative attractiveness of certain business models. Overall, banks will increasingly adjust to the "New Normal" with implications on business models and ability to generate return

Vision and financial targets

Making it possible

Vision

A Great European bank, acknowledged for its people, creating superior value for customers and shareholders

Long term financial targets

Long-term financial targets	Target	Outcome 2009	Outcome 2010
Total Shareholder Return, TSR (%)	In the top of quartile of European peer group	no. 7 of 20	no. 9 of 20
Risk-adjusted profit (EURm)[1]	Double in 2006–2013[2]	42%	34%
Return on equity, RoE (%)	In line with top Nordic peers	11.3%	11.5%

1) Risk-adjusted profit is defined as total income less total expenses, less expected losses and standard tax. In addition, risk-adjusted profit excludes major non-recurring items.
2) Compared to baseline 2006 of EUR 1,957m. Outcome shows growth from 2006.

Strong customer-oriented values and culture

Making it possible

A Great European bank, acknowledged for its people, creating superior value for customers and shareholders

Great customer experiences
- We think and act with the customer in mind
- We understand individual customer needs and exceed expectations
- We deliver professionally
- We create long-term relationship

It's all about people
- We acknowledge that people make the difference
- We enable people to perform and grow
- We foster initiative-taking and timely execution
- We assess performance in an honest and fair way

One Nordea team
- We team up to create value
- We work together across the organisation
- We show trust and assume accountability
- We make rules and instructions clear and applicable

Foundation: Profit orientation and prudent cost, risk and capital management
- We focus on profitable organic growth
- We focus on strict cost management, prudent risk control and efficient capital management

Relationship banking and financial advice are key to the prudent growth strategy.

to shareholders. As the regulatory processes progress and implementation will commence, Nordea will continue to closely study the implications and adjust its way of conducting business as necessary, balancing prudent growth with return on equity in line with top peers.

Strong customer-oriented values and culture

Nordea's values were introduced in 2007 and are now a profound part of all activities in the bank.

Great customer experiences is the core value that guides the behaviour and decisions of all employees. Nordea wants to exceed customer expectations, be proactive and always fulfil obligations. It's all about people underlines that people make the difference and recognises that business growth and growing competence of people go together. It is Nordea's ambition that customers will experience one Nordea team, working together to find the best solutions for customers.

The successful implementation of the values is reflected in the annual customer satisfaction surveys and internal employee satisfaction surveys. Customer satisfaction in the Nordic markets improved by 1 point in 2008, was unchanged in 2009 and was up 0.3 point in 2010. The internal surveys of employee satisfaction, motivation and loyalty showed improvement in 2008, 2009 and 2010. The survey confirms that Nordea increasingly lives up to its values.

Prudent growth and best relationship bank

Nordea four years ago embarked on a journey from a good to a great bank and initiated a clear organic growth strategy in the Nordic and New European Markets. The basic growth strategy today is essentially unchanged, although the execution has been adjusted in order to allow to a greater extent to balance the growth with an attractive return on equity. The road towards great will be characterised by prudent growth carefully assessing risks and opportunities. The focus of the organic growth strategy will be to grow the relationship customer segments, to free up resources to support growth and finance investments for improvement of efficiency and the foundation of the bank and ensure alignment with new regulatory requirements.

The prudent growth supported by the Group Investment Programme is delivering encouraging results

The prudent growth strategy remains in place. Given the stable funding base and the well capitalised platform, Nordea continues to focus on the successful execution of the ongoing organic efforts to proactively elevate relationship customers in the Nordic markets to higher segments, attract new relationship customers and increase Nordea's share of wallet. Close to 75% of Nordea's income in the Nordic markets stems from the four highest household and corporate customer segments.

In early 2010, Nordea launched its Group Investment Programme with nine strategic initiatives to enable the bank to reach its long-term financial targets. The Programme already delivers increased efficiency, customer satisfaction and a positive return on investment. The invest-

Clear growth strategy

Household
- Migrate existing customers to relationship segments
- Attract new customers to relationship segments
- Increase advisory capacity
- Reduce cost by multichannel

Corporate
- Increase market share with largest customers
- Proactive advise on ancillary products to Medium customers

New European Markets
- Continue successful organic growth path in New European Markets

Efficiency initiatives
- Efficient value chain delivery to customer segments
- Upgrade IT infrastructure and processes and back office operations
- Replacing multiple old stand-alone platforms (cards and payments) with one uniform platform per product area

ments will continue with further expected benefits.

Household strategy

Household customers are divided into four segments based on their business with Nordea. For each segment, a value proposition has been developed including contact and service level, pricing and product solutions. The core philosophy of this strategy is to provide the best service and advice and the best product solutions and prices to the customers generating most business and income to Nordea. Prices are transparent and in general non-negotiable. This is normally seen as a win-win situation for customers as well as for Nordea.

The personal relationship banking strategy is supported by a focused product strategy. Nordea in general has a broad and well performing range of products, a highly skilled product organisation and a strong distribution power. Product development in the current market environment will ensure a flexible range of products and favour straightforward savings products and products with low capital requirement rather than complex and non-transparent products. Nordea savings product offering is designed to take into account customers' wealth, their involvement level and stage in the life cycle as well as the risk appetite.

Nordea pursues a multichannel distribution strategy that includes branches, contact centres and online or mobile banking. The aim is to improve customer satisfaction and sales and to reduce costs to serve the customers. Nordea sales are initiated from branches, where existing and potential relationship customers are invited to "360 degrees" meetings, and to go online from Nordea's open pages. Customer-initiated sales of non-complex products and services are encouraged to take place in contact centres and online. Finally, daily banking such as payments and account information should as far as possible be done via contact centres and Nordea's netbank, thus allowing the branches to focus on advice and sale of more complex products.

Corporate strategy

Corporate customers comprise four segments based upon their potential with Nordea and complexity of banking needs. For each segment a value proposition has been developed including contact and service level and product solutions. The corporate relationship strategy aims at building house-bank relations including as much of the customer's daily and event-driven banking business as possible. Relationship managers take a holistic view of the customer's business and financials organise the relationship.

The creation of the Corporate Merchant Banking and Capital Markets business unit is reflecting Nordea's commitment to become the leading bank among the largest corporate customers in all Nordic markets. The strong focus on the segment is particularly clear in Sweden where the Swedish CMB unit is reaping the benefits of the Growth Plan CMB Sweden. The initiative resulted in strong business momentum leading to a high level of ancillary business. Overall, Nordea strengthened its market position considerably in the segment as a relationship and cash management bank.

In the corporate customer product strategy, Nordea aims to make corpo-

Segmentation and value proposition – Household customers

Segment	Customers, 000's	Criteria and Value proposition
Private Banking	107	Assets > EUR 250k The best Nordea has to offer
Gold	2,900	Volume > EUR 30k, no. of products > 5 Named advisor – priority in access – best fixed price
Silver	1,600	Volume > EUR 6k, no. of products > 3 Personal service when needed – favourable price
Bronze	3,600	Active customer Basic service – fair price

Segmentation and value proposition – Corporate customers

Segment	Customers, 000's	Value proposition
CMB	12	Strategic partnership – sponsor, customer team and named adviser – tailored, individual solutions
Large	30	Partnership – named adviser and specialists – individual solutions
Medium	90	Business relationship – named adviser – individual solutions – standard products
Small	530	Personal relationship – basic service – efficient handling

rate risk management products and capital market transactions a natural part of the basic product offering to customers in the Large and Medium segments. This has been a major success during the last 3–4 years. For customers in segment Small, the new adviser profile and service concept Small Entrepreneurs has been rolled out to optimise Nordea's service and product offering to meet both the business and personal banking needs in the segment.

Investments in New European Markets, growth and full-scale banking model

New European Markets include Russia, Poland and the Baltic countries, Estonia, Latvia and Lithuania. Nordea entered this fast growing region almost 20 years ago, in each country at the beginning primarily to service Nordic corporate customers with business in these countries. The original strategy has gradually been developed to include local customers, and today Nordea also targets the upper segments among personal customers and solid corporate customers – in Russia only very large corporate customers. This has been a successful strategy that has led to gradual increases in income and result, while risks have been well contained. This strategy has been based on a network expansion that was initiated in late 2006 in the Baltic countries and especially in Poland. In Russia a majority position in Orgresbank was acquired late 2006, at the same time as Nordea sold its minority position in another larger Russian bank.

The long-term strategic direction for New European Markets is to continue the profitable growth strategy and gradually develop the operations into diversified full-scale banking businesses integrated with the rest of the Group. The customer segmentation and value propositions used in the Nordic countries are implemented in Poland and the Baltic countries.

However, reflecting the macroeconomic situation, the speed of the development of Nordea's business in the New European Markets has been slowed down. The branch network expansion in Russia and the Baltic countries has been halted, with some household pilot branches planed for Russia in 2011. Poland has been less affected by the financial and economic crisis than the other New European Markets, and 45 new branches were opened in Poland in 2010. The growth plan for Poland is continuing with 10 new branches planned in 2011 following the 159 new branches opened since 2007. Furthermore, the corporate merchant banking capabilities in Poland are being strengthened and local top-tier corporates are selectively but actively targeted aiming for building long-term house-bank relations.

One operating model

Nordea's operating model is designed to support the organic growth strategy. It ensures operational efficiency by improving the quality of customer relations, increasing the time spent with customers and reducing the time required to bring new products and services to market.

Integrated Group operating model

"Nordea's relationship managers and personal bank advisers are key for our services to our corporate and household customers.

Customer areas and customer segments

Focus on great customer experiences has led to continued strong income growth in customer areas and customer segments in 2010, in particular in the relationship segments, with increased number of customers and increased customer satisfaction.

Customer areas - Banking Denmark

Continued positive business momentum in 2010

Banking Denmark continued the positive business momentum in 2010. The number of Gold and Private Banking customers increased by 59,000, a growth rate of 9%, thus reflecting Nordea's strong brand and a competitive offering. This led to a growth in volume and an increasing market share of lending and deposits to household customers.

The strategy implementation continued, with even more proactive customer meetings, and strong focus was maintained on additional competence-building for all managers.

The corporate market saw modest investment activity. The focus was instead on working capital, which resulted in limited demand for lending products. The margin level remained largely unchanged, despite strong competitive pressure.

Both market shares for household and corporate deposits showed an increasing trend in 2010. Strong price competition for deposits is expected in the light of future regulations.

Loan losses decreased compared to previous year, supported by a decent macroeconomic development. The continuous rerating of the portfolio indicates that loan losses seem to have peaked. Loan losses and credit quality challenges are mainly seen among small and medium sized corporate and agriculture customers.

Income increased 8%

Income in 2010 increased 8%, primarily due to strong net fee and commission income and net fair value result. However, the margins are challenged by increasing price competition and a lower interest rate level, affecting the net interest income negatively. Income included EUR 109m in payment to the Danish guarantee scheme (EUR 144 in 2009).

Net loan losses were EUR 460m including provisions related to the Danish guarantee scheme of EUR 108m. The loan loss ratio was 50 basis points excluding the guarantee provisions (78 basis points in 2009) and 65 basis points including the guarantee provisions. The State guarantee scheme expired in September.

The total number of employees (FTEs) decreased by 80 in 2010.

Banking Finland

Growth Plan Finland contributes positive results

Activities related to Growth Plan Finland continued to contribute positively to the results. The number of Gold and Private Banking customers increased by 44,000, a growth rate of 5%. The number of proactive customer meetings remained high. Nordea's efforts to improve customer service were rewarded as several signals of clear improvements in customer satisfaction became evident during 2010.

Market shares for household deposits and lending increased. Several new branch offices were opened in the greater Helsinki area. The aim is to support Growth Plan Finland and focus on new customer acquisition and to offer advisory services to Gold customers. Moreover, efforts to improve the sales leadership skills were taken to support the ambition to further improve Nordea's customer service.

Measures have been taken to secure Nordea's strong market position among corporate customers. The recovery in the economy continued, leading to a somewhat increasing demand in corporate lending. Besides new lending, the re-pricing of the existing lending stock continues to shift the margins upwards.

Nordea continued as the leading bank for the Single European Payment Area (SEPA) introduction, with 65% market share of SEPA payments. Competition in the savings deposit market continued to push the offered customer rates above market interest levels.

Strong commission income growth

Increased interest rate levels supported the increase in income. Net fee and commission income was substantially higher than last year.

Net loan losses were EUR 191m, arising mainly from the corporate sector. The loan loss ratio was 38 basis points (36 basis points 2009).

The number of employees (FTEs) decreased compared to last year following a planned reduction of mainly customer service officers and tellers.

Banking Norway

Strong increase in number of Gold and Private Banking customers
The number of Gold and Private Banking customers increased by 24,000, an 11% growth rate. Acquisition of new customers continued to contribute strongly to growth. The strong business momentum was also illustrated when Nordea was chosen best Norwegian household bank 2010 by a leading personal economy publication.

Household lending market share increased, while household deposit market share was stable. Growth in household lending was maintained.

Compared to last year, corporate lending and deposits volumes increased with largely unchanged margins. Additional activities, aiming at further improvement in risk-pricing, had positive effect on corporate lending margins.

Business activity increased and the sale of capital markets products also improved.

Competition for savings deposits was fierce and the deposit rates offered on the market were higher than the interbank rates.

Household customers started to move their savings from bank accounts to investment funds and Nordea had a positive development in sales of new investment funds resulting in increased market share.

Income increased 3%
Total income increased 3% from last year, mainly due to strong net fee and commission income. The household mortgage lending margins were down 47 basis points, half of which related to technical reasons. The household deposit margin was up 47 basis points.

The loan loss ratio was 15 basis points (42 basis points in 2009).

The total number of employees (FTEs) was down 1%. Reallocation of resources from low-growth to high-growth areas continued and low-growth areas.

Banking Sweden

High business activity in corporate and 6% more Gold customers
Intense business activity continued throughout the year, resulting in strong growth in business volumes and higher margins. The growth in the number of Gold and Private Banking customers continued, with a total of 53,000 new customers, a growth rate of 6%.

The high activity targeting household customers led to an upward trend in savings volumes and a continued high growth rate in mortgage lending and investment products. Growth in savings commissions continued consequently, supported by the strong sales within unit-linked life insurance, investment funds and brokerage.

Business activity was also high in the corporate sector, materialising in a continued solid volume growth in branch regions (large and medium corporate segments). Within the CMB segment, lending demand slowed down somewhat from high levels, reflecting an improved liquidity situation among customers, a pick-up in bond markets as well as intensified competition, not least from international banks.

Both household and corporate lending margins improved, while full-year deposit margins decreased. During the second half of the year the trend was the opposite, supported by increasing markets interest rates. Total market share in the household segment increased slightly, but fell somewhat in the corporate sector.

Strong income growth from all areas
Total income increased 20% from last year (in local currency up 8%). Net interest income increased 9% following growing volumes at increasing margins. Net fee and commission income was 29% higher than last year, partly following increasing assets under management and higher debt capital markets activity. Net fair value result remained on a historically high level, reflecting a continued high momentum in the capital markets for derivatives and FX.

Net loan losses decreased and the loan loss ratio was 5 basis points (28 basis points 2009).

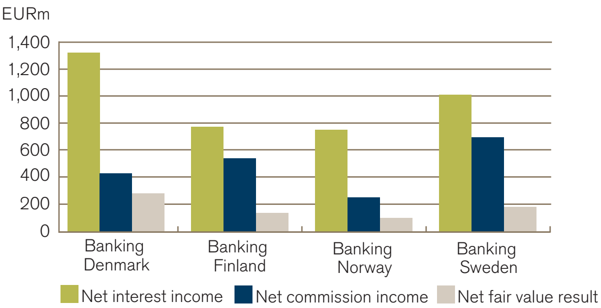
The total decrease in number of employees was 120 FTEs from the end of 2009, reflecting an improved productivity and focus on initiatives to decrease the number of manual transactions and handling of cash in the branches.

"Nordea is a relationship bank. Value propositions and a full range of services enhance great customer experiences.

Nordic Banking, income and volumes per market

EURm	Banking Denmark 2010	Banking Denmark 2009	Banking Finland 2010	Banking Finland 2009	Banking Norway 2010	Banking Norway 2009	Banking Sweden 2010	Banking Sweden 2009
Total operating income	2,081	1,934	1,460	1,405	1,116	1,082	1,895	1,580
– of which Net interest income	1,325	1,403	777	811	756	777	1,011	906
– of which Net fee and commission income	429	310	534	443	255	199	698	541
– of which Net result on items at fair value	286	179	146	147	103	103	186	133
Volumes, EURbn								
Loans to the public, corporate	32.0	30.5	23.3	22.6	23.1	21.7	37.8	32.4
Loans to the public, household	43.4	40.3	29.4	27.4	24.8	20.8	39.1	30.9
Deposits from the public, corporate	13.2	13.9	15.8	13.6	15.9	14.0	17.0	16.0
Deposits from the public, household	23.7	22.4	23.7	22.1	8.3	7.6	18.9	16.1
Number of employees (FTEs)	5,111	5,191	5,039	5,148	1,778	1,803	4,310	4,430

Nordic Banking, income per market 2010



Segments – Corporate Merchant Banking

Corporate Merchant Banking – driver of corporate income growth
The CMB customer segment is part of the new area Corporate Merchant Banking & Capital Markets. In the financial reporting, the CMB segment is included in Nordic Banking figures.

Strong income growth
The large corporate market has stabilised after the financial crisis with competition increasing. International players in particular are back competing for market share. 2010 was characterised by continued high business activity, leading to growth in total financing to the upper corporate segments. Corporate lending volumes increased by 3% and bond issues as well as syndicated loans were picking up. Nordea continued to be a leading Nordic arranger of Eurobonds for Nordic corporate issuers, having conducted several benchmark issues. Drivers for income growth shifted from volumes to the broad spectrum of financial services and Nordea's focus is to increase wallet share with its customer base. Income continued the double-digit growth from last year, being up 25%.

This confirms high activity in lending, largely driven by re-financings, due to customers taking advantage of the normalised market conditions and increasing interest from our competitors putting pressure on margins. Despite the strong margin pressure, 2010 ended at a significantly higher level of average margins than 2009.

In addition, net fee and commission income developed strongly in all countries, stemming from a number of major customer transactions, including several IPOs, rights issues and M&A transactions. Nordea has also continued to be the leading bank in syndicated loan transactions.

The Swedish CMB unit is reaping the benefits of the Growth Plan. The resulting strong business momentum has led to a high level of ancillary business. Nordea has strengthened its market position considerably as lead or core bank and also as a cash management bank in the segment.

Large corporate and other corporate segments

Corporate segments – relationship banking
Nordea's business and strategy proved strong as competition picked up again after the financial turmoil in recent years. Diversification in terms of markets, segments and products combined with proactive contact policies provided high income growth and modest cost growth.

Relationship banking, through designated relationship managers in charge of developing and organising the customer relationship has proven successful in giving a total view of the customer's business and financial affairs, which is beneficial both in terms of business opportunities, business development and risk overview.

The aim is to establish partnerships for the largest customers, in the segment Large. Successful partnerships develop into house-bank relationships, comprising the full spectrum of financial services. The aim for the Medium and Small customer segments is also to develop relationships and become the house bank. A concept has been launched to service small corporate customers with one adviser for both their corporate and their household business.

In 2011, the key drivers for income will continue to be increasing the wallet shares with existing customers and acquiring new profitable customers building on Nordea's improving position in the corporate markets.

Business development – steady income growth
Average corporate lending margins increased during the year, reflecting re-pricing of credit risk. Demand for corporate lending picked up, and volumes increased in all segments.

Nordea provided continued assistance in hedging of market risk, resulting in strong income growth on risk management products. Nordea improved its position in the corporate market by selective customer acquisition of high-rated corporate customers.

Large corporate customers
Income from Large corporate customers was up 10% compared to 2009, driven by volume and margin increases. Lending and deposit volumes increased somewhat in 2010.

Medium-sized and Small corporates
Income from Medium-sized and Small corporate customers was up 10% compared to 2009, due to increased income from lending.

> The strong growth in Gold customers comes both from outside the bank and from existing customers becoming full-service customers.

Gold and other household segments

Household segments – leveraging the customer base
With a clear emphasis on relationship banking and the aim of servicing 100% of the customer's wallet as the customer's lifetime financial partner, the potential in the segment is to be capitalised on.

The aim is also to identify potential Private Banking and Gold customers in the lower segments – Silver and Bronze – and develop these into the upper segments using a structured approach to increase business volumes. Nordea will also focus on acquiring new Private Banking and Gold customers from outside its existing customer base.

Positive signs for 2011 are especially an expected continued growth in mortgages, and in the savings and investments area, a decreasing risk adversity and an increasing customer interest are expected. Nordea will continue the Future Distribution initiative to expand its multi-channel capabilities, including online sales, to enhance customer satisfaction and drive further income growth. In the branch network, focus will be on increased sales pro-activity and at the same time a continued reduction of manual transactions, leading to increased cost efficiency and to a higher share of advisers in the personnel.

Strong value proposition in customer programme
The customer programme is a value proposition comprising brand promise, pricing, service level and product solutions combined into a transparent and competitive offer.

Nordea operates with non-negotiable and transparent pricing on most products, differentiated in three levels – one for each segment. The designated personal banker plays a proactive role in maximising growth potential from customers, who have reached the Gold level in the programme. In 2010, a new and highly competitive Premium concept was launched for the mass affluent customers. To attract younger customers in the 18–28 age group – young adults, a very attractive offer is specially designed as a fast track.

Gold customers – the household income engine
Income potential from developing the customer base is significant. Average income per Gold customer is twice the average from Silver customers. Close to two thirds of income from household customers derives from Gold customers.

The Gold segment in the long run achieves profitable growth by increasing sales of the entire product range by pro-actively offering customers 360-degree meetings covering all aspects of their financial affairs.

Nordea's pro-active approach and customer centric 360-degree advisory have been appreciated by our customers. Moreover, the credibility and stability of Nordea during the financial crises have boosted customer loyalty and acquisition of new Gold household customers.

Customers elevated to the Gold segment are offered better services and prices. The decrease in margin from elevating customers to the Gold level is more than compensated for by increased product penetration.

Business development: increasing Gold customer base
The focus on developing the potential in the customer base and acquiring of new customers continued to be successful with a net increase in the number of Gold and Private Banking customers equal to a growth of 7%. Around 130,000 Gold and Private Banking customers were new customers to Nordea. This reflects Nordea's strong brand and competitive offering through the loyalty programme and advisory services.

Lending growth to household customers, in particular mortgage lending, was a driver for income in 2010. Income from deposits is at a low level, due to historically low margins and fierce competition, but picked up during the second half of the year, driven by increasing market interest rates. Customer activity picked up in savings and investments.

The activities to increase the number of proactive meetings with customers have continued. The focus is to increase pro-activity towards Gold customers in a market situation where customer's financial affairs are of utmost priority.

Customer satisfaction increased during 2010. Total income from Gold customers was up 8% compared to last year, as volume growth and the increased savings products income more than compensated for the lower income from deposits.

Customer areas – New European Markets

New European Markets comprise Nordea's operations in Poland, Russia and the Baltic countries. In all markets, Nordea has a full-service offering to household as well as corporate customers.

The business within New European Markets developed favourably in 2010. Lending as well as deposit volumes continued to grow at healthy rates and Nordea strengthened its market positions. The economies in the countries where New European Markets is active made good progress during the year. The inflow of new impaired loans were substantially lower than in 2009, resulting in only somewhat higher level of impaired loans at year-end and significantly lower net loan loss provisions. Total income increased 20% from 2009 and operating profit more than tripled.

Baltic countries

Following the severe recession in 2009, the economies of the Baltic countries stabilised gradually in 2010 and started to recover in the latter part of the year. Increasing exports was the main driver, while domestic demand has been weak. Governments have been forced to reduce spending in order to reduce budget deficits and unemployment rates have hovered in the 18% range.

The recession continued to affect credit quality and collateral values, but the effect was gradually declining over the year. At the end of 2010, gross impaired loans amounted to EUR 572m or 712 basis points of total loans, compared with EUR 535m or 653 basis points last year. Provisions for loan losses amounted to EUR 76m for 2010, down from EUR 201m in 2009. This resulted in an accumulated provisioning ratio in relation to impaired loans of 56% at the end of the year.

Corporate customers – recovery in sight

Nordea has a strong position in selected segments in the Baltic countries, such as Nordic-related corporates. This position has further strengthened during the recession, where the main focus has been on supporting existing strong customers, but where Nordea has also actively targeted new customers on a selective basis. By the end of 2010, Nordea had approx. 26,700 corporate customers in the Baltic countries. Lending volumes were stable over the year, as the demand for credits was rather low. The stock of impaired corporate loans increased marginally during the year. The most affected segment continued to be midsized corporates with real estate-related business.

Gaining ground in the household segment

Nordea offers a full range of products through its branch network, comprising over 60 branches in the region. Nordea serves some 334,000 customers, of whom 60,000 are Gold customers. As in the Nordic countries, household customers are served through a multichannel approach. Business volumes increased somewhat in 2010, as Nordea continued to add new solid customers. Nordea has strengthened its overall position in the household segment during the year. The level of impaired loans to household customers increased compared to 2009, following high levels of unemployment.

Income growth

Income for the Baltic countries increased by 19% from the previous year, following increased lending margins and high income from capital markets transactions. Deposits margins were under pressure following intense competition and net gains on items at fair value were low.

The impact from impaired loans, not generating interest income, had a weakening effect over the year as the number of new impaired loans fell in the latter part of the year.

Poland

The Polish economy showed strong resistance to the global crisis in 2009, and picked up further speed in 2010. The development was driven by increasing exports. Government spending and private consumption increased at solid rates. The long-term outlook for the Polish economy remains solid.

Nordea's lending portfolio is well diversified and the credit quality continues to be strong. The absolute level of impaired loans increased compared to year-end 2009, but in relation to total lending, the level was largely stable at around 1% of lending.

Increasing focus on the largest corporates

Nordic-related corporates and medium to large-sized local corporates have traditionally been in focus for Nordea in Poland, alongside municipalities. Nordea is among the leading banks within some of these target segments. Nordea continued to move forward in the corporate segments during the year, winning several important mandates and establishing broad relationships with important new customers. Nordea also executed the largest single transaction so far in Poland during the year. Lending as well as deposit volumes were largely unchanged, as demand for credits was fairly stable.

In 2010, Nordea started to more actively target a wider selection of large corporates. This effort has started to pay off and will be further intensified in 2011, as more tailored offerings towards this customer group will be launched. Now, with the expanded branch network, Nordea will also aim to increase business with the small and medium-sized corporate segments. Nordea had 65,600 corporate customers at year-end, whereof 54,500 small corporate customers.

Rising share of household market, supported by larger branch network

45 new branches were opened in 2010, of which 10 advisory branches, adding to the 114 branch openings in 2007–2009. In total, Nordea now has over 200 branches in Poland, serving some 590,000 household customers and small corporate customers. The branch network is also increasingly supported by other channels in order to serve the growing customer base. The number of Gold customers in Poland is now some 62,000, up 35% compared to year-end 2009.

The business volumes increased substantially in 2010, supported by the enlarged branch network and competitive products. Nordea gained market shares, especially within mortgage lending. The brand recognition is increasing and Nordea continued to receive acknowledgment for its service and product offering, receiving high rankings in several independent customer surveys during the year. In addition, the CEO of Nordea Poland received Gazeta Bankowa's "Bank Manager of the Year 2010" award, as a result of strong financial performance for Nordea Poland and active participation in the development of the Polish banking sector.

Solid income growth following higher business volumes

Income in Poland increased by 41% compared to 2009, following increasing business volumes in combination with higher margins. The household segment was the main driver behind the volume growth. Net result on items at fair value also increased substantially, following a higher number of customer transactions.

Russia

The Russian economy experienced a strong rebound in 2010. Increased exports as a result of the global macroeconomic recovery and higher prices on commodities, such as oil and metals, were the main driver.

Private consumption recovered as well but the agricultural sector was negatively impacted by the summer drought. Inflation has come down markedly compared to 2008–2009 and the RUR strengthened during the year.

Nordea's Russian business continued to develop well during the year, taking further steps to align with the Nordea Group in a variety of areas. Further steps have also been taken to further diversify the business. The lending portfolio is of high quality and the level of impaired loans is stable at some 1% of total lending.

Enlarged customer base of large corporate customers

Large Russian corporates make up the main customer segment for Nordea Russia. During the year, Nordea continued to expand the customer portfolio, establishing relationships with a number of important new customers. The large corporate segment will also be the main driver for Nordea in Russia for the coming years and substantial efforts are spent with the aim of increasing the number of customers in this segment further. Nordea is also gaining ground among Nordic corporate customers present in Russia, a long-term important growth segment.

Lending volumes increased at a controlled rate in 2010, while deposit volumes were stable. Lending margins remained on a high level compared to Poland or the Baltic countries, but declined over the year as competition for the top-tier corporate customers intensified.

Household customers key part of Nordea's long-term strategy

The main focus for Nordea's Russian business is the large corporate segment, but the long-term aim is to build a diversified full-service business. The household business developed well during the year and business volumes increased. In December, Nordea opened five concept branches designed for household customers. These branches will be evaluated and further concept branches opened, in order to assess the potential for Nordea in the Russian household market. Product development supporting this effort is also ongoing.

Income

Income in Russia increased by 8% compared to 2009. Lending volumes increased at a solid rate and gains from items at fair value were higher. Lending margins were under pressure following intense competition.

Shipping, Offshore & Oil Services

The Nordea brand has a solid recognition in the maritime sector. With a global business platform, strong syndication franchise and consistent presence in the market during business cycles, Nordea has positioned itself as a globally leading bank to the shipping, offshore and oil services industries.

Confidence returning to the loan market

In 2010, confidence started to return to the loan market and transaction volumes increased substantially. Benefiting from its strong placing power, Nordea successfully underwrote and syndicated several large syndicated loan transactions during the year. The loan volume lead arranged by Nordea in 2010 was significantly higher than in 2009.

Nordea's syndication franchise was recognised by Dealogic as one of the top arrangers and bookrunners of syndicated shipping loans. Competition among banks increased on high quality credits, but transactions were still executed on conservative structures.

Cautious market sentiment going into 2011

The major shipping segments were supported during the first half of 2010 by private sector stock rebuilding and public sector fiscal stimulus. As these temporary effects phased out, shipping markets weakened during the second half of the year, and also as a result of large deliveries of new vessels. Emerging markets economies, especially China, continue to play an increasingly important role for growth in seaborne trade. Near term fleet growth for the world's dry cargo and crude oil tanker sectors is historically high, and unless demand growth exceeds current estimates, these market segments may be weak in 2011.

The increase in oil prices during 2010 has resulted in higher exploration and production spending, which has had a positive impact on the demand for oil services. We believe the Macondo oil spill in the Gulf of Mexico will result in more stringent regulations and increased focus on safety and environmental issues. This is expected to benefit reputable drilling contractors with modern equipment, and also drive the need for new technology, all of which will have a positive influence on the oil services sector. The positive long term fundamentals for the oil services industry seem to remain intact.

Strong results and lower loan losses

Nordea's exposure to the shipping, offshore and oil services industries is well diversified. In 2010, total income increased by 11% to EUR 419m, primarily driven by higher lending margins. Lending volumes showed a small increase, and were EUR 13.6bn at the end of 2010. Operating profit increased 37% from last year to EUR 316m.

Net loan losses amounted to EUR 44m and the loan loss ratio was 34 basis points for the full year.

Financial Institutions

Nordea is the leading partner for financial institutions in the Nordic market. Customers are served by dedicated customer teams providing tailored solutions. Customers include approx. 400 Nordic and 100 international financial institutions as well as approx. 1,700 banking groups.

Strong result in volatile market

Uncertainty was a common theme in 2010, as exemplified by PIIGS country finances and FX and interest rate volatility. The rapid depreciation of the US dollar led to strong advances in dollar-denominated markets such as oil or gold, whereas equity markets suffered from an unwillingness from investors to expose themselves to large market shifts.

Continued structural growth in savings is seen and assets under management are increasing. However, with lower leverage and less trading activity, business activity is lower than before the crisis, as the different players adapt to the "new normal". In the absence of clear market directions, much of the activity during the year was risk-management-related, with high demand for various hedging transactions, as well as debt capital market financing.

The competitive situation intensified compared to last year as many banks were able to find new financing, sometimes with the aid of government guarantees. Global players also took a renewed interest in the Nordic region, sometime in the form of new or extended local offices. Banks were increasingly willing to compete on price as well as risk, in an effort to make up for lower volumes compared to pre-crisis levels.

Nordea successfully defended its position and increased market shares by virtue of its financial strength, standing in the market and service delivery. The bank's strong relative performance throughout the crisis and a high preparedness for new regulatory initiatives support a professional service delivery and attracts business from domestic as well as international customers.

In 2010, the Financial Institutions Division (FID) took over the customer responsibility globally for financial institutions, which exemplifies Nordea's ambition level concerning international financial institutions and underlines that Nordea is the natural choice for customers seeking a bank with sufficient size and strength in the Nordic region. The new organisation, with FID included in Corporate Merchant Banking & Capital Markets will further strengthen Nordea's corporate and institutional offering.

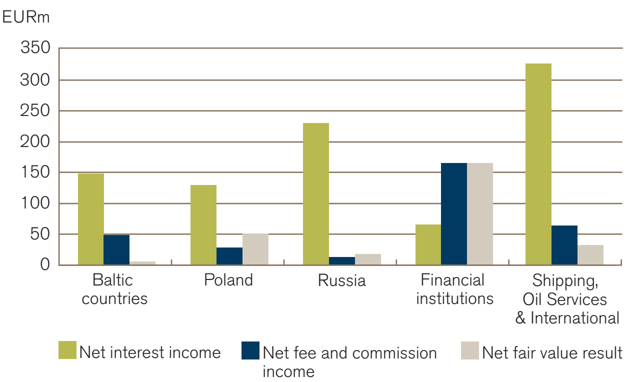
Income

Income for comparable units decreased somewhat compared to 2009, on the back of lower margins in capital markets-related services and a reduction in interest on deposits. Strong commission income, especially in trade and project finance and investment management, compensated for part of the decline. Total income was EUR 422m.

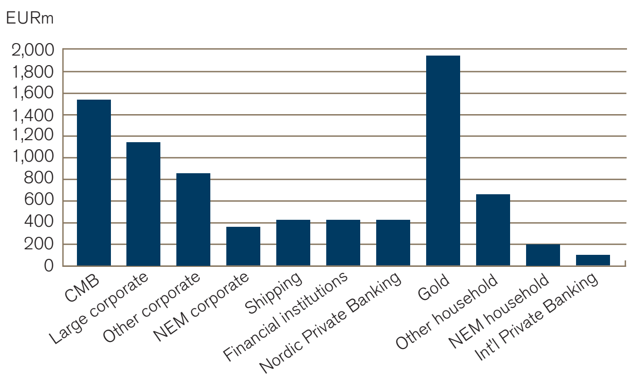
Other customer areas, incomes and volumes per area

EURm	Baltic countries 2010	Baltic countries 2009	Poland 2010	Poland 2009	Russia 2010	Russia 2009	New European Markets Total 2010	New European Markets Total 2009	Financial Institutions 2010	Financial Institutions 2009	Shipping, Oil Services & International 2010	Shipping, Oil Services & International 2009
Total operating income	198	167	211	150	258	239	664	553	422	446	419	379
– of which Net interest income	147	112	128	94	229	217	502	420	64	69	325	281
– of which Net fee and commission income	47	35	27	18	12	11	85	64	164	148	63	49
– of which Net result on items at fair value	2	19	50	35	16	10	68	64	163	178	31	48
Volumes, EURbn												
Loans to the public, corporate	4.9	4.9	2.3	2.4	4.6	3.2	11.8	10.5	3.4	4.0	13.6	12.9
Loans to the public, household	2.9	2.8	3.3	2.2	0.3	0.2	6.5	5.2				
Deposits from the public, corporate	1.3	1.3	1.5	1.3	0.9	0.9	3.7	3.5	11.7	9.0	5.9	4.4
Deposits from the public, household	0.6	0.7	1.0	0.8	0.1	0.1	1.7	1.6				
Number of employees (FTEs)	1,167	1,148	1,936	1,630	1,710	1,613	4,846	4,410	381	410	318	304

Other customer areas, income per area/market



Customer segments, income per segment 2010



Segment – Private Banking

Nordic Private Banking

Strong customer development

In 2010, Nordic Private Banking continued its focus on increasing the number of customers and improving the value proposition to existing customers. Customer growth is generated both from transferring internal customers who qualify for the Private Banking offering and from attracting new external customers. In the latter case, Nordea's strong market position and reputation has contributed positively. Overall, the number of customers increased by 6% or 5,600 in 2010.

Customers' investment appetite continued to increase during 2010. Nordic Private Banking benefitted from net-inflows of EUR 2.8bn, both into investment funds and direct securities. Strong net inflow and market appreciation resulted in Assets under Management (AuM) of EUR 57bn, up 25% from 2009.

The increase in customers and AuM in 2010 contributed to an income growth of 19% compared to 2009.

The value proposition was further enhanced in 2010. One of the most significant enhancements was the roll-out of a discretionary mandate offering in Sweden and Denmark, which has gained very strong momentum with customer and asset inflow, well ahead of expectations. Nordea has received external recognition by Euromoney, who awarded Nordea as the "Best Nordic Private Bank" in 2010.

International Private Banking

New customer acquisition

In International Private Banking, new customer acquisition was high on the agenda in 2010 and led to a significant number of new customers. The number of customers in targeted segments increased by approx. 7% in 2010. To support customer acquisition, the advisory team servicing customers of non-Nordic origin was further en-hanced and the value proposition and sale resources for the ultra-high-net-worth segment were strengthened.

Competencies within wealth planning and tax reporting were further developed and are now an integrated part of the offering in various countries. AuM increased by 15% to EUR 10.0bn, partly due to net inflow from existing and new customers and partly, due to market appreciation.

Corporate customer segments and financial institutions, key figures

	Corporate Merchant Banking		Large corporate customers		Other corporate customers		Nordic corporate customers, total	
	2010	2009	2010	2009	2010	2009	2010	2009
Number of customers, '000	9	8	26	25				
Income, EURm	1,528	1,226	1,137	1,030	848	768	3,513	3,024
Volumes, EURbn								
Lending	43.8	42.4	47.1	41.3	25.3	23.4	116.2	107.1
Deposits	22.8	21.3	17.4	16.2	21.8	19.8	62.0	57.3
Margins, %								
Lending	1.55%	1.27%	1.43%	1.37%	1.70%	1.68%	1.50%	1.36%
Deposits	0.12%	0.17%	0.21%	0.31%	0.31%	0.44%	0.21%	0.31%

	New European Markets corporate customers		Shipping, Oil Services & International customers		Financial institutions		Corporate and financial institutions, Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Number of customers, '000	98	89	2	2	2	2		
Income, EURm	352	351	419	379	422	446	4,706	4,200
Volumes, EURbn								
Lending	11.8	10.5	13.6	12.9	3.4	4.0	145.0	134.5
Deposits	3.7	3.5	5.9	4.4	11.7	9.0	83.3	74.2
Margins, %								
Lending	2.25%	2.23%	1.75%	1.45%	0.81%	0.76%	1.56%	1.42%
Deposits	0.49%	1.11%	0.13%	0.14%	0.16%	0.19%	0.21%	0.31%

Household customer segments, key figures

	Nordic Private Banking		Gold customers		Other household customers		Nordic household customers, total	
	2010	2009	2010	2009	2010	2009	2010	2009
Number of customers, '000	93	87	2,778	2,603				
Income, EURm	417	341	1,936	1,793	659	719	3,012	2,853
Volumes, EURbn								
Lending	6.9	5.8	120.4	104.0	9.4	9.7	136.7	119.5
Deposits	8.6	7.9	49.3	44.3	16.6	16.1	74.5	68.3
Assets under Management	57.3	45.8						
Margins, %								
Lending	0.99%	1.07%	1.16%	1.21%	3.62%	3.59%	1.36%	1.44%
Deposits	0.00%	0.17%	-0.01%	0.19%	0.31%	0.57%	0.08%	0.30%

	New European Markets household customers		International Private Banking		Household customers, Total	
	2010	2009	2010	2009	2010	2009
Number of customers, '000	977	871	12	12		
Income, EURm	187	130	92	79	3,290	3,062
Volumes, EURbn						
Lending	6.5	5.2	1.0	1.1	144.2	125.8
Deposits	1.7	1.6	1.6	1.8	77.8	71.7
Assets under Management			10.0	8.7		
Margins, %						
Lending	1.88%	1.63%	0.93%	0.87%	1.38%	1.44%
Deposits	0.32%	0.41%	0.44%	0.42%	0.10%	0.30%

> Nordea is the largest financial services group in the Nordic region, but never too large to understand your business.

Product areas and product groups

Account Products

Lending – high business activity supporting strong income growth
Robust momentum on the back of more intense business activity supported by market recovery resulted in higher volumes.

Lending income amounted to EUR 4.0bn up 9%. Development was particularly strong in household lending, supported by higher volumes and gained market share in mortgage and consumer lending, with lending volumes up at about 9% to EUR 126bn. Corporate lending reached almost EUR 130bn, up 6%. The healthy growth was driven by high business activity in all segments, but especially in the Corporate Merchant Banking and Large segments. However, pick-up in bond markets in combination with intensified competition from international players lowered the growth rate in the latter part of the year.

Lending margins were largely unchanged compared with previous year while many loans were re-priced in 2009 to reflect increased capital requirements as well as increased cost of funds.

Deposits – fierce competition held back income development
Fierce competition for deposit products continued in 2010. This, in combination with a continued low market interest rate, resulted in thin margins while volumes increased 10% with both Corporate and Household customers.

Total income almost halved to EUR 289m. Nordea's strong credit rating, competitive offerings and its brand name played a central role in attracting deposits.

Average margins increased in the latter part of the year following somewhat higher market interest rates.

Cards – strong increase in number of cards payments
Income growth was strong at 16%, supported by increased number of cards issued and higher payment volumes. Income amounted to EUR 252m. Nordea's competitive card offerings attracted increased use of cards. Almost 8 million credit and debit cards were outstanding by end of 2010, up 7% from 2009. This supported a strong increase in number of cards payments up by 12% to 1.2 billion in 2010, which reflects Nordea's ambition to reduce the use of cash in favour of card payments.

To handle volume growth, large investments are being undertaken in a uniform product platform that will further lift the cards product offering and cater for volume growth. At the same time, scalability and stability will be secured. In the current growth environment, this will provide opportunities for improved cost efficiency.

Private Netbank – Nordea awarded "mobile bank of the year"
In 2010, there has been a steady increase in the use of Private Netbank. The number of customers increased by some 5%, resulting in rapid growth in number of log-ons, payments and other transactions. This means constantly higher business activity run on the Private Netbank platform. Downtime experienced during the autumn has been addressed to minimise disruptions going forward.

The Swedish magazine "Mobil" awarded Nordea as "mobile bank of the year". The jury's comment was: "Stylish, amusing, useful and simple - an app with a comprehensive set of banking services for the mobile phone, topped with a customised mobile banking access from any mobile." The Swedish mobile banking service had in December some 1.6 million logins. By that time, the app has been downloaded over 125,000 times.

Transaction Products

Cash Management – number of Corporate Netbank users passed 100,000
Over the past few years, there has been a steady increase in the e-banking activity among Nordea's corporate customers. Corporate Netbank reached an important landmark as the number of users passed 100,000. Along with this, activity increased with more than 1.5 million transactions, up 3% compared with 2009.

The progress underlines Nordea's active efforts to attract new corporate customers and higher business volumes, supported by the competitive e-banking solutions provided. Total income was EUR 336m, slightly down from 2009, due to lower float income.

Cash management is a cornerstone in the corporate relationship banking concept, thus large efforts are made to lift the offering to the next level. Investments in a uniform product platform will allow for new functionality to be added as well as scalability as volumes grow. It will also allow stability and cost-efficient operations.

Trade & Project Finance – best trade bank in the Nordics/Baltics
Trade and Project finance had a strong growth in 2010 with income of EUR 187m up 10%, mainly due to increased business volumes. Throughout the year, higher business volumes have been noted as the market recovered. Competition though is increasing both from Nordic and international banks. In particular ECA transactions with limited capital requirements attract strong competition, reflecting the impact from new tougher regulatory regimes proposed in 2010.

Nordea was awarded for best trade bank in the Nordic/Baltic region in the Trade Finance Magazine 2010 Awards for Excellence.

Securities Services – leading position in sub-custody
The establishment of central counterparties (CCPs) for the Nordic central securities depositories (CSDs) has resulted in decreased transaction volumes in Nordea Securities Services across the Nordic markets. Nordea has responded by further developing its Nordic custody offering, as highlighted by top ratings in Global Custodian's annual survey as well as Money Markets magazine awards for "Client Service Excellence" and for "Custodian of the year in the Nordic markets". Nordea continues to consolidate Nordic clearing and settlement volumes and has cemented its leading Nordic market share by winning additional major mandates.

Finance Products

Nordea Finance, most innovative European finance company in 2010
Nordea Finance benefit from its position as the leading player in Nordic and Baltic market and being the 10th largest leasing company in Europe. Total income reached EUR 522m up 10% supported by the market recovery in all segments. This has a positive effect on demand for sales finance and asset finance as well as factoring and floor plan that provide efficient solutions for working capital financing.

For instance the increased trend with number of new cars sold supports the volume growth in car financing, increased need for floor plan solutions at car retailers and equipment financing for manufacturers and vendors of industrial equipment. These are areas where Nordea provide leading solutions with high value added.

The leading leasing industry magazine, Leasing Life, awarded Nordea Finance as the most innovative European finance company in 2010. The award recognises Nordea Finance good growth plan and resistance to recession in a European context.

Capital Markets Products

Continued strong demand for risk management products, despite normalised market conditions

Financial markets continued their gradual recovery from the financial crisis with solid increases in the Nordic equity indices and interest rates below 2009 levels. Concerns regarding the level and quality of sovereign debt in several European countries strongly affected the market sentiments during the spring and early summer, culminating with extreme volatility and market discontinuities in May. Despite the difficult conditions, Nordea stayed in the market throughout the turbulence and hence, reiterated our commitment as a reliable partner to our customers. As the uncertainty decreased over the summer, concerns about the sustainability of the economic growth emerged and interest rates fell to record low levels. Towards the end of the year, sovereign debt concerns resurfaced as the ECB was forced to intervene on behalf of Ireland.

Many international and regional competitors returned to the Nordic markets, either with local presence or by servicing Nordic customers out of the main international financial centres. As a result, the competitive pressure in the Nordic region intensified significantly.

The demand for risk management products within foreign exchange and fixed income was strong over the year with significant peaks around the turmoil in May and the increasing interest rates in September. Commercial flows from corporate customers was negatively impacted by the continued worries about economic growth but remained at a level above last year.

The effort of increasing business within risk management products to corporate customers progressed according to plan with very satisfactory results.

Institutional customer activity was characterised by strong demand for fixed-income products while demand for equity was subdued over the year. In this slow equity market, however, Nordea managed to increase volumes and hence market share.

Corporate Finance activity was subdued due to difficult market conditions. However, Nordea was well represented in the completed transactions, including among others the well publicised IPOs of Pandora and Statoil Fuel & Retail as well as the acquisition of Munters for Nordic Capital. Nordea maintained its position as a leading Nordic primary equity issuer and among the transactions executed were also accelerated bookbuildings for Seadrill and Seawell and rights issues for Hydro, SAS, Bavarian Nordic, and DFDS.

The primary bond market saw strong activity in 2010 with many large transactions. Nordea maintained the position as one of the leading Nordic bond issuers and executed a number of important Euro benchmark issues, eg Republic of Finland (EUR 4bn), Kingdom of Denmark (EUR 1.5bn), Carlsberg (EUR 1bn), Telenor (EUR 750m), Vestas (EUR 600m), TeliaSonera (EUR 500m), Neste Oil (EUR 300m). In addition, Nordea managed several large issues in local currencies, eg Republic of Finland (SEK 3bn and NOK 2.5bn), Kommuninvest (SEK 15bn), KfW (SEK 4bn).

The Nordic syndicated loan market was characterised by high activity with particular interest for loans for leveraged buy-outs in addition to corporate customers. Nordea executed syndicated loan transactions for a large number of Nordic companies such as Statoil, StoraEnso, TeliaSonera, A.P. Møller-Maersk, Carlsberg, Bergvik Skog, Schibsted Finans, AcadeMedia and Pronova. Nordea maintained its leading position as Mandated Lead Arranger and Bookrunner of Nordic syndicated loans.

Strong product result

The product result was very satisfactory despite the decrease from that of 2009. Nordea was able to harvest the benefit of the strong customer relations built during the financial crisis which led to increasing customer activity and a larger share of wallet. The lower product result was driven by less favourable conditions for creating value from managing the risk inherent in the customer flow, based on the normalisation of the market conditions and the significantly intensified competition.

Savings Products & Asset Management

Strong investment performance and record high AuM
Nordea's Assets under Management (AuM) increased 21% during 2010 to all-time high EUR 191bn. A strong net inflow of EUR 9.5bn, positive market development as well as strong investment performance contributed to the increase in AuM. Nordea furthermore widened the gap to the closest Nordic Asset Managers over the year.

The equity market was during some periods of the year rather volatile but overall developed positively in 2010, while interest rates although on the rise remained low. In total, Nordea delivered a strong absolute return to customers of almost 15% in 2010, proving the strength of Nordea's advisory concepts and diverse product portfolio. The relative performance grew stronger over the year and 78% of investment composites outperformed their benchmarks. Evaluating investment performance over a longer time horizon, 74% of Nordea's investment composites have outperformed benchmarks over the past 36 month.

Investors' risk appetite, which was subdued in the middle of 2010, picked up in the second half of the year. Net sales of savings products to households, including direct stocks and bonds was EUR 9.1bn in 2010, up 38% from 2009, showing solid net sales of both deposits and investment products.

The product offering was strengthened with the launch of new products within Social Responsible Investment Funds, alternative asset classes and credit products. Net inflow into retail funds was EUR 4.3bn, stemming from strong sales in Sweden, where Nordea reported one of the largest fund sales on the market, and from European Fund Distribution.

In European Fund Distribution, net inflow was positive in all markets for the benefit of various funds, internally as well as externally managed. Germany, Italy, Benelux and the Nordics were the fastest growing markets in absolute terms within fund distribution and the strong net inflow contributed to more than a doubling of AuM during 2010.

Nordea's institutional asset management showed strong development in 2010. Net inflow was EUR 2.1bn in 2010, up 50% from 2009. Moreover, the impact of net inflow for future income was very positive as inflow was seen into higher-margin products than outflow. A particularly positive contribution came from activities in Denmark, Finland, Germany and other international units. Also, the inflow was based broadly across product categories, which documents the strength of our business model and processes, and bodes well for the future.

Nordea's acquisition of Nordea Invest Fund Management was approved by the Danish FSA in June 2010. The acquisition will strengthen Nordea's position in the market for investment products and will offer existing and new customers a wide range of investment opportunities.

Income increased significantly
Savings Products & Asset Management income consists of income related to funds, international private banking and institutional mandates, including Nordea Life & Pensions' mandate.

Income increased by 31% compared to 2009 to EUR 675m. The increase was mainly attributable to the significant increase in AuM and positive development in margins.

Total savings volumes, household customers

EURbn	2010	2009	Change %
Retail funds	27.2	23.6	15
Life & Pensions products	18.1	16.0	13
Savings deposits	63.2	59.4	6
Equities, bonds and structured products[1]	36.3	30.2	20
Total	**144.8**	**129.2**	**12**

1) Custodian assets in Norway are not included.

Assets under Management (AuM)

EURbn	2010	2009	Net inflow 2010	Net inflow 2009
Nordic retail funds	36.4	30.7	0.6	3.2
European fund distribution	5.8	2.7	1.9	0.5
Nordic Private Banking	57.3	45.8	2.8	2.9
International Private Banking	10.0	8.7	0.2	0.6
Institutional asset management	32.8	28.1	2.1	1.4
Life & Pensions products	48.7	42.2	1.9	1.2
Total	**191.0**	**158.1**	**9.5**	**9.8**

Life & Pensions

Business development
2010 was the year when Life & Pensions for the first time reached the EUR 5bn mark in Gross Written Premiums. Intensified focus on bancassurance started to pay off and contributed, together with favourable financial market, to the record high premiums sale, record high AuM and a strong profit growth.

Gross written premiums were up 13% from 2009 to EUR 5.3bn, mainly driven by individual premiums sale. The bancassurance efforts of adapting product offers, streamlining delivery processes and providing support to bank advisers on Life & Pensions' business, increased premium sales via Nordic Banking branches in all countries, resulting in an increase of 34% compared to 2009.

Nordea remained the leading Nordic provider of Life & Pensions products with a Nordic market share of 10.7% measured by 12 months gross written premiums. Moreover, Nordea Life & Pensions widened the gap to the closest peers as Nordea Life & Pensions' premiums growth was 23% year-on-year against an average of 14% yearly growth among top 2–6 Nordic Life & Pensions players.

The strong growth in gross written premiums generated a net inflow of EUR 1.9bn, which in combination with favourable financial markets (6.3% return on the Traditional portfolio), significantly increased the Assets under Management 15% to an all-time high of EUR 44bn. The traditional financial buffers also benefited from the strong investment result and gained additional EUR 357m in 2010, ending at EUR 1,791m, corresponding to 7.3% of technical provisions or a solid 1.2 %-point higher than at the end of 2009.

The MCEV increased in 2010 with EUR 411m to EUR 3,655m supported by improved financial buffers and new business worth EUR 253m.

Nordea Life & Pensions has participated in the Quantitative Impact Study for European insurance companies in 2010 with the aim of quantifying the impact of the coming Solvency II regulation. A harmonised Solvency II regulation across EU will result in a more comprehensive risk management system and a level playing field – to the benefit and protection of the customers.

Record high profit result
In 2010, Life & Pensions generated a very strong product result of EUR 362m up 29% from 2009, mainly due to the full recognition of accrued fee income from prior years in the traditional business as well as profit growth of 35% in the unit-linked business.

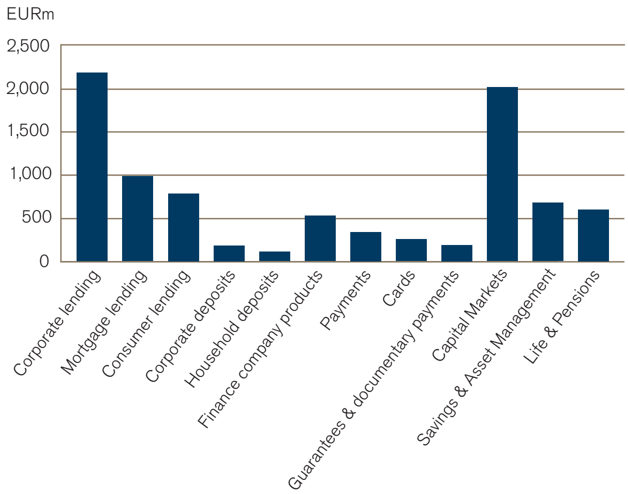
Product groups, key figures

EURm	Corporate lending[2]		Household mortgage lending		Consumer lending		Corporate deposits		Household deposits		Finance company products[2]	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Income, EURm[1]	2,182	2,025	999	928	782	688	180	257	109	310	522	475
of which net interest income	2,067	1,907	948	879	739	647	159	241	95	296	434	396
Volumes, EURbn	129.1	121.7	105.5	97.4	20.6	18.4	83.3	74.3	77.8	71.7	14.5	13.3
Margins, %	1.43%	1.32%	0.84%	0.91%	3.57%	3.46%	0.21%	0.31%	0.10%	0.30%	2.85%	2.68%

EURm	Payments		Cards[2]		Guarantees and documentary payments		Capital Markets Products		Savings Products & Asset Management		Life & Pensions	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Income, EURm[1]	336	351	252	217	187	170	2,010	2,254	675	517	593	482
of which net commission income	313	313	197	170	170	156	285	216	594	433	180	146
Expenses							–586	–566	–262	–241	–214	–197
Distribution expenses							–21	–20	0	0	–12	–13
Product result[3]							**1,403**	**1,668**	**413**	**275**	**366**	**271**
Transaction volumes, 000's	1,845	1,796	1,159	1,033	95	88						

1) Reclassification of products due to organisational changes.
2) Income per product group is restated in 2009, due to a new economic capital calculation (Basel II).
3) Excluding loan losses.

Product groups, income per group 2010



Group Operations

Group Operations play an important role in the daily running of the bank

Group Operations consist of IT and Group Shared Services, both of which play key roles in the daily running of the bank. The services provided are important building blocks for the product and customer areas' operations, altogether creating an efficient value chain. Group Shared Services responsibility spans premises, office tools, procurement, travel management, catering to other support services.

In 2010, additional steps have been taken to further enhance the value chain mindset and to create a platform to realise cost efficiency gains. In IT, this has been paired with significant investments in upgrading the IT platform.

The upgrade of IT infrastructure, processes and back-office operations will increase the stability of the IT platform and at the same time lower the operational risk and ensure cost-efficient operations. Furthermore, it will enable the handling of higher volumes and growth as well as create scope for efficient value chain deliveries to the customer segments.

The Nordea Operations Centre in Poland was opened in 2010. The aim is to consolidate product and service deliveries thereby realising scale benefits and operational excellence.

An ecological footprint is a centrepiece in the environmental friendly thinking influencing the premises and industrial print areas. Further efforts to take Nordea to the next level in green thinking will continue. Energy efficiency of IT equipment has been improved, and a vast share of printed statements has been reduced, efficiently reducing CO^2 emissions as well as enabling cost savings. Efficient and smart e-banking solutions, for instance, have allowed Nordea to reduce the number of printed statements sent to customers by 48 million A4 pages and some 27 million envelopes.

Service unit

International Branches

Through its international network with branches in New York, London, Frankfurt, Singapore and Shanghai, Nordea supports its Nordic customers' business.

Strong performance repeated in 2010

The New York Branch had a strong 2010. Nordea's funding unit continued to play an important role in the bank's overall sourcing of US Dollar deposits. In our Nordic-related business, we experienced continued growth supported by a solid cash management offering, while our ship-finance business had an exceptionally strong year with a number of large syndicated loans successfully concluded. The capital markets operations continue to play a strategic role in the bank's 24-hour foreign exchange offering to customers.

The London Branch had a higher activity level in shipping, as a result of the rebound of the maritime industry. Nordic banking has delivered another strong year with a growth in total income. Due to increased focus, as well as Nordea's strong name and rating, deposits has showed strong growth.

For the Frankfurt Branch, 2010 was another good year. There has been strong momentum in business development in all business segments, and the energy clearing has grown to place Nordea as a leading clearing bank in Europe.

The Singapore Branch celebrated 30 years of business in Asia in 2010. That is an important and remarkable track record in Asia, where long-term commitment is the main driver for business. During the year, Nordea has expanded its product offerings and advisory service, to improve the customer service and increase the cross-selling towards customers operating in Asia.

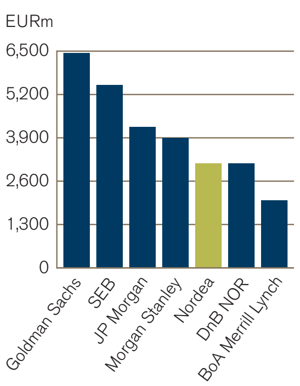
During 2010, the Shanghai Branch has significantly grown its foreign currency lending portfolio – mainly towards Nordic subsidiaries operating in China – in addition to the number of opened capital- and settlement accounts, from where payments and exchange activities are soaring.

Market positions

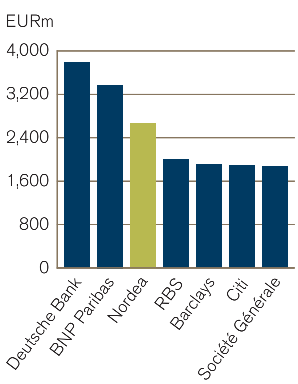
Market positions, 2010

	Denmark	Finland	Norway	Sweden	Estonia	Latvia	Lithuania	Poland	Russia	Shipping, fin. inst, internat. Luxembourg	Total
Number of customers, 000's											
Corporate customers	47	123	82	320	15	7	5	57	6	4	666
(change 2010/2009, %)	0%	0%	–2%	–3%	15%	40%	25%	10%	0%		–1%
Household customers					107	96	131	590	52		
Household customers in customer programme	1,201	2,491	426	2,947	51	79	63	214	n.a.		7,472
– of which Gold customers	695	967	240	876	21	21	17	62	n.a.		2,899
(change 2010/2009, %)	9%	5%	11%	6%	17%	11%	21%	35%			7%
Private Banking	39	26	8	19	0.3	0.7	0.1	1.6	n.a.	12	107
(change 2010/2009, %)	10%	–2%	16%	7%	–	40%	–	7%		0%	5%
Net banking	1,380	1,584	475	2,232	80	91	128	290	n.a.		6,260
(change 2010/2009, %)	7%	4%	8%	2%	14%	23%	12%	20%			5%
Number of branches	295	329	118	326	21	22	21	203	50		1,385
Market shares, % (change 2010/2009, %-points)											
Corporate lending	22 (+2)	33 (–1)	14 (–1)	17 (0)	20 (+3)	13 (0)	11 (0)	2 (0)	1 (0)		
Corporate deposits	27 (+4)	39 (–1)	17 (–1)	19 (+1)	7 (–1)	5 (+1)	7 (–2)	2 (0)	<1		
Institutional investment funds	11 (0)	26 (+1)	8 (0)	10 (0)							
Household investment funds	16 (0)	23 (–1)	12 (0)	14 (+1)							
Life & Pensions	16 (–2)	22 (–1)	10 (–2)	7 (+1)				5 (+1)			
Household mortgage lending	16 (0)	31 (0)	12 (0)	15 (0)	14 (+1)	17 (+1)	11 (+1)	5 (+1)	1 (0)		
Consumer lending	20 (+2)	31 (0)	7 (–1)	9 (0)	8 (+1)	2 (0)	9 (+2)	<1	<1		
Household deposits	22 (0)	32 (+1)	9 (0)	16 (–2)	6 (–1)	6 (–1)	1 (–1)	1 (0)	<1		

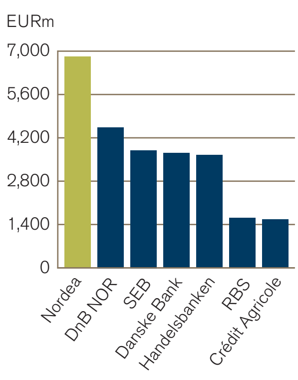
Nordic primary equity market, bookrunner 2010



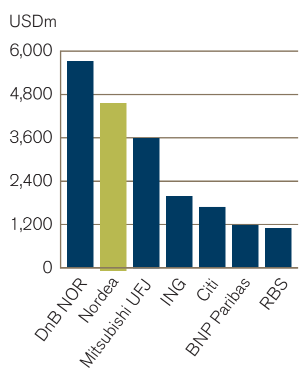
Nordic corporate Eurobond benchmark, bookrunner 2009–2010



Nordic syndicated loans, mandated lead arranger 2010



Syndicated shipping and offshore services loans, bookrunner 2010



The number of Gold customers increased 7%. Nordea gives advice and services for all financial aspects of your household.

It's people who make Nordea Great

As a relationship bank, Nordea is committed to People, not least our employees. It is our skilled and dedicated employees and their ability to deliver great customer experiences that distinguish us from our competitors and make Nordea Great.

People Strategy
Nordea's People Strategy - emphasises that Nordea can reach its goals only if our employees reach theirs. This means that Nordea aims at providing opportunities for our people to grow professionally by high ambitions and continuous development and at the same time live well-balanced lives. This mindset is ensured among all managers through leadership training and management programmes.

There are two main annual tools for follow up. The Employee Satisfaction Survey (ESI) is designed to give an overview of how our employees evaluate Nordea, and as a result identify and prioritise actions how to make Nordea Great. The response rate is high, 93% in the 2010 survey, which shows the importance employees assign to this survey. The overall sentiment is increasingly positive. Close to all drivers and results in the ESI survey 2010 on Group level show improvement compared to 2009 and none show a negative trend. The same is seen across business areas and Group functions as well as across countries.

The other tool is the mandatory Performance and Development Dialogue that takes place between immediate manager and employee, requiring preparation on both parts as well as follow-up throughout the year.

Focus on values and leadership
Our values and leadership are the strongest drivers for both performance and for building our corporate culture. It takes Great leaders to build a Great European bank. Great leadership in Nordea is the ability to engage and motivate people to reach out for our vision and the ability to create the right team to make it happen.

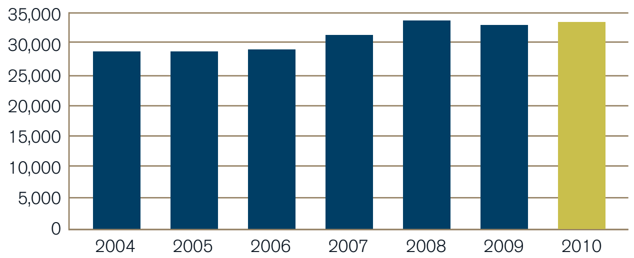
We have continued to focus on leadership and coaching to support the development of employees' skills and increase the Group's aggregate performance. New leaders are quickly initiated in their new roles via a special introduction programme giving them access to information and understanding of tools and processes related to their managerial roles.

One Nordea Team and It's all about people are two of our key values and the coaching culture plays a vital role in identifying and releasing the potential of all employees as well as discovering people with high abilities as specialists or potential as future leaders. Talent Management at Nordea ensures that we have strong leaders and key employees in all required positions and a solid succession structure.

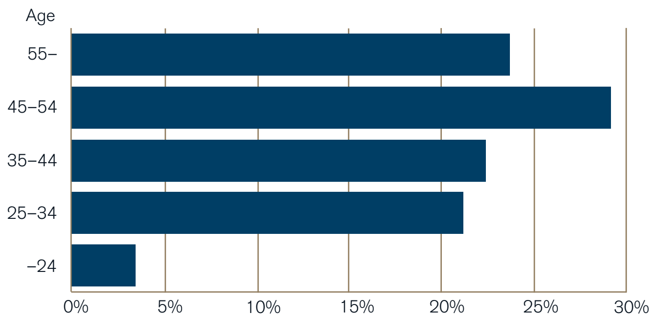
Opportunities to develop and grow
Nordea aims at being a company with many possibilities for employees to develop within the Group. Development is a joint responsibility of the manager and the employee. Employee motivation, commitment to business goals and targets are addressed through the yearly Performance and Development Dialogues. These dialogues also form the basis for personal development plans and short and long-term career plans.

Nordea facilitates internal mobility. It is a strategic and necessary precondition for our business. The pace of change within the financial industry is rapid. Changing demands create changing competencies and staffing needs. We continuously need flexibility to find the right person for the right place to meet these external changes. Concrete actions are often

Number of employees (full time equivalents, FTEs)



Employees distributed by age
% of employees 31 Dec 2010



local. Yet, there are common principles that are applied group-wide, eg job matching processes, open positions and available people are discussed to find good solutions benefitting both the employee and Nordea.

As an international company, Nordea offers job opportunities in all locations where we operate. Cross-border mobility and international assignments in Nordea serve to enhance business opportunities and to establish and develop operations. Moreover, it enhances job rotation and competence development, builds overall corporate citizenship and culture, enforcing the "One Nordea Team" value.

Nordea is a company with many possibilities to offer and we want our employees to feel that their professional growth and the growth of the Group go hand in hand.

Employee satisfaction survey results

ESI, index	2010	2009	2008
Satisfaction and motivation	73	72	72
Development	73	72	72
Considered a good workplace	79	78	77
Proud to tell others where I work	82	82	80
Recommend others to start working in Nordea	78	77	76

Number of employees, by area or function

Full-time equivalents (FTEs)	2010	2009
Nordic Banking	16,239	16,575
– of which Banking Denmark	5,111	5,191
Banking Finland	5,039	5,148
Banking Norway	1,778	1,803
Banking Sweden	4,310	4,430
New European Markets	4,846	4,410
– of which Baltic countries	1,167	1,148
Poland	1,936	1,630
Russia	1,710	1,613
Financial Institutions	381	410
Shipping, Oil Services & International	318	304
Capital Markets Products	1,780	1,716
Savings Products & Asset Management	1,163	1,039
Life & Pensions	1,370	1,360
Banking Products	3,930	3,910
Group Operations	2,172	2,046
Group Identity & Communications	90	96
Group Risk Management	462	445
Group Corporate Centre	577	556
Group Human Resources	255	240
Other functions	226	240
Nordea Group	**33,809**	**33,347**

Corporate Social Responsibility

In Nordea, we strive to integrate Corporate Social Responsibility (CSR) in our business and our identity. We want to be great when it comes to CSR as well and we are more convinced than ever that responsible business leads to sustainable business results.

As a business we need to be aware of customers' changing demands, which of course are affected by the world at large. It is clear that concern for the environment is growing in the public debate and in many people's minds. It is also clear that the global community has challenges that need to be addressed. Nordea can introduce alternative services, such as internet banking instead of over-the-counter banking, cards instead of cash, e-invoicing rather than paper invoices, but in the end it is the customer who decides. We strive to be in step with the changing needs of the societies in which we operate.

In 2010, we conducted stakeholder dialogues to learn more about what our stakeholders think of our CSR work and to find out what we should prioritise. We asked household customers, corporate customers, employees, shareholders, analysts, suppliers, Non-Government Organisations (NGOs) and governmental authorities what they considered to be most important.

We expected diverging preferences, but customers, shareholders, analysts, suppliers and governmental authorities all stated that responsible lending is most important followed by clear and transparent information regarding products and services. Employees regarded all CSR focus areas as important. The preferences of the NGOs varied but responsible investment and lending were important to them. We will use the results of the stakeholder dialogues across the organisation and let them guide us in the development of our products, services and processes.

Corporate credits

As responsible granting of credits is important to many stakeholders we are glad that corporate credits are granted in line with CSR. This is an area where a bank really can show its corporate citizenship. As the largest bank in the Nordic region some of the leading Nordic companies are our customers and they have many large projects both on their home turf and elsewhere. Many of these transactions are complex and being able to evaluate risk also from a CSR perspective benefits our clients, society at large and Nordea as well.

We have a consistent and group-wide credit policy and process with four cornerstones: Decentralised credit decision-making which ensures that those who grant the credit are those who know the customer best; Ensured repayment capacity for long-term profitability; A prudent approach where we balance opportunities and challenges; And finally, CSR, which ensures that relevant environmental, social and political aspects are taken into account before a credit decision is reached.

We use two tools for analysing environmental, social and political risks in the credit process. Both tools are mandatory and part of our regular credit routines above a certain credit limit.

- The Environmental Risk Assessment Tool (ERAT), which creates an overall environmental risk profile. ERAT is mandatory for customer exposures with credit limits over EUR 500,000.
- The Social and Political Risk Assessment Tool (SPRAT), which creates an overall social and political risk profile, including a country and industry risk profile. SPRAT is mandatory for customer exposures with credit limits over EUR 5m.

Project finance

Project Finance has addressed CSR risks in project finance for many years. To improve control even further, Nordea has adopted the Equator Principles, which are based on World Bank guidelines.

We apply the principles by:
- developing evaluation and compliance routines for deal managers and credit analysts,
- producing toolkits for credit analysts,
- training analysts and other relevant staff in using the routines and tools,
- establishing network and workflow for reference and advice on social and environmental risks,
- integrating the workflow with our general credit evaluation and decision workflow.

Emissions trading

Emissions trading schemes encourage the reduction of pollution by providing economic incentives. Today, greenhouse gases and emission trading schemes feature in almost every top-level political discussion. Current schemes are limited to geographical areas and specific segments, but we expect pan-continental schemes covering the majority of the polluting entities to be the future.

Nordea Markets is one of the largest facilitators, ie advisor, broker, clearing party etc, of energy derivatives in the Nordic region, and we combine a centralised commodities competence centre with a strong local presence. Within commodity products, Nordea Markets has a substantial energy product portfolio covering derivatives on oil, natural gas, and electricity, coal and carbon dioxide (CO_2) emission allowances as well as transportation of energy commodities.

The European Union emissions trading scheme is currently limited to monitoring and controlling carbon dioxide emissions. We currently provide market access for trade in EU emission allowances (EUAs) and Certified Emission Reduction credits (CER) of the Clean Development Mechanism. We will continue to review and monitor new markets and product opportunities, like Emission Reduction Units (ERUs), as they develop.

Responsible investments within Nordea Investment Funds

In 2007 we signed the United Nations Principles for Responsible Investments (UNPRI), made a commitment to incorporate environmental, social and governance (ESG) issues into our investment analysis, decision-making process as well as our ownership policy and practices.

In February 2010, we went a step further by adopting a new strategy on responsible investments. The strategy places increased focus on in-depth ESG analysis and committed ownership as well as the development of a new, modern range of funds where ESG aspects are fully integrated into the investment process. Another part of the new strategy is to upgrade communication regarding results achieved.

Since Nordea's responsible investment policy was launched in 2007, all our funds and portfolios have been screened semi-annually for companies that verifiably violate international norms regarding environmental protection, human rights, labour standards and business ethics. When such companies are identified, we initiate a dialogue with them. In 2010, we have initiated discussions with 16 norm-breaching companies all over the world. We also engage in proactive dialogue with our largest holdings. During the year we have met about 40 of our largest Nordic holdings. We have also conducted field visits in India, Russia, South Africa and Sweden. These visits have promoted a deeper understanding of the business conditions prevailing in the countries we invest.

Nordea does not invest in companies that are involved in the production of cluster munitions. Exclusion of companies is used as a last resort when violations are severe and when companies are unwilling to change or improve their behaviour.

Reducing own emissions

The stakeholder dialogues made clear that we are expected to conduct our own operations in an environmentally friendly way. In 2009, we set four targets to reduce our CO_2 emissions by the year 2016. We are aiming at reducing energy consumption by 15% (Mwh/FTE), internal travelling by 30% (trips/FTE), customer paper consumption by 50% (tons/customer) and internal paper consumption by 50% (tons/FTE). We have eight teams working on these issues and good progress was made in 2010.

Nordea has Renewable Energy Certificates (RECS) for all energy consumption in the Nordic countries. In 2009, Nordea received LEED Green Building certificates for 14 office buildings in Copenhagen, Helsinki, Oslo and Stockholm, which was the largest ever LEED certification in Europe. During 2010, Nordea continued this work by focusing on branches. The first branch office to be certified was the Panorama Tower in Finland.

More in-depth information about Nordea's CSR is presented at www.nordea.com/csr.

The Nordea share and shareholders

Nordea's overall financial target is to create value for shareholders in the top quartile of the European peer group.

The market capitalisation of Nordea at the end of 2010 was EUR 33bn. Ranked by market capitalisation Nordea was the fourth largest company in the Nordic area and among the twelve largest European financial groups.

The Nordea share is listed on the NASDAQ OMX Nordic, the stock exchanges in Stockholm (in SEK), Helsinki (EUR) and Copenhagen (DKK).

Share price development

After the rebound in 2009 the international equity markets was once again challenged by increased uncertainty, especially in the periphery parts of the euro area. The Nordic countries were to a much lesser extent affected by the turbulence. The Nordea share price appreciated somewhat on the Stockholm Stock Exchange from SEK 72.90 to SEK 73.15. The daily closing prices listed for the Nordea share during 2010 ranged between SEK 60.30 and SEK 76.00. During 2010, the OMX Banks Index of the Stockholm Stock Exchange appreciated by 15% and the Dow Jones STOXX European banks index depreciated by 27%. Since 6 March 2000, the date of the merger between MeritaNordbanken and Unidanmark, the Nordea share has appreciated 105% and clearly outperformed the Dow Jones STOXX European banks index (–49%).

Nordea's share price can be monitored at www.nordea.com, where it is also possible to compare the performance of the Nordea share with competitors and general indexes as well as to find historical prices of the Nordea share.

Total shareholder return 3.7% in 2010

Total shareholder return (TSR) is realised through market value growth per share and reinvested dividends. Total shareholder return in 2010 was 3.7% (78.6% in 2009). Nordea ranked number nine among the European peer group banks in terms of TSR in 2010 (number seven 2009, number two in 2008 and number three in 2007 and 2006.) The average TSR in the peer group was –4.1%.

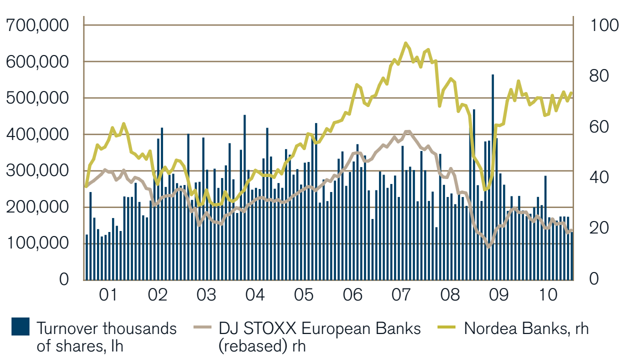
Turnover – the most liquid Nordic financial share

The Nordea share was the most liquid Nordic financial share in 2010, with an average daily trading volume of approx. EUR 132m, corresponding to 18 million shares. Turnover on all stock exchanges combined totalled EUR 34bn in 2010, which corresponds to more than 4.6 billion shares. On back of the deregulation of European capital markets (MiFID), a clear trend among European blue-chip listed companies is that a large part of the total trading is made on new alternative trading and reporting venues. 41% of the total volume traded in Nordea shares is conducted over other exchanges such as BATS Europe, Burgundy and Chi-X. Of the total number of Nordea shares traded in 2010, approx. 88% was SEK denominated, 8% EUR denominated and 4% DKK denominated.

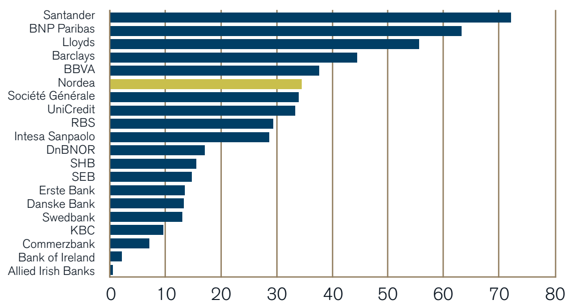
Share capital

In order to implement the Long Term Incentive Programme 2010 (LTIP 2010) in a cost-efficient manner the AGM decided on an issue of 5,125,000 redeemable and convertible C-shares. The C-shares that should hedge the programme against negative financial effects from share price appreciations. C-shares do not entitle to any dividend. From 11 May 2010 when the C-shares were converted to ordinary shares, the share capital amounts to EUR 4,042,542,751.

Nordea share performance compared to European banks, 2000–2010



Market capitalisation end 2010, EURbn



Source: Thomson Reuters Ecowin

All ordinary shares in Nordea carry voting rights, with each share entitled to one vote at General Meetings. Nordea is not entitled to vote for own shares at General Meetings.

Further to the Long-Term Incentive Programmes, there are no convertible bond loans or staff/management options in Nordea.

Dividend policy and proposed dividend

Nordea pursues a policy of high dividends. The policy is that the total dividend payment will exceed 40% of the net profit for the year.

The Board of Directors proposes a dividend of EUR 0.29 per share for 2010. The total dividend payment for 2010 would then be EUR 1,168m, corresponding to a payout ratio of 44% of the net profit after tax. The dividend yield calculated on the share price 30 December 2010 is 3.6%.

The dividend is denominated in EUR, Nordea's accounting currency. The currency of payment depends on in which country the shares are registered. Owners of shares registered in Sweden can choose between dividend in SEK or in EUR. An official exchange rate is published. In Denmark, dividends are paid in EUR. If the shareholder does not have a EUR account the dividend is converted into local currency. Each custody institute decides its own conversion rate. In Finland, the dividend is paid in EUR.

Shareholders

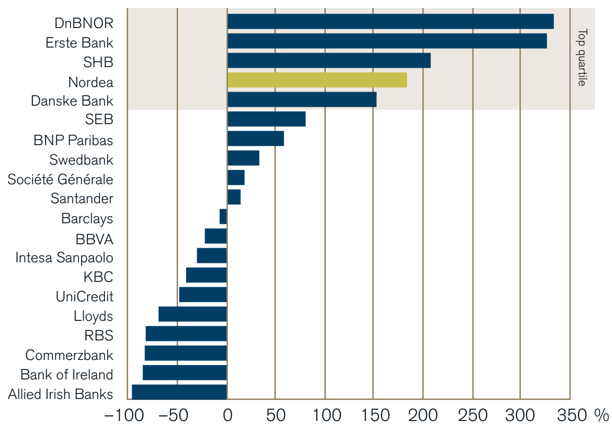
With approx. 465,000 registered shareholders at the end of 2010,

Largest registered* shareholders in Nordea, 31 Dec 2010

Shareholder	No of shares, million	Holdings %
Sampo plc	830.4	20.6**
Swedish state	799.2	19.9**
Nordea-fonden	158.2	3.9
Swedbank Robur Funds	122.2	3.0
AMF Insurance & Funds	75.6	1.9
Norwegian Petroleum Fund	57.7	1.4
SHB Funds	56.2	1.4
Nordea Funds	53.7	1.3
SEB Funds	46.5	1.2
Fourth Swedish National Pension Fund	38.5	1.0
First Swedish National Pension Fund	37.3	0.9
Skandia Life Insurance	35.9	0.9
Second Swedish National Pension Fund	34.2	0.8
Varma Mutual Pension Insurance	27.9	0.7
Third Swedish National Pension Fund	23.8	0.6
Nordea Profit-sharing Foundation	21.2	0.5
Länsförsäkringar Funds	17.7	0.4
Government of Singapore Inv Corp	16.6	0.4
iShares Funds	15.9	0.4
Folksam LO Funds	15.2	0.4
Total	**2,484.1**	**61.7**

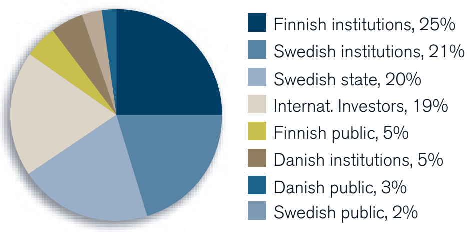
Source: SIS ägarservice, Nordic Central Securities Depository, VP Online.
* Excluding nominee accounts.
** After Nordea's year-end report, the Swedish state has decreased its holding to 13.6% or 544 million shares. Sampo plc has at the same time increased its holding to 21.3% or 860 million shares.

Total Shareholder Return (TSR) 2000–2010

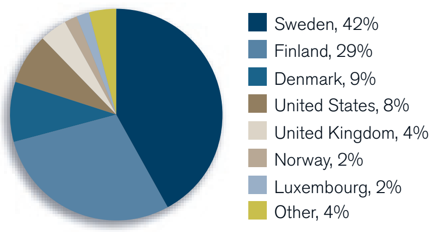


Source: Thomson Reuters Ecowin

Shareholder structure, 31 Dec 2010, by investor category



Shareholder structure, 31 Dec 2010, by geography



Nordea has one of the largest shareholder bases of all Nordic companies. The number of shareholders in Sweden is approx. 95,000, slightly up from 2009. In Finland and Denmark, the number of shareholders decreased by approx 10,000 each, to 189,000 and 181,000.

The largest among the various categories of shareholders is Finnish institutions (including Sampo plc), holding 25% of the shares in Nordea. Swedish institutional shareholders' and the Swedish state's holdings are unchanged while non-Nordic shareholders end 2010 holds 19% of the capital, compared to 18% one year ago. The largest individual shareholder is Sampo plc with a holding of 20.6%, the Swedish state held 19.9% at the end of 2010. After Nordea's year-end report, the Swedish state has decreased its holding to 13.6%.

To further increase and diversify the US ownership and increase Nordea's visibility in the US market place, a sponsored level 1 ADR programme was launched mid January 2011.

Distribution of shares, 31 Dec 2010

Distribution of shares	Number of shareholders	Shareholders, %	Number of shares	Shares, %
1–1,000	343,261	74%	107,112,434	3%
1,001–10,000	115,552	25%	274,430,090	7%
10,001–100,000	5,667	1%	132,604,589	3%
100,001–1,000,000	604	0%	206,235,508	5%
1,000,001–	274	0%	3,306,747,054	82%
Total	**465,358**		**4,027,129,675**	

Share data 5 years

	2010	2009	2008	2007	2006
Share price	SEK 73.15	SEK 72.90	SEK 54.70	SEK 108.00	SEK 105.50
High/Low	76.00 / 60.30	79.10 / 30.50	108.00/52.50	119.30/99.60	107.00/77.25
Market Capitalisation	EUR 33.0bn	EUR 28.7bn	EUR 13.0bn	EUR 29.6bn	EUR 30.3bn
Dividend	EUR 0.29[2]	EUR 0.25	EUR 0.20	EUR 0.50	EUR 0.49
Dividend yield[3]	3.6%	3.5%	4.0%	4.9%	3.9%
TSR	3.70%	78.60%	–46.90%	6.39%	32.30%
DJ STOXX European banks index	-27.00%	46.90%	–64.00%	–16.90%	18.50%
P/E (actual)	12.36	11.85	7.20	9.50	10.70
Price-to-book	1.34	1.34	0.90	1.73	2.14
Equity per share[4]	EUR 6.07	EUR 5.56	EUR 5.29	EUR 5.09	EUR 4.56
Earnings per share[4]	EUR 0.66	EUR 0.60	EUR 0.79	EUR 0.93	EUR 0.94
Outstanding shares[1]	**4,027,129,675**	**4,024,167,751**	**2,594,108,227**	**2,594,108,227**	**2,594,108,227**

1) Excluding shares issued for the Long-Term Incentive Programme.
2) Proposed dividend.
3) Dividend yield calculated at starting price on payment day, for 2010 calculated at price per 30 December 2010.
4) Previous years restated due to rights issue.

Change in share capital[1]

Date		Quota value per share[2], EUR	Number of shares issued	Nominal change EURm	Total number of shares	Share capital EURm
11 May-06	Bonus issue	1.00		1,566	2,594,108,227	2,594
08 Jun-07	New issue[3]	1.00	3,120,000	3	2,597,228,227	2,597
15 May-08	New issue[4]	1.00	2,880,000	3	2,600,108,227	2,600
30 Apr-09	New issue[5]	1.00	1,416,811,607	1,417	4,016,919,834	4,017
17 May-09	New issue[5]	1.00	13,247,917	13	4,030,167,751	4,030
18 May-09	New issue[6]	1.00	7,250,000	7	4,037,417,751	4,037
31 May-10	New issue[7]	1.00	5,125,000	5	4,042,542,751	4,043

1) A presentation of changes in share capital before 2006 is presented and available at www.nordea.com.
2) As of January 2006, nominal value has been replaced by quota value according to the new Swedish Companies Act.
3) C-shares issued for the Long-Term Incentive Programme 2007. Converted to ordinary shares 18 June 2007.
4) C-shares issued for the Long-Term Incentive Programme 2008. Converted to ordinary shares 22 May 2008.
5) Shares issued in relation to the Nordea rights offering.
6) C-shares issued for the Long-Term Incentive Programme 2009. Converted to ordinary shares 12 May 2009.
7) C-shares issued for the Long-Term Incentive Programme 2010. Converted to ordinary shares 11 May 2010.

We assist you in getting a grip of your full financial situation – helping you in realising your dreams.

Financial Review 2010

Strong performance

- Total operating income increased 3%
- Operating profit increased 18%
- Risk-adjusted profit decreased 6%
- Improved credit quality
- Net loan losses down to 31 basis points (56 basis points)
- Strong development in the customer business
- The number of Gold and Private Banking customers increased 7% or by more than 200,000
- Increase in lending, deposits and all-time-high Assets under Management

Legal structure

Nordea aims at continuous simplification of its legal structure and as regards the Nordic banks the aim is that Nordea Bank AB (publ) will be converted into a European company. Among other things, a conversion is conditional on Nordea obtaining necessary approvals from the relevant authorities.

The final regulatory responses to the financial crisis are yet to be seen, and to be evaluated. Nordea is following up and analysing the changes in process, which are not expected to be finalised during 2011.

Result summary for 2010

2010 showed record-high total income, up 3% compared to last year. Operating profit increased 18%, due to higher income and lower net loan losses. Risk-adjusted profit decreased by 6% compared to last year.

Income

Net interest income decreased 2% compared to last year as a result of lower deposit income and higher funding costs. The combined negative effect is more than EUR 400m. This income drop was successfully compensated for through strong growth in both lending and deposits as well as higher lending margins. Lending increased 11% and deposit volumes 15%. Corporate lending margins were higher, while deposit margins were largely unchanged compared to last year.

Net fee and commission income has recovered strongly and increased 27%. Asset management commission income is up 42% driven by assets under management which are up 21% in the last 12 months and a more attractive product mix.

Net result from items at fair value decreased by 6% compared to very high levels last year. The customer-driven capital markets operations continued to be strong with increasing volumes. The income drop in Group Treasury and Capital Markets unallocated income was approx. EUR 450m and almost compensated by higher income in the customer areas. Premium income in Life & Pensions was at an all-time-high.

Income under equity method was EUR 66m and other income was EUR 116m.

Expenses

Total expenses increased 7% compared to last year. Staff costs increased 2%. In local currencies, total expenses increased 2% and staff costs decreased 2%. Excluding the adjustment of pension plans in Norway, total expenses increased 3% and staff costs decreased 1% in local currencies.

Net loan losses

Net loan losses decreased 41% to EUR 879m, compared to 2009, corresponding to a loan loss ratio of 31 basis points (56 basis points). This included provisions related to the Danish guarantee scheme of 4 basis points (4 basis points).

Taxes

The effective tax rate was 26.8%, compared to 24.6% last year.

Net profit

Net profit increased 15% to EUR 2,663m, due to lower net loan losses.

Risk-adjusted profit

Risk-adjusted profit decreased 6% compared to last year to EUR 2,622m, mainly due to the exceptionally strong results in Treasury and Markets in 2009.

For 2010, the Expected Loss (EL) ratio used for calculating risk-adjusted profit was on average 25 basis points. For 2011, the EL ratio is expected to be on average 23 basis points. The EL ratio is multiplied with Exposure at Default (EAD) for calculation of expected losses in risk-adjusted profit.

Market Consistent Embedded Value (MCEV)

The MCEV increased 13% to EUR 3,655m, supported by EUR 253m worth of new business and improved financial buffers.

Financial structure

Total assets increased by 14% or EUR 73bn to EUR 581bn during 2010. All balance sheet items in foreign currencies are translated to EUR at the year-end rates when consolidated into the Nordea Group. See Note 1 for more information on accounting policies and item 29 therein for cross-currency rates used.

The Euro weakened against both the Swedish and Norwegian krona during 2010. The Danish krona was unchanged v.s. the Euro. The net effect of changes in currency exchange rates amounted to a total increase in Group assets of EUR 15bn. Liabilities increased with EUR 15bn.

Lending

The growth in total assets was driven by an 11% increase in loans to the public, of EUR 32bn, to EUR 314bn and calculated in local currencies by 6% compared to one year ago.

Securities
Investments in interest-bearing securities and shares increased by EUR 15bn, or 16%, to EUR 109bn.

Deposits and funding activities
The growth of the total assets was financed by a growth in deposits and borrowings from the public, which increased by EUR 23bn to EUR 176bn respectively, corresponding to 15%. During 2010, long-term issuance under Nordea funding programmes amounted to EUR 33bn, excluding Danish covered bonds. Total debt securities in issue as per the end of 2010 amounted to EUR 152bn.

Life insurance activities
Net premiums received in the Life business are invested in interest-bearing securities, shares and properties. Increase of fair values on these investments as well as higher premiums written led to an increase in "liabilities to policyholders" by EUR 5bn or 15%.

Derivatives
The balance sheet item "Derivatives" reflects the net present value of derivatives contracts. The nominal value of derivative contracts is disclosed in Note 20.

The derivatives volume, measured in nominal terms, increased by EUR 1,301bn, or 29%, to EUR 5,748bn. High activity in the customer-driven capital markets operations supported the volume growth. For more information on derivatives, see the Notes 1 and 20.

Nordea's funding operations
Nordea issued approx. EUR 33bn of long-term debt during the year, excluding Danish covered bonds.

Liquidity management is presented on page 64.

Credit portfolio
Total lending increased to EUR 314bn, up 11% from one year ago. The share of lending to corporate customers was 55%. Lending in the Baltic countries constitutes 2.5% and to the shipping industry 4% of the Group's total lending. Lending to companies owned by private equity funds constitutes 3% of lending, of which 99% are senior loans.

Credit quality has improved in 2010, mainly in the corporate credit portfolio. The total effect from positive migration on RWA was a decrease by approx. 1.3% in 2010.

Impaired loans gross in the Group increased 14% to EUR 4,849m at the end of the year compared to last year. 59% of impaired loans gross are performing loans and 41% are non-performing loans. This development has been expected, since at this point of the business cycle, it has been easier to identify specific customers, where there is a need for a loan loss provision.

Further information about the credit portfolio is presented under Risk management on page 58, in Note 54 and in the Capital and risk management report 2010 (Pillar 3 Report) published at the web pages.

Hedge accounting
Nordea uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments and in order to hedge the exposure to variability in cash flows and net investments in foreign operations. More information on the hedged risks is presented in Note 1.

Market risk
A description of Market risk is presented on page 62.

Capital position and capital policy
A description of the Capital position is presented under Capital management on page 66 and in Note 45.

Long-term financial targets
Nordea has set the long-term financial targets: to be in the top quartile of the European peer group on Total Shareholder Return (TSR), to double risk-adjusted profit over seven years, from 2006 to 2013, and to be in line with top Nordic peers on return on equity.

The Nordea Share
According to the Articles of Association shares in Nordea may be issued in two classes, ordinary shares and C-shares. The total number of shares in the Company is 4,042,542,751.

During May the directed new issue of C-shares in Nordea resolved at the AGM 2010 as part of a hedging of the Long Term Incentive Programme 2010 was completed and the C-shares were converted into ordinary shares. Following these changes the total number of shares and votes in Nordea amounts to 4,042,542,751. All shares are ordinary shares, see also Statement of changes in equity on page 88 and a table showing the change in share capital is found on page 47. The voting rights are described on page 70.

In addition, there are provisions in the Articles of Association which will ensure that the reciprocal rights and obligations between each owner and each class remain in case of any issuance of new shares, warrants or convertibles. There are no restrictions in law or in the Articles of Association regarding the right to transfer shares and the Company is not aware of any agreements between shareholders in this respect.

However, since Nordea is a credit institution, a direct or indirect acquisition of shares in Nordea, which causes the acquirer's total holding to comprise a qualifying holding (represents 10 % or more of the equity capital or of the voting capital) or an increase of qualified holdings, may only take place following consent by the Swedish Financial Supervisory Authority according to the Swedish Banking and Financing Business Act.

As at 31 December 2010, Sampo plc was the largest individual shareholder with a holding of 20.6%. The second largest was the Swedish state with a holding of 19.9%. They were the only shareholders with holdings exceeding 10%. A table showing the largest registered shareholders in Nordea, end of 2010 is presented on page 46. After Nordea's year-end report, the Swedish state has decreased its holding to 13.6%.

The employees have an indirect shareholding of 0.5% in the Company through Nordea Profit-sharing Foundation (page 46) and a minor indirect shareholding in the Company through the pension foundation. The voting rights are in neither case exercised directly by the employees.

Holding of own shares

As of 31 December 2010, Nordea held 16,937,819 shares (0.4% of total number of shares) in Nordea. The quota value is EUR 1 and the acquisition price amounts to EUR 27m. These shares are partly held for trading purposes and partly as hedges of conditional rights in the Long-Term Incentive Programmes.

Dividend

The Board of Directors proposes to the AGM a dividend of EUR 0.29 per share (EUR 0.25), corresponding to a payout ratio of 44% of net profit, in line with the dividend policy. Total proposed dividend amounts to EUR 1,168m.

The ex-dividend date for the Nordea share is 25 March 2011. The proposed record date for the dividend is 29 March, and dividend payments will be made on 5 April.

Mandate to repurchase and convey of own shares

In order to be able to adjust the Company's capital structure to the capital need existing at any time and to use own shares as payment in connection with acquisitions or in order to finance such acquisitions, the Board of Directors proposes to the AGM 2011 a 10% authorisation to repurchase own shares on a regulated market where the Company's shares are listed, or by means of an acquisition offer directed to all shareholders.

The Board of Directors further proposes to the AGM 2011 an authorisation to decide on conveyance of own shares, to be used as payment for or financing of acquisitions of companies or businesses. Conveyance may be made in another way than on a regulated market and with deviation from shareholders' pre-emptive rights.

During the recent year, a mandate to repurchase own shares has been in place.

Rating

Ratings of the Nordea Group are presented on page 179.

Personnel

Personnel expenses, significant agreements with key management personnel and the distribution by countries and gender are disclosed in Note 8. More information is presented in It's people who make Nordea Great on page 41.

Profit sharing and share-based incentive systems

In 2010, a total of approx. EUR 34m was provided for under Nordea's ordinary profit-sharing scheme for all employees and the Long-Term Incentive Programmes for managers and key employees.

For 2010, each employee could receive a maximum of EUR 3,200, of which EUR 2,000 is based on a pre-determined level of risk-adjusted profit, an additional EUR 600 based on the level of customer satisfaction and an additional EUR 600 based on Nordea's relative performance compared to a Nordic peer group as measured by Total Shareholder Return (TSR).

The Profit Sharing scheme for 2011 is based on the same basic principles and parameters as the profit-sharing scheme 2010 and the possible maximum outcome for the three parameters is unchanged. If all performance criteria are met, the cost of the scheme will amount to a maximum of approx. EUR 100m.

The AGM 2010 approved a Long-Term Incentive Programme (LTIP 2010), for up to 400 managers and key employees. To be part of the programme, the participants had to invest in Nordea shares and thereby align their interest and perspectives with the shareholders. LTIP 2010 is based on the same principles as previous programmes with matching and performance shares measuring performance over a longer time period. LTIP 2010 has a three year vesting period instead of two years as the previous programmes and is based on shares free of charge instead of rights to acquire Nordea shares. The performance measures are growth in risk-adjusted profit per share and Total Shareholder Return (TSR) compared to Nordic and European financial companies.

The Board of Directors has decided to propose a Long-Term Incentive Programme (LTIP 2011) to the AGM 2011, based on the same principles as LTIP 2010. The proposal for LTIP 2011 will be presented to the shareholders in the notice of the AGM 2011.

Pension liabilities

The total pension obligation in pension plans (Defined Benefit Plans) has increased from EUR 3,087m to EUR 3,305m during 2010. The increase is mainly due to discounting effects, new earned pension rights and translation differences, somewhat offset by pension payments and curtailment effects. The fair value of plan assets has increased from EUR 2,397m to EUR 2,766m, mainly reflecting the positive development in the market. There has also been a positive impact from translation differences on plan assets. Total unrecognised actuarial losses amounts to EUR 389m at the end of 2010. See Note 37 for more information.

Legal proceedings

Within the framework of the normal business operations, the Group faces claims in civil lawsuits and disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the Group or its financial position. Further information is presented in Note 42.

Environmental concerns and corporate social responsibility

Nordea is committed to sustainable development by combining financial performance with environmental and corporate social responsibility. Nordea has adopted an environmental policy that provides guidance on how the group entities manage and control environmental issues in their own operations. The ten principles in the UN Global Compact constitute the basis of Nordea's Code of Conduct and together with the UN Declaration of Human Rights, it forms the basis for Nordea's Corporate Citizenship Principles, which spell out the Group's values and commitments to ethical business. The Code of Conduct and Citizenship principles both apply to all personnel and everyone working on behalf of or representing Nordea.

The main policies are supported by a number of specific and concrete policies to ensure compliance with the principles in everyday business. Examples are the environmental policy, the human resources policies, the anti-corruption policies and investment and credit policies. The Code of Conduct and the Corporate Citizenship Principles with relevant policies are available in some parts on the web pages.

Government guarantee schemes

The Nordic governments established a number of measures in response to the global financial crisis during the autumn 2008 and the beginning of 2009. Similarly to many stability packages within EU, the measures include the following elements: implementation of a general framework for giving state support to ailing credit institutions, the creation of a stabilisation fund, a temporary guarantee programme and a recapitalisation scheme.

Denmark

Nordea decided for commercial reasons that Nordea Bank Danmark A/S would participate in the Danish guarantee scheme launched in early October 2008. The scheme was valid for two years until end of September 2010 and guaranteed the claims of unsecured senior creditors against losses in participating banks. The cost for the Danish guarantee scheme for Nordea during 2010 has been EUR 136m in annual commission expense and an additional EUR 101m reported as loan losses. The total cost for Nordea for the scheme has been commission expenses of EUR 367m and loan loss provisions of EUR 243m.

In October 2010, "Bankpakke III" was launched. This enables the Danish state-owned company Finansiel Stabilitet A/S to instantly take over ailing banks in an adapted bankruptcy procedure. The scheme is backed financially by a new loss guarantee of approx. EUR 400m provided proportionally by the banking sector in accordance with the contributions to the Deposit Guarantee Scheme.

Finland

Nordea did not participate in the Finnish scheme.

Norway

The Norwegian stabilisation scheme includes a swap facility for banks whereby government bonds can be exchanged for covered bonds. Due to the stabilisation of the credit markets, it was decided in the end of 2009 that no more auctions regarding the swap facility would be held until further notice. In addition to the swap facility, a scheme to provide core capital and subordinated loans was established by the Norwegian government. Nordea has not participated as a borrower under the latter scheme.

Sweden

Nordea has not participated in the Swedish government's stability measures. However, in order to facilitate the Swedish State's subscription in Nordea's rights offering through the Recapitalisation scheme, Nordea in 2009 signed an agreement with the Swedish National Debt Office. The funding for the State's participation thus came from the Stabilisation Fund. The agreement expired by the end of 2010.

The Stabilisation Fund is to be built up with fees from banks and other credit institutions. The total stability fee for Nordea was EUR 20m during 2010 and approximately the double amount is expected for 2011 since the fee was halved for 2010.

Foreign branches

The parent company has foreign branches in Norway, Finland, Denmark, Poland and Shanghai.

Annual General Meeting 2011

The AGM will be held on Thursday 24 March 2011 in Stockholm. Further information is presented on the last page in the Annual Report.

Customer area results

Nordic Banking, operating profit per market

EURm	Total 2010	Total 2009	Denmark 2010	Denmark 2009	Finland 2010	Finland 2009	Norway 2010	Norway 2009	Sweden 2010	Sweden 2009
Net interest income	3,922	3,958	1,325	1,403	777	811	756	777	1,011	906
Net fee and commission income	1,913	1,491	429	310	534	443	255	199	698	541
Net result on items at fair value	720	561	286	179	146	147	103	103	186	133
Equity method	28	33	28	33	0	0	0	0	0	0
Other operating income	21	19	13	9	3	4	2	3	0	0
Total operating income	**6,604**	**6,062**	**2,081**	**1,934**	**1,460**	**1,405**	**1,116**	**1,082**	**1,895**	**1,580**
Staff costs	–1,244	–1,233	–425	–405	–291	–319	–185	–178	–341	–327
Other expenses	–2,239	–1,927	–632	–556	–549	–490	–359	–310	–682	–555
Depreciations etc.	–54	–56	–11	–4	–2	–2	–6	–6	–16	–12
Total operating expenses	**–3,537**	**–3,216**	**–1,068**	**–965**	**–842**	**–811**	**–550**	**–494**	**–1,039**	**–894**
Profit before loan losses	**3,067**	**2,846**	**1,013**	**969**	**618**	**594**	**566**	**588**	**856**	**686**
Net loan losses	–752	–1,151	–460	–645	–191	–186	–62	–147	–33	–166
Operating profit	**2,315**	**1,695**	**553**	**324**	**427**	**408**	**504**	**441**	**823**	**520**
Cost/income ratio, %	54	53	51	50	58	58	49	46	55	57
RAROCAR, %	12	10	18	21	14	14	12	14	15	15
Other information, EURbn										
Lending corporate	116.2	107.1	32.0	30.5	23.3	22.6	23.1	21.7	37.8	32.4
Lending household	136.7	119.5	43.4	40.3	29.4	27.4	24.8	20.8	39.1	30.9
Deposits corporate	62.0	57.3	13.2	13.9	15.8	13.6	15.9	14.0	17.0	16.0
Deposits household	74.5	68.3	23.7	22.4	23.7	22.1	8.3	7.6	18.9	16.1

Group Corporate Centre, operating profit

EURm	2010	2009
Net interest income	157	390
Net fee and commission income	–8	–7
Net result on items at fair value	–20	85
Equity method	0	0
Other operating income	–1	7
Total operating income	**128**	**475**
Total operating expenses	**–187**	**–155**
Operating profit	**–59**	**320**

Other customer areas, operating profit per area

EURm	Baltic countries		Poland		Russia		Total New European Markets		Financial Institutions		Shipping, Oil Services & International	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income	147	112	128	94	229	217	502	420	64	69	325	281
Net fee and commission income	47	35	27	18	12	11	85	64	164	148	63	49
Net result on items at fair value	2	19	50	35	16	10	68	64	163	178	31	48
Equity method	0	0	0	0	0	0	0	0	0	0	0	0
Other operating income	2	1	6	3	1	1	9	5	31	51	0	1
Total operating income	**198**	**167**	**211**	**150**	**258**	**239**	**664**	**553**	**422**	**446**	**419**	**379**
Staff costs	–29	–27	–43	–36	–60	–47	–139	–118	–34	–32	–43	–40
Other expenses	–47	–43	–59	–50	–34	–24	–143	–121	–156	–160	–15	–11
Depreciations	–3	–3	–9	–5	–2	–2	–14	–10	0	0	–1	–1
Total operating expenses	**–79**	**–73**	**–111**	**–91**	**–96**	**–73**	**–296**	**–249**	**–190**	**–192**	**–59**	**–52**
Profit before loan losses	**119**	**94**	**100**	**59**	**162**	**166**	**368**	**304**	**232**	**254**	**360**	**327**
Net loan losses	–76	–201	–5	–2	–4	–13	–85	–216	3	15	–44	–96
Operating profit	**43**	**–107**	**95**	**57**	**158**	**153**	**283**	**88**	**235**	**269**	**316**	**231**
Cost/income ratio, %	40	44	53	61	37	31	45	45	45	43	14	14
RAROCAR, %	13	13	24	20	35	48	21	23	32	41	23	22
Other information, EURbn												
Loans to the public, corporate	4.9	4.9	2.3	2.4	4.6	3.2	11.8	10.5	3.4	4.0	13.6	12.9
Loans to the public, household	2.9	2.8	3.3	2.2	0.3	0.2	6.5	5.2				
Deposits from the public, corporate	1.3	1.3	1.5	1.3	0.9	0.9	3.7	3.5	11.7	9.0	5.9	4.4
Deposits from the public, household	0.6	0.7	1.0	0.8	0.1	0.1	1.7	1.6				

Other customer operations, operating profit

EURm	Total		International Private Banking & Funds		Life		Capital Markets unallocated	
	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income	43	92	34	44	0	0	9	48
Net fee and commission income	19	17	86	59	53	47	–120	–89
Net result on items at fair value	890	1,151	25	25	373	297	492	829
Equity method	0	0	0	0	0	0	0	0
Other operating income	18	21	0	1	16	20	2	0
Total operating income	**971**	**1,281**	**146**	**129**	**442**	**364**	**383**	**788**
Staff costs	–542	–526	–54	–49	–134	–126	–354	–351
Other expenses	–5	–36	–31	–30	–84	–74	110	68
Depreciations	–10	–9	–4	–4	–5	–4	–1	–1
Total operating expenses	**–557**	**–572**	**–89**	**–83**	**–223**	**–205**	**–245**	**–284**
Profit before loan losses	**414**	**708**	**58**	**46**	**219**	**159**	**138**	**504**
Net loan losses	0	0	0	0	0	0	0	0
Operating profit	**415**	**709**	**58**	**46**	**219**	**159**	**138**	**504**
Other information, EURbn								
Loans to the public	17.6	20.0	1.8	1.7	2.2	1.9	13.6	16.6
Deposits from the public	12.4	11.1	2.7	2.6	4.0	3.6	5.7	4.9

Product area results

Capital Markets Products, product result

EURm	2010	2009
Net interest income	400	353
Net fee and commission income	285	212
Net result on items at fair value	1,323	1,689
Other income	2	0
Total operating income	**2,010**	**2,254**
Staff costs	–354	–351
Other expenses	–232	–215
Total operating expenses	**–586**	**–566**
Distribution expenses	–21	–20
Net loan losses	0	0
Product result	**1,403**	**1,668**

Savings Products & Asset Management, product result

EURm	2010	2009
Total income	**675**	**517**
Staff costs	–148	–134
Other expenses	–115	–107
Total operating expenses	**–262**	**–241**
Product result	**413**	**275**
of which income within Nordic Banking	522	398
Cost/income ratio, %	39	47
Income related to AuM, margin (basis points)	60	57

Life & Pensions, product result

EURm	2010	2009
Profit drivers		
Traditional insurance:		
Fee contribution/profit sharing	191	84
Contribution from cost result	6	4
Contribution from risk result	46	32
Return on shareholders' equity/ other profits	64	111
Total profit Traditional	**306**	**231**
Total profit Unit-linked	**74**	**54**
Estimated distribution expenses in Nordic Banking	–13	–13
Total product result	**367**	**271**
of which income within Nordic Banking	161	133
Key figures		
Gross premiums written	5,362	4,391
of which from Traditional business	2,324	2,244
of which from Unit-linked business	3,038	2,146
Investment return, %	8.2	6.4
Technical provisions	36,795	32,218
Financial buffers	1,791	1,434
Investment assets, EURbn	43.7	38.0
of which bonds, %	45	52
of which equities, %	7	6
of which alternative investments, %	7	6
of which property, %	8	9
of which unit linked, %	33	27

MCEV composition of Nordea Life & Pensions

EURm	2010	2009
Denmark	1,155	1,253
Finland	883	803
Norway	852	661
Sweden	495	314
Poland	271	212
Total	**3,655**	**3,244**
Value of new business		
Traditional business (APE)	50	45
Unit-linked (APE)	198	159
Risk products	4	6
New business margin		
Traditional business	24.0%	22.3%
Unit-linked	41.7%	44.7%
Risk products	21.0%	20.8%

Risk, Liquidity and Capital management

Risk, liquidity and capital management are key success factors in the financial services industry.

Exposure to risk is inherent in providing financial services, and Nordea assumes a variety of risks in its ordinary business activities, the most significant being credit risk related to lending. The maintaining of risk awareness in the organisation is incorporated in Nordea's business strategies. Nordea has clearly defined risk, liquidity and capital management frameworks, including policies and instructions for different risk types and for the capital structure.

Management principles and control

Board of Directors and Board Credit Committee

The Board of Directors and Board Credit Committee have the ultimate responsibility for limiting and monitoring the Group's risk exposure as well as for setting the targets for the capital ratios. Risk is measured and reported according to common principles and policies approved by the Board of Directors, which also decides on policies for credit, market, liquidity, operational risk management and the ICAAP. All policies are reviewed at least annually.

In the credit instructions, the Board of Directors decides on powers-to-act for credit committees at different levels within the customer areas. These authorisations vary for different decision-making levels, mainly in terms of size of limits, and are also dependent on the internal rating of customers. The Board of Directors also decides on the limits for market and liquidity risk in the Group.

The Board Credit Committee monitors the development of the credit portfolio including industry and major customer exposures and confirms industry policies approved by the Executive Credit Committee (ECC).

CEO and GEM

The Chief Executive Officer (CEO) has overall responsibility for developing and maintaining effective risk, liquidity and capital management principles and control.

The CEO in Group Executive Management (GEM) decides on the targets for the Group's risk management regarding SIIR, as well as, within the scope of resolutions adopted by the Board of Directors, the allocation of the market risk limits and liquidity risk limits to the risk-taking units Group Treasury and Markets. The limits are set in accordance with the business strategies and are reviewed at least annually. The heads of the units allocate the respective limits within the unit and may introduce more detailed limits and other risk mitigating techniques such as stop-loss rules.

The CEO and GEM regularly review reports on risk exposures and have established the following committees for risk, liquidity and capital management:

- The Asset and Liability Committee (ALCO), chaired by the Chief Financial Officer (CFO), prepares issues of major importance concerning the Group's financial operations, financial risks as well as capital management for decision by the CEO in GEM.
- The Risk Committee, chaired by the Chief Risk Officer (CRO), monitors developments of risks on an aggregated level.
- The GEM credit committee (GEM CC) and the ECC, both chaired by the CRO, and the Group Credit Committee (GCC), chaired by the Chief Credit Officer (CCO), decide on major credit risk limits and industry policies for the Group. Credit risk limits are granted as individual limits for customers or consolidated customer groups and as industry limits for certain defined industries.

CRO and CFO

Two units, Group Risk Management and Group Corporate Centre, are responsible for risk, capital, liquidity and balance sheet management.

Group Risk Management, headed by the CRO, is responsible for the risk management framework and risk processes as well as the capital adequacy framework.

Group Corporate Centre, headed by the CFO, is responsible for the capital policy, the composition of the capital base and for management of liquidity risk and structured interest income risk.

Each customer area and product area is primarily responsible for managing the risks in its operations, including identification, control and reporting, while Group Risk Management consolidates and monitors the risks on Group level and on other organisational levels.

Monitoring and reporting

The control environment in Nordea is based on the principles of separation of duties and independence. Monitoring and reporting of risk are conducted on a daily basis for market and liquidity risk, on a monthly and quarterly basis for credit risk and on a quarterly basis for operational risk.

Risk reporting is regularly made to GEM and to the Board of Directors. Group Internal Audit makes an independent evaluation of the processes regarding risk and capital management in accordance with the annual audit plan.

The Pillar 3 disclosure – Capital and risk management report

Further, more detailed, information on risk and capital is presented in the disclosure in accordance with the Pillar 3 requirements according to the CRD in the Basel II framework at www.nordea.com.

Risk management

Credit risk management

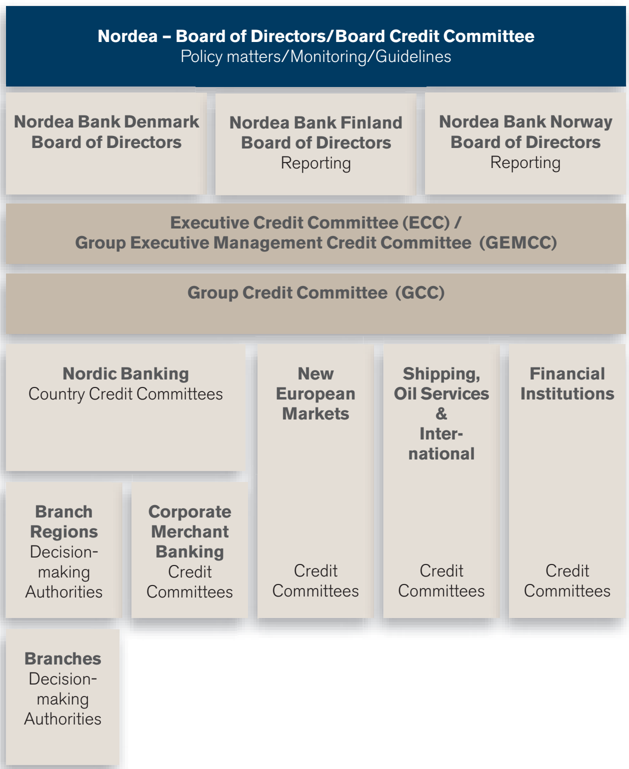
Group Credit is responsible for the credit risk management framework, consisting of policies, instructions and guidelines for the Group. Group Credit Control is responsible for controlling and monitoring the quality of the credit portfolio and the credit process.

Each customer area and product area is primarily responsible for managing the credit risks in its operations, within the applicable framework and limits, including identification, control and reporting.

Within the powers to act granted by the Board of Directors, credit risk limits are approved by decision-making authorities on different levels in the organisation.

The credit decision-making structure has been adjusted with effect from the fourth quarter 2010. The new Group Executive Management Credit Committee (GEM CC) has been set up to decide on proposals related to major principle issues. The changes will only impact the Credit Committees on Group level (ECC and GCC), and do not impact Credit Committees in the customer areas.

Credit decision-making structure for main operations



The responsibility for a credit exposure lies with a customer responsible unit. Customers are assigned a rating or score in accordance with the Nordea framework for quantification of credit risk.

Credit risk definition and identification

Credit risk is defined as the risk of loss if counterparts fail to fulfil their agreed obligations and that the pledged collateral does not cover the existing claims. Credit risk stems mainly from various forms of lending, but also from guarantees and documentary credits, counterparty credit risk in derivatives contracts, transfer risk attributable to the transfer of money from another country and settlement risk. Risks in specific industries are followed by industry-monitoring groups and managed through industry policies, which establish requirements and limits on the overall industry exposure.

Credit risk appetite

Nordea has defined its credit risk appetite as an expected loan loss level of 25 basis points over the cycle. Net loan losses over a cycle show an average below this level.

Individual and collective assessment of impairment

Throughout the process of identifying and mitigating credit impairments, Nordea works continuously to review the quality of the credit exposures. Weak and impaired exposures are closely and continuously monitored and reviewed at least on a quarterly basis in terms of current performance, business outlook, future debt service capacity and the possible need for provisions.

An exposure is impaired, and a provision is recognised, if there is objective evidence based on loss events or observable data that the customer's future cash flow is weakened to the extent that full repayment is unlikely, collateral included. The size of the provision is equal to the estimated loss being the difference between the book value and the discounted value of the future cash flow, including the value of pledged collateral. Impaired exposures can be either performing or non-performing. Exposures that have been past due more than 90 days are automatically regarded as non-performing, and reported as impaired or not impaired depending on the deemed loss potential.

In addition to individual impairment testing of all individually significant customers, collective impairment testing is performed for groups of customers that have not been found to be impaired on individual level. The collective impairment is based on the migration of rated and scored customers in the credit portfolio as well as management judgement. The assessment of collective impairment reacts to up- and down-ratings of customers as well as new customers and customers leaving the portfolio.

Credit risk exposure and loans

(excluding cash and balances at central banks and settlement risk exposure)

EURm	31 Dec 2010	31 Dec 2009
Loans to credit institutions	15,788	18,555
Loans to the public	314,211	282,411
– of which corporate	169,061	153,503
– of which household	140,503	123,095
– of which public sector	4,647	5,814
Total loans	**329,999**	**300,966**
Off-balance credit exposure[1]	112,363	99,678
Counterparty risk exposure[2]	33,595	28,608
Treasury bills and interest-bearing securities[3]	67,364	57,325
Total credit risk exposure in the banking operations	**543,321**	**486,577**
Credit risk exposure in the life insurance operations	24,378	23,014
Total credit risk exposure including life insurance operations	**567,699**	**509,591**

1) Of which for corporate customers approx. 90%.
2) After closeout neeting and collateral agreements, including current market value exposure as well as potential future exposure.
3) Also includes treasury bills and interest-bearing securities pledged as collateral in repurchase agreements.

Moreover, customers going to and from default affect the calculation. Collective impairment is assessed quarterly for each legal unit. The rationale for this two-step procedure with both individual and collective assessment is to ensure that all incurred losses are accounted for up to and including each balance sheet day.

Further information on credit risk is presented in Note 54 to the Financial statements.

Credit portfolio

Credit risk exposure is measured and presented as the principle amount of on-balance-sheet claims, ie loans to credit institutions and the public, and off-balance-sheet potential claims on customers and counterparts, net after allowances. Exposure also includes the risk related to derivatives contracts and securities financing.

Nordea's total loans to the public increased by 11% to EUR 314bn in 2010 (EUR 282bn 2009), attributable to an increase in the corporate portfolio of 10% and an increase in the household portfolio of 14%. Including off-balance sheet exposures and exposures related to securities and Life insurance operations, the total credit risk exposure at year end was EUR 568bn (EUR 510bn). Out of lending to the public, corporate customers accounted for 54% (54%) and household customers 45% (44%). Lending in the Baltic countries constitutes 2.5% and the shipping industry 4% of the Group's total lending to the public. Lending to companies owned by private equity funds constitutes 3% of lending, of which 99% are senior loans. Loans to credit institutions, mainly in the form of inter-bank deposits, decreased to EUR 16bn at the end of 2010 (EUR 19bn).

Loans to corporate customers

Loans to corporate customers at the end of 2010 amounted to EUR 169bn (EUR 154bn), up 10%. Real estate, financial institutions, industrial commercial services and shipping and offshore were the sectors that increased the most in 2010.

Real estate remains the largest sector in Nordea's lending portfolio, at EUR 42.5bn (EUR 37.2bn). The portfolio predominantly comprises relatively large and financially strong companies, with an average rating of 4. More than 40% of lending to the real estate industry is to companies managing mainly residential real estate.

Loans to shipping and offshore increased by 10% to EUR 11.4bn (EUR 10.4bn) in 2010. The portfolio is well diversified by type of vessel, has a focus on large and financially robust industrial players and exhibits strong credit quality, with an average rating of 4. Reflecting Nordea's global customer strategy, there is an even distribution between Nordic and non-Nordic customers.

The distribution of loans to corporates by size of loans shows a high degree of diversification where approx. 63% of the corporate volume is for loans up to EUR 50m per customer.

Credit risk mitigation is an inherent part of the credit decision process. In every credit decision and review, the valuation of collaterals is considered as well as the adequacy of covenants and other risk mitigations.

Pledging of collateral is the main credit risk mitigation technique. In corporate exposures, the main collateral types are real estate mortgages, floating charges and leasing objects. Collateral coverage is higher for exposures to financially weaker customers than for those who are financially strong.

Regarding large exposures syndication of loans is the primary tool for managing concentration risk while credit risk mitigation by the use of credit default swaps has been applied to a limited extent.

Covenants in credit agreements do not substitute collaterals, but are an important complement to both secured and unsecured exposures. Most exposures of substantial size and complexity include appropriate covenants. Financial covenants are designed to react to early warning signs and are carefully monitored.

Loans to household customers

In 2010, lending to household customers increased by 14% to EUR 141bn (EUR 123bn). Mortgage loans increased by 15% to EUR 111bn and consumer loans increased by 11% to EUR 29bn. The proportion of mortgage loans of total household loans was 79% (78%), of which the Nordic market accounted for 94%.

Loans to the public and to credit institutions, by country and industry

2010-12-31, EURm	Denmark	Finland	Norway	Sweden	Baltic countries	Poland	Russia	Total 2010	Total 2009
Energy (oil, gas etc)	3	485	1,344	756	66	12	1,293	3,959	2,999
Metals and mining materials	16	542	196	86	6	1	500	1,347	1,229
Paper and forest materials	266	906	47	874	50	11	139	2,293	2,225
Other materials (building materials etc.)	877	1,881	489	1,966	271	80	303	5,867	5,203
Industrial capital goods	610	551	109	630	22	13	48	1,985	2,267
Industrial commercial services, etc.	7,039	1,184	5,030	2,810	225	96	0	16,384	14,937
Construction and engineering	1,293	754	1,483	534	323	47	92	4,525	4,456
Shipping and offshore	1,381	3,863	5,346	831	4	3	0	11,427	10,377
Transportation	792	833	574	1,209	459	181	419	4,468	4,479
Consumer durables (cars, appliances etc)	542	671	939	1,223	83	22	27	3,507	4,318
Media and leisure	991	617	550	652	118	23	8	2,959	3,032
Retail trade	4,477	2,426	1,185	2,386	568	108	158	11,309	10,540
Consumer staples (food, agriculture, etc.)	8,391	1,719	1,559	573	264	30	18	12,553	12,217
Health care and pharmaceuticals	866	275	231	567	60	4	50	2,052	2,066
Financial institutions	12,183	1,213	1,653	5,676	206	11	2	20,944	16,763
Real estate	6,511	7,660	9,612	16,970	1223	183	387	42,545	37,173
IT software, hardware and services	914	382	115	451	21	5	4	1,891	1,531
Telecommunication equipment	10	83	1	9	2	6	45	156	127
Telecommunication operators	267	418	82	768	5	1	86	1,625	1,672
Utilities (distribution and productions)	1,044	1,000	909	1,319	407	90	0	4,769	3,915
Other, public and organisations	4,146	5,980	129	1,647	349	244	0	12,496	11,974
Total corporate loans	**52,620**	**33,443**	**31,583**	**41,933**	**4,731**	**1,172**	**3,579**	**169,061**	**153,503**
Household mortgage loans	24,768	24,591	23,521	32,166	2,919	3,004	209	111,179	96,615
Household consumer loans	11,779	7,201	1,142	6,719	—	336	68	29,324	26,480
Public sector	891	651	63	2,230	69	651	91	4,647	5,814
Total loans to the public	**90,058**	**65,887**	**56,309**	**83,048**	**7,719**	**5,164**	**3,947**	**314,211**	**282,411**
Loans to credit institutions	6,077	6,173	303	2,800	0	3	272	15,788	18,555
Total loans	**96,135**	**72,060**	**56,612**	**85,848**	**7,719**	**5,167**	**4,219**	**329,999**	**300,966**

Geographical distribution

Lending to the public distributed by borrower domicile shows that the Nordic market accounts for 87% (87%). Other EU countries represent the main part of the lending outside the Nordic countries.

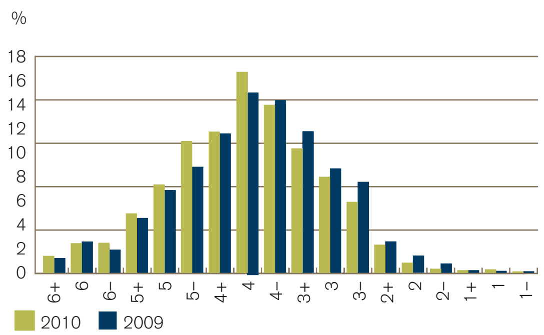
Lending to New European Markets at year-end 2010 increased slightly compared to one year ago. At the end of 2010, lending to customers in the Baltic countries was EUR 7.7bn (EUR 7.7bn), in Poland EUR 5.2bn (EUR 4.6bn), and in Russia EUR 3.9bn (EUR 3.4bn).

Rating and scoring distribution

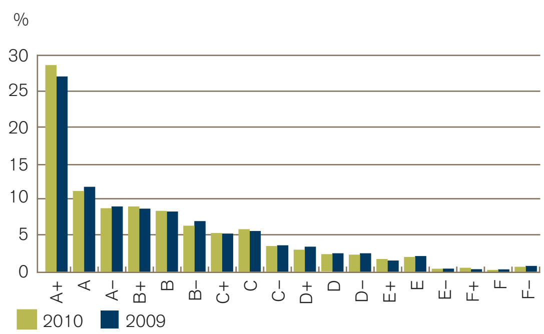
One way of assessing credit quality is through analysis of the distribution across rating grades, for rated corporate customers and institutions, as well as risk grades for scored household and small business customers, ie retail exposures.

Following the economic recovery, improving credit quality has been seen in 2010, mainly in the corporate credit portfolio. 33% of the number of corporate customers migrated upwards (14%) while 24% were down-rated

Rating distribution IRB Corporate customers



Scoring distribution IRB Retail customers



Impaired loans gross and allowances, by country and industry (to the public and to credit institutions)

2010-12-31, EURm	Denmark	Finland	Norway	Sweden	Baltic countries	Poland	Russia	Group	Allow-ances	Provision-ing ratio
Energy (oil, gas etc)	0	0	0	0	0	0	0	0	17	
Metals and mining materials	0	2	1	0	0	0	4	7	10	137%
Paper and forest materials	7	55	1	0	1	0	0	64	47	73%
Other materials (building mtrletc)	29	133	22	66	37	10	13	310	184	59%
Industrial capital goods	78	50	0	11	0	0	0	140	52	37%
Industrial commercial services etc	87	94	42	2	35	6	0	267	166	62%
Construction and engineering	82	18	30	8	45	5	0	188	115	61%
Shipping and offshore	41	1	204	18	0	0	0	263	117	44%
Transportation	21	22	9	11	1	1	0	65	36	56%
Consumer durables (cars,appl.etc)	75	45	4	102	5	2	0	233	96	41%
Media and leisure	39	39	4	17	6	0	0	105	48	46%
Retail trade	177	101	50	49	25	3	4	410	277	68%
Consumer staples (food, agric.etc)	367	33	5	4	12	1	9	431	175	41%
Health care and pharmaceuticals	6	6	1	3	0	0	0	15	8	53%
Financial institutions	99	8	5	1	0	0	0	113	82	72%
Real estate	171	28	101	49	156	0	0	505	246	49%
IT software, hardware, services	37	27	1	10	0	0	0	75	33	44%
Telecommunication equipment	0	9	0	0	0	0	0	9	6	61%
Telecommunication operators	1	0	132	0	0	0	0	133	73	55%
Utilities (distribution, production)	1	0	0	0	0	0	0	1	6	530%
Other, public and organisations	134	18	0	0	11	2	0	166	141	85%
Total corporate loans	**1,449**	**689**	**613**	**353**	**336**	**31**	**29**	**3,500**	**1,934**	**55%**
Household mortgage loans	21	218	52	2	236	25	8	562	177	31%
Household consumer loans	306	367	50	17	—	3	11	754	387	51%
Public sector	0	0	0	0	0	0	0	0	0	0%
Credit institutions	0	24	3	5	0	0	0	33	36	109%
Total impaired loans gross	**1,776**	**1,299**	**718**	**377**	**572**	**59**	**48**	**4,849**		
Total allowances	**969**	**561**	**367**	**248**	**320**	**24**	**38**		**2,534**	
Provisioning ratio	**55%**	**43%**	**51%**	**66%**	**56%**	**41%**	**78%**			**52%**

(22%). 25% (15%) of the corporate customer exposure migrated upwards while 18% (35%) were down-rated. The total effect on risk-weighted assets (RWA) from rating and scoring migration in the portfolio was a decrease by approx. 1.3% during the full year 2010.

72% (67%) of the corporate exposure were rated 4– or higher, with an average rating for this portfolio of 4+. Institutions and retail customers on the other hand exhibit a distribution that is biased towards the higher rating grades. 87% (86%) of the retail exposures is scored C– or higher, which indicates a probability of default of 1% or lower. Impaired loans are not included in the rating/scoring distributions.

Impaired loans

Impaired loans gross in the Group increased during the year to EUR 4,849m from EUR 4,240m, corresponding to 146 basis points of total loans. 59% of impaired loans gross are performing loans and 41% are non-performing loans. Impaired loans net, after allowances for individually assessed impaired loans amounted to EUR 3,097m (EUR 2,771m), corresponding to 93 basis points of total loans. Allowances for individually assessed loans increased to EUR 1,752m from EUR 1,331m. Allowances for collectively assessed loans decreased to EUR 782m from EUR 825m. The provisioning ratio was 52% (52%).

The increase in impaired loans continued to be mainly related to Denmark. The sectors with the largest increases were consumer staples, retail trade and industrial commercial services.

Past due loans to corporate customers that are not considered impaired increased to EUR 1,825m (EUR 1,528m). The volume of past due loans to household customers increased to EUR 1,603m (EUR 1,430m) in 2010.

Impaired loans and ratios

EURm	2010	2009
Impaired loans gross, Group	4,849	4,240
of which performing	2,838	2,372
of which non-performing	2,011	1,868
Impaired loans ratio, basis points	**146**	**140**
Total allowance ratio, basis points	**76**	**73**
Provisioning ratio	52%	52%

Net loan losses

Loan losses were EUR 879m in 2010 (EUR 1,486m). This corresponded to a loan loss ratio of 31 basis points, including 4 basis points of provisions related to the Danish guarantee scheme of EUR 101m. EUR 660m relates to corporate customers (EUR 1,262m) and EUR 220m (EUR 245m) relates to household customers. The main losses were in the corporate sectors retail trade, other materials and industrial commercial services as well as household consumer financing. Net loan losses as well as impaired loans continue to stem from a large number of smaller and medium-sized exposures rather than from a few large exposures.

Net loan losses and loan loss ratios

Basis points of loans	2010	2009
Net loan losses, EURm	–879	–1,486
Loan loss ratio, Group	31	56
of which individual	33	42
of which collective	–2	14
Loan loss ratio, Nordic Banking	33	52
Loan loss ratio, Shipping, Oil Services & Int'l	34	70
Loan loss ratio, Baltic countries	99	243

New European Markets/Baltic countries

The macroeconomic development in the Baltic countries has stabilised as has also the credit quality.

At the end of 2010, gross impaired loans in the Baltic countries amounted to EUR 572m or 712 basis points of total loans, compared with EUR 535m or 653 basis points at the end of 2009. The total allowances for the Baltic countries at the end of 2010 were EUR 320m (EUR 319m) corresponding to 398 basis points of the lending portfolio (390 basis points). The provisioning ratio in the Baltic countries was 56%, down from 60% one year ago.

In the Baltic countries, the loan loss ratio was 99 basis points (243 basis points). Individual net loan losses amounted to 115 basis points (145 basis points) and collective provisions net were positive amounting to 17 basis points (98 basis points).

In New European Markets, impaired loans gross increased to 460 basis points (402 basis points). The loan loss ratio was 58 basis points for New European Markets (141 basis points).

Baltic countries, net loan losses and impaired loans

	2010	2009
Net loan losses, EURm	–76	–199
of which collective	+13	–80
Loan loss ratio, basis points	99	243
Impaired loans gross, EURm	572	535
Impaired loans ratio gross, basis points	712	653
Total allowances, EURm	320	319
Total allowance ratio, basis points	398	390
Provisioning ratio[1]	56%	60%

1) Total allowances in relation to gross impaired loans.

Counterparty risk

Counterparty risk is the risk that Nordea's counterpart in a FX, interest, commodity, equity or credit derivative contract defaults prior to maturity of the contract and that Nordea at that time has a claim on the counterpart. The net counterparty credit risk exposure at the end of 2010 was EUR 34bn, of which the current exposure represents EUR 7bn. 57% of the total exposure and 28% of the current exposure was towards financial institutions.

Market risk

Market risk is the risk of a loss in the market value of financial instruments as a result of movements in financial market variables. The customer-driven trading activity of Nordea Markets and the investment, liquidity buffer and funding activities in Group Treasury are the key contributors to market risk. For most other activities, the basic principle is that market risks are eliminated by matching assets, liabilities and off-balance-sheet items. Furthermore, market risk on Nordea's account arises from the investment of policyholders' money with guaranteed minimum yields in Life & Pensions, and Nordea sponsored defined benefit pension plans for employees.

Structural foreign exchange risk arises primarily from investments in subsidiaries and associated enterprises denominated in foreign currencies. The general principle is to hedge this by matched funding, although exceptions from this principle may be made in markets where matched funding is impossible to obtain, or can only be obtained at an excessive cost.

In addition to the immediate change in the market value of Nordea's assets and liabilities from a change in financial market variables, a change in interest rates will also affect the net interest income of Nordea over time. In Nordea this is seen as structural interest income risk and is dealt with under the heading Structural Interest Income Risk in the Liquidity Risk chapter.

Market risk appetite

The Board of Directors has formulated market risk appetites for the investment, liquidity buffer and funding activities in Group Treasury and the trading activities in Nordea Markets. For Group Treasury, market risk related activities may not lead to a reported monthly loss in investment earnings exceeding EUR 150m or an accumulated loss exceeding EUR 250m at any time in a calendar year. The compliance with the risk appetite is ensured by market risk limits and stop-loss rules. For the trading activities in Nordea Markets, the risk appetite and the market risk limits are set in relation to the earnings these activities generate.

Market risk analysis

The total VaR was EUR 81m (EUR 114m) at the end of 2010 demonstrating a considerable diversification effect between interest rate, equity, foreign exchange and credit spread risk, as the total VaR is lower than the sum of the risk in the four categories. The commodity risk was at an insignificant level.

The interest rate VaR was EUR 91m at the end of 2010 (EUR 111m). The total gross sensitivity to a 1 %-point parallel shift, which measures the development in the market value of Nordea's interest rate sensitive positions if all interest rates were to move adversely for Nordea, was EUR 458m at the end of 2010 (EUR 375m). The largest part of Nordea's interest rate sensitivity stemmed from interest

Consolidated market risk figures

EURm	Measure	31 Dec 2010	High 2010	Low 2010	Average 2010	31 Dec 2009
Total risk	VaR	80.9	150.1	53.5	84.2	114.1
– Interest rate risk	VaR	91.4	118.1	38.5	74.1	111.5
– Equity risk	VaR	13.0	67.9	8.0	27.9	37.5
– Credit spread risk	VaR	33.0	42.6	24.0	34.5	23.8
– Foreign exchange risk	VaR	13.9	35.9	8.6	20.2	18.8
Diversification effect	VaR	47%	60%	25%	46%	41%

rate positions in Danish Kroner and Euro, with positions in Swedish Kronor, US Dollars and Norwegian Kroner also contributing significantly.

At the end of 2010, Nordea's equity VaR stood at EUR 13m (EUR 38m).

Credit spread VaR was EUR 33m at year-end (EUR 24m). Credit spread risk is to a large extent concentrated on financial issuers, particularly in the Nordic region.

Nordea's foreign exchange VaR was EUR 14m (EUR 19m) at year-end.

The portfolio of less liquid alternative investments constituted a fair value of EUR 674m (EUR 381m) at year-end. The fair value of investments in hedge funds was EUR 239m at year-end (EUR 197m), the fair value of investments in private equity funds was EUR 358m (EUR 184m) and the fair value of investments in credit funds was EUR 77m. All three types of investments are spread over a number of funds.

Operational risk

Operational risk is defined as the risk of direct or indirect loss, or damaged reputation, resulting from inadequate or failed internal processes, from people and systems, or from external events. Operational risk includes compliance risks, which is the risk of business not being conducted according to legal and regulatory requirements, market standards and business ethics.

Managing operational risk is part of the management's responsibilities. The Group's network of Risk and Compliance Officers ensures that operational and compliance risk within the Group is managed effectively in the business organisation, which represents the first line of defence.

In order to manage these risks Group Operational Risk Management, representing the second line of defence, has defined a common set of standards in the form of Group directives, active risk management processes and reporting requirements. A sound risk management culture is aimed for with the objective of adherence to best practice regarding market conduct and ethical standards in all business activities. The key process for active risk management is the annual Risk Self Assessment process, which puts focus on identifying and following up on key risks, which are identified both through top-down Division management involvement and bottom-up reuse of existing information from processes such as incident reporting, quality and risk analyses, and product approvals.

Group Internal Audit, representing the third line of defence, provides assurance to the Board of Directors on the risk management, control and governance processes.

Life insurance risk and market risks in the Life insurance operations

The Life insurance business of Nordea Life & Pensions generally consists of very long-term pension savings contracts, with durations of more than 40 years. The two major risks in the life insurance business are life insurance risks and market risks. The majority of the market risks are on policyholders rather than on Nordea's own account.

The life insurance risk is the risk of unexpected losses due to changes in mortality rates, longevity rates, disability rates and selection effects.

These risks are primarily controlled using actuarial methods, i.e. through tariffs, rules for acceptance of customers, reinsurance contracts, stress tests and provisions for risks.

The market risk for Nordea's own account of Life insurance operations arises from mismatches of the market risk exposure on assets and liabilities in Nordea Life & Pensions and is measured as a loss in operating income, due to movements in financial market prices.

Liquidity management

Liquidity risk

Key issues during 2010

Nordea has during 2010 continued to benefit from its focus on prudent liquidity risk management, reflected by a diversified and strong funding base. The Group has had access to all relevant financial markets and has been able to actively use all the funding programmes. Nordea issued approx. EUR 33bn in long-term debt in 2010, excluding Danish covered bonds, of which approx. 14bn in the Swedish, Norwegian and Finnish covered bond markets. In 2010, the Nordea Nordic covered bond platform became complete, by adding covered bond issuance platforms in Norway and Finland, subject to Norwegian and Finnish covered bond legislation.

Extensive discussions on new liquidity risk regulation are still ongoing among regulators. Nordea is tightly participating in the discussions on several forums and is well prepared for potential changes.

Management principles and control

The Board of Directors has the ultimate responsibility for Asset and Liability Management of the Group, ie limiting and monitoring the Group's structural risk exposure. Risks in Nordea are measured and reported according to common principles and policies approved by the Board. The Board of Directors also decides on policies for liquidity risk management. These policies are reviewed at least annually. The CEO in GEM decides on the targets for the Group's risk management regarding SIIR, as well as, within the scope of resolutions adopted by the Board of Directors, the allocation of the liquidity risk limits. The ALCO, chaired by the CFO, prepares issues of major importance concerning the Group's financial operations and financial risks for decision by CEO in GEM. Group Treasury sets the targets and limits and develops the liquidity risk and SIIR management frameworks, consisting of policies, instructions and guidelines for the whole Group as well as principles for pricing the liquidity risk.

Liquidity risk management

Liquidity risk is the risk of being able to meet liquidity commitments only at increased cost or, ultimately, being unable to meet obligations as they fall due. Nordea's liquidity management is based on policy statements resulting in different liquidity risk measures, limits and organisational procedures.

Policy statements stipulate that Nordea's liquidity management reflects a conservative attitude to liquidity risk. Nordea strives to diversify the Group's sources of funding and seeks to establish and maintain relationships with investors to secure market access. Broad and diversified funding structure is reflected by the strong presence in the Group's four domestic markets in the form of a strong and stable retail customer base and the variety of funding programmes. Funding programmes are both short-term (US Commercial Papers, European Commercial Papers, Commercial Papers, Certificates of Deposits) and long-term Covered bonds, European Medium Term Notes, Medium Term Notes) in diverse currencies. However, foreign exchange risk is covered.

The funding sources are presented in the table. At the end of 2010, the total volume utilised under short-term programmes was EUR 56bn with the average maturity of 0.2 years and the total volume under long-term programmes was EUR 96bn with the average maturity of 7.2 years. In 2010, the volume of long-term programmes increased by EUR 18bn and the volume of short-term programmes increased by EUR 3bn. To remain trustworthy at all times, Nordea periodically publishes information on the liquidity situation of the Group.

Nordea's liquidity risk management includes stress testing and a business continuity plan for liquidity management. Stress testing is defined as the evaluation of potential effects on a bank's liquidity situation under a set of exceptional but plausible events. Group Treasury is responsible for managing the liquidity in Nordea and for compliance with the group-wide limits from the Board of Directors and CEO in GEM.

Liquidity risk measurement methods

The liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk. In order to manage short-term funding positions, Nordea measures the funding gap risk, which expresses the expected maximum accumulated need for raising liquidity in the course of the next 14 days. Cash flows from both on-balance sheet and off-balance sheet items are included. Funding gap risk is measured and limited for each currency and as a total figure for all currencies combined. The total figure for all currencies combined is limited by the Board of Directors. To ensure funding in situations where Nordea is in urgent need of cash and the normal funding sources do not suffice, Nordea holds a liquidity buffer. The limit for the minimum size of the liquidity buffer is set by the Board of Directors. The liquidity buffer is set to ensure a total positive cash flow defined by the funding risk measurement and consists of high-grade liquid securities that can be sold or used as collateral in funding operations. The structural liquidity risk of Nordea is measured and limited by the Board of Directors through the net balance of stable funding, which is defined as the difference between stable liabilities and stable assets. These liabilities primarily comprise retail deposits, bank deposits and bonds with a remaining term to maturity longer than

6 months, and shareholders' equity, while stable assets primarily comprise retail loans, other loans with a remaining term to maturity longer than 6 months and committed facilities. A target is set for the net balance of stable funding that it should be positive, which means that stable assets must be funded by stable liabilities.

Liquidity risk analysis
The short-term liquidity risk has been held at moderate levels throughout 2010. The average funding gap risk, ie the average expected need for raising liquidity in the course of the next 14 days, has been EUR –10.2bn (EUR –9.4bn). Nordea's liquidity buffer has been in the range EUR 47–61bn (EUR 35–59bn) throughout 2010 with an average of EUR 53bn (EUR 46bn). Nordea's liquidity buffer is highly liquid, consisting of 98% of central bank eligible securities at the end of 2010. By utilising the liquidity buffer, Nordea is able to secure its funding requirements for more than one year without access to new market funding. The aim of always maintaining a positive net balance of stable funding has been comfortably achieved throughout 2010. The yearly average for the net balance of stable funding was EUR 33bn (EUR 17bn).

Structural Interest Income Risk (SIIR)
Structural Interest Income Risk (SIIR) is the amount Nordea's accumulated net interest income would change in the next 12 months if all interest rates change by one %-point. SIIR reflects the mismatch in the balance-sheet items and the off-balance-sheet items when interest rate re-pricing periods, volumes or reference rates of assets, liabilities and derivatives do not correspond exactly.

Nordea's SIIR management is based on policy statements resulting in different SIIR measures, targets and organisational procedures. Policy statements focus on optimising financial structure, balanced risk taking and reliable earnings growth, identification of all significant sources of SIIR, measurement under stressful market conditions and adequate public information. Group Treasury is responsible for the operational management of SIIR and for meeting Group wide targets.

SIIR measurement methods
The basic measures for SIIR are the two re-pricing gaps measuring the effect on Nordea's net interest income for a 12 months period of a one percentage point increase, respectively decrease, in all interest rates. The re-pricing gaps are calculated under the assumption that no new market transactions are made during the period.

The main elements of the customer behaviour and Nordea's decision-making process concerning Nordea's own rates are, however, taken into account.

SIIR analysis
At the end of the year, the SIIR for decreasing market rates was EUR –230m (EUR –191m) and for increasing rates EUR 213m (EUR 148m), implying lower net interest income if interest rates fall and higher if interest rates rise.

Net balance of stable funding, 31 December 2010
Stable liabilities and equity

Liability type, EURbn	Amount
Equity and Core Liabilities	
Deposits and borrowings from the public	139.7
Equity	24.5
Structural funding	
Long-term deposits from credit institutions	1.1
Long CD and CP	3.5
Long-term bonds issued	70.4
Other structural funding	3.9
Total stable liabilities	**243.1**

Stable long-term assets

Asset type, EURbn	Amount
Core assets	
Loans to the public	195.9
Long-term loans to credit institutions	5.6
Illiquid assets	4.3
Total stable long-term assets	**205.7**
Net balance of stable funding (NBSF)	**37.4**

Funding sources, 31 December 2010

Liability type, EURm	Interest rate base	Average maturity	EURm
Deposits by credit institutions			
– shorter than 3 months	Euribor etc	0.1	39,446
– longer than 3 months	Euribor etc	1.6	1,290
Deposits and borrowings from the public			
– Deposits on demand	Administrative	0.0	113,534
– Other deposits	Euribor etc	0.2	62,856
Debt securities in issue			
– Certificates of deposits	Euribor etc	0.2	43,265
– Commercial papers	Euribor etc	0.2	12,792
– Mortgage covered bond loans	Fixed rate, Market based	8.6	67,733
– Other bond loans	Fixed rate, Market based	3.7	27,788
Derivatives			95,887
Other non-interest-bearing items			45,183
Subordinated debentures			
– Dated subordinated debenture loans	Fixed rate, Market based	7.7	5,173
– Undated and other subordinated debenture	Fixed rate, Market based		2,588
Equity			24,538
Total (total liabilities and equity)			**542,073**
Liabilities to policyholders			38,766
Total (total liabilities and equity) including Life insurance operations			**580,839**

Capital management

Nordea strives to attain efficient use of capital through active management of the balance sheet with respect to different asset, liability and risk categories.

The goal is to enhance returns to the shareholder while maintaining a prudent capital structure.

The Board of Directors decides ultimately on the targets for capital ratios and capital policy in Nordea. The CEO in GEM decides on the overall framework of capital management.

Nordea's ability to meet targets and to maintain minimum capital requirements as well as monitor risk-weighted assets is reviewed regularly within the Asset and Liability Committee (ALCO) and the Risk Committee.

Capital requirements and RWA

EURm	31 Dec 2010 Capital requirement	31 Dec 2010 Basel II RWA	31 Dec 2009 Basel II RWA
Credit risk	**13,173**	**164,662**	**153,123**
IRB foundation	10,028	125,346	120,692
– of which corporate	7,204	90,047	88,249
– of which institutions	722	9,021	10,262
– of which retail	1,964	24,556	20,912
– of which other	138	1,722	1,269
Standardised	**3,145**	**39,316**	**32,431**
– of which sovereign	35	434	871
– of which retail	781	9,760	8,887
– of which other	2,329	29,122	22,673
Market risk	**461**	**5,765**	**5,386**
– of which trading book, VaR	105	1,317	1,335
– of which trading book, non-VaR	278	3,469	3,341
– of which FX, non-VaR	78	979	710
Operational risk	**1,176**	**14,704**	**13,215**
Standardised	1,176	14,704	13,215
Sub total	**14,810**	**185,131**	**171,724**
Adjustment for transition rules			
Additional capital requirement according to transition rules	2,370	29,629	20,134
Total	**17,180**	**214,760**	**191,858**

Pillar 1

Risk Weighted Assets (RWA) are calculated based on pillar 1 requirements. Nordea had 76% of the exposure covered by Internal Rating Based (IRB) approaches by the end of 2010. Nordea will implement the IRB approach for some remaining portfolios.

Nordea is also approved to use its own internal Value-at-Risk (VaR) models to calculate capital requirements for the major parts of the market risk in the trading books. For operational risk, the standardised approach is applied.

Pillar 2

Nordea bases the internal capital requirements under the Internal Capital Adequacy Assessment Process (ICAAP) on pillar 1 and pillar 2 risks, which in practice means a combination of Capital Requirements Directive (CRD) risk definitions, Nordea's Economic Capital (EC) framework and buffers for periods of economic stress.

The ICAAP describes Nordea's management, mitigation and measurement of material risks and assesses the adequacy of internal capital by defining an internal capital requirement reflecting the risk appetite of the institution.

EC is based on quantitative models used to estimate the unexpected losses for each of the following major risk types: credit risk, market risk, operational risk, business risk and life insurance risk. Additionally, the EC models explicitly account for interest rate risk in the banking book, market risk in the investment portfolios, risk in Nordea's sponsored defined benefit pension plans, real estate risk and concentration risk.

In addition to calculating risk capital for its various risk types, Nordea conducts a comprehensive capital adequacy stress test process to analyse the effects of a series of global and local shock scenarios. The results of stress testing are considered, along with potential management interventions, in Nordea's internal capital requirement. The internal capital requirement is a key component of Nordea's capital ratio target-setting.

Economic Capital (EC including NLP) was at the end of 2010 EUR 17.5bn (EUR 16.7bn).

Economic Profit (EP)

Nordea uses Economic Profit (EP) as one of its financial performance indicators. EP is calculated as risk-adjusted profit less cost of equity.

Risk-adjusted profit and EP are measures for shareholder value creation.

In investment decisions and customer relationships, EP drives and supports the right behaviour with a balanced focus on income, costs and risk. The EP model also captures both growth and return. EC and expected losses (EL) are input in the EP framework.

Expected losses (EL)

Expected Losses (EL) reflects the normalised loss level of the individual credit exposure over a business cycle as well as various portfolios.

The average EL ratio used in the EP framework, calculated as EL divided by exposure at default (EAD), was 24 basis points as of the end of 2010 (26 basis points as of end of 2009) excluding the sovereign and institution exposure classes.

It should be noted that the EL ratio is a more stable measure than actual losses, but it will vary with the business cycle as a consequence of shifts in the repayment capacity (PD dimension) and collateral coverage (LGD dimension) distributions.

Capital base

Capital base (referred to as own funds in the CRD) is the sum of tier 1 capital and tier 2 capital after deductions.

Tier 1 capital is defined as capital of the same or close to the character of paid-up, capital-eligible reserves and a limited portion hybrid capital loan (perpetual loans) instruments (maximum 30% of tier 1). Profit may only be included after deduction of proposed dividend. Goodwill and deferred tax assets are deducted from tier 1.

Tier 2 comprises perpetual loans and dated loans. The total tier 2 amount may not exceed tier 1. Dated tier 2 loans may not exceed half the amount of tier 1. The limits are set after deductions, ie investment in insurance and other financial companies.

Summary of items included in capital base

EURm	31 Dec 2010	31 Dec 2009
Calculation of total capital base		
Equity	24,538	22,420
Proposed/actual dividend	–1,168	–1,006
Hybrid capital loans	1,946	1,811
Deferred tax assets	–266	–122
Intangible assets	–2,878	–2,612
IRB provisions excess (+)/shortfall (–)	–234	–211
Deduction for investments in credit institutions (50%)	–106	–98
Other items, net	–783	–605
Tier 1 capital (net after deduction)	**21,049**	**19,577**
– of which hybrid capital	1,946	1,811
Tier 2 capital	**5,305**	**4,933**
– of which perpetual subordinated loans	710	682
IRB provisions excess (+)/shortfall (–)	–234	–211
Deduction for investments in credit institutions (50%)	–106	–98
Other deduction	–1,280	–1,275
Total capital base	**24,734**	**22,926**

Capital adequacy ratios

	2010	2009
Core tier 1 ratio excluding transition rules (%)	10.3	10.3
Tier 1 ratio excluding transition rules (%)	11.4	11.4
Capital ratio excluding transition rules (%)	13.4	13.4
Core tier 1 ratio including transition rules (%)	8.9	9.3
Tier 1 ratio including transition rules (%)	9.8	10.2
Capital ratio including transition rules (%)	11.5	11.9
Capital base / Regulatory capital requirement including transition rules	1.44	1.49

Capital situation of the financial conglomerate

During 2010, the Sampo Group's share in Nordea was above 20%. Hence, Nordea is included in the Sampo Financial Conglomerate.

Further information – Note 45 Capital adequacy and the Pillar 3 report

Further information on capital management and capital adequacy is presented in Note 45 Capital adequacy and in the Capital and risk management report 2010 (Pillar 3 report), the disclosure in accordance with the Pillar 3 requirements according to the CRD in the Basel II framework, at www.nordea.com.

New regulations – Basel III

During 2010, the new capital and risk frameworks have been finalised and more clarity has evolved on the main elements of the new regulatory requirements for capital and risk – the Basel III and Solvency frameworks. Nordea is well prepared to meet new regulatory requirements.

Basel III – new regulatory framework for financial institutions

In December 2009, the Basel Committee on Banking Supervision launched a proposal for capital and liquidity reform, often referred to as Basel III. In February 2010, the EU Commission launched a European proposal, which was based on the December 2009 proposal from the Basel Committee. During February to April 2010, a Quantitative Impact Study was conducted by the industry and responses on the proposals were sent to the Basel Committee and European Commission. Nordea participated in the Quantitative Impact Study and also actively participated in different industry organisations to communicate Nordea's view on the proposal. Nordea also sent a separate response to the Basel Committee and European Commission in April 2010.

In November 2010, the G20 leaders endorsed the key principles of the Basel III framework and in December 2010, the final Basel framework was released from the Basel Committee. The final framework included a number of clarifications and some amendments to the earlier proposals during the year. During 2011 and 2012, the implementation process within the EU and the Nordic countries will be intense in order to meet the ambitious start date of the revised regulatory framework in 2013.

The Basel III framework, which was finalised in December 2010, consists of three main elements (capital, leverage and liquidity):

Revised capital regulation

The Basel III framework includes several key initiatives, which changes the current Basel II framework that has been in effect since 2007. The key changes are:

- The quality, consistency and transparency of the capital base are increased. In the new framework, the regulatory deductions should mainly be applied to the common equity component of the capital base and new features for instruments to be eligible as Tier 1 and Tier 2 capital are proposed to be strengthened. Changes to the capital base are subject to a 10-year transition period, starting from 2013.
- The risk coverage is further strengthened, which impacts the calculations of the risk-weighted assets (RWA). Changes to the trading book and re-securitisation activities are expected to be implemented already in December 2011 throughout Europe as part of CRD III. Further changes, to be implemented from 2013, are suggested for counterparty credit risk in OTC instruments and exposures to banks and other financial intermediaries. In particular, a new capital requirement for risk of changes in the Credit Value Adjustment (CVA) is suggested.
- New minimum requirements and capital buffer requirements are increased. The Basel Committee has defined increased minimum thresholds that banks should at all times be above (ie minimum 4.5% core tier 1 ratio, 6% tier 1 ratio and 8% capital ratio). In addition, a capital conservation buffer of 2.5% on top of these minimum thresholds is introduced. If banks do not meet this buffer, constraints will be imposed on the bank's capital distribution, such as dividends. Also, in periods of excess growth, banks will required to hold an additional countercyclical buffer (0 to 2.5 %) in order not to face restrictions. These new requirements will be phased in from 2013 to 2018. In addition, the Basel Committee is considering an extra capital surcharge for Systemically Important Financial Institutions, but the proposal is not finalised at this point in time.

In summary, the overall impact on Nordea's RWA is an expected increase of approx. 10%, mainly due to market risk and CVA risk changes. The impact on Nordea's capital base is expected to be limited. Nordea has a strong capital position, in the light of the regulatory proposals known of today.

New leverage regulation

The Basel Committee has proposed that the risk-sensitive capital framework should be supplemented with a non-risk-based measure, the leverage ratio. The ratio will be calculated as the tier 1 capital divided by the exposure (on- and off balance sheet exposures, with some adjustments for certain items such as derivatives). A minimum leverage ratio of 3% will be evaluated during a parallel run period. Based on the results of the parallel run period, any final adjustments would be carried out in the first half of 2017 with a view to migrating to a legally binding restriction in 1 January 2018.

At this point in time, the leverage ratio of Nordea Group is above the proposed threshold.

New liquidity regulations
Another key component of the Basel III regime is the introduction of increased regulations for liquidity risks. The objective of the liquidity reform is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. The Basel Committee has developed two new quantitative liquidity standards, as part of the new Basel III framework, Liquidity coverage ratio (LCR) and Net stable funding ratio (NSFR). The standards aim to set the minimum levels of liquidity for internationally active banks.

LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality assets that can be converted into cash to meet its liquidity needs for a 30-day time horizon under an acute liquidity stress scenario. NSFR establishes a minimum acceptable amount of stable funding, based on the liquidity characteristics of an institution's assets and activities over a one-year horizon. To further strengthen and promote consistency in international liquidity risk supervision, the Basel Committee has also developed a minimum set of monitoring tools to be used in the ongoing monitoring and in communicating this exposure among home and host supervisors.

In the finalised version published end of December 2010, the Basel Committee has somewhat redefined the original contents of LCR and NSFR and informed about the phase-in arrangements. Both LCR and NSFR will be subject to an observation period and will include a review clause to address any unintended consequences. After the observation period, LCR will be introduced on January 2015 and NSFR will move to minimum standard by January 2018.

Although Basel Committee is prepared to make revisions to specific components of the above standards, the required qualitative principles on liquidity risk management have reached a matured phase, with released Nordic regulations during 2010. The regulations cover among others issues: liquidity strategy, degree of risk tolerance, incorporation of liquidity costs, measurement and management process, segregation of duties, IT systems, funding strategy, intraday risk management, contingent liquidity, collateral management, conducting of stress tests, contingency funding plan, liquidity buffers and public disclosure. Banks need to meet these requirements in the beginning of 2011.

Other regulations
There are other regulations under consideration and implementation, which requires close monitoring and assessment of the impact. Examples of other key regulatory changes under consideration are specific regulations for Systemically Important Financial Institutions (SIFIs) and new accounting rules. Also, a new regulatory framework is under implementation for the insurance sector, the Solvency II framework.

- The Financial Stability Board (a worldwide standard setter) has identified as a priority the need for more intense and effective supervision particularly as it relates to systemically important financial institutions (SIFIs). During 2011, further regulatory developments can be expected including what type of special regulation that SIFIs will be subject to and what institutions to define as SIFIs.
- Nordea's accounting policies under International Financial Reporting Standards (IFRS) are under significant change. Nordea's assessment is that the most important changes for Nordea are related to financial instruments (IFRS 9), insurance contracts (IFRS 4) and leasing (IAS 17), although also other changes might/will have a significant impact. The final standards are expected to be published during the second quarter 2011, but the effective dates have, for the predominant part, not yet been defined.
- In 2009, the Solvency II Framework Directive was approved by the EU Parliament, and in 2010, further new regulatory implementation guidance has been issued by European regulatory bodies. The Solvency II framework – likewise Basel III – consists of three pillars. The regulation replaces most of the current EU directives for Life insurance and is expected to be in force by 1 January 2013. During 2010, a Quantitative Impact Study (QIS5) has been conducted throughout Europe. Nordea Life & Pensions participated in this study, and is actively monitoring and preparing for the new legislation.

Corporate Governance Report

Good Corporate Governance supports sound value creation

"In markets and societies in continuous change, corporations exist to create value and need to earn their licence to operate. Clear governance ensures transparency, supports good management and facilitates sound value creation and responsible corporate behaviour.

Good corporate governance is not primarily about formal rights and duties, but more an ambition to ascertain - to the extent possible - that the corporation is both well governed and well managed.

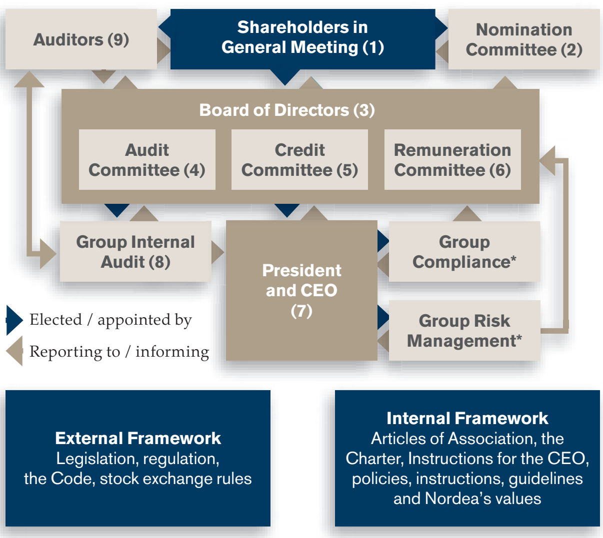
Lessons learned from the financial crises in Nordic markets in the 1990s were built into behaviour, processes and systems of Nordea. This, together with good governance and management, helps explain why, in the recent financial crisis and the ensuing recession, Nordea could strengthen its service to its customers and report an unbroken chain of strong results to its shareholders."

Hans Dalborg,
Chairman of the Board of Directors

Corporate governance in Nordea follows generally adopted principles of corporate governance. The external framework which regulates the corporate governance work include the Swedish Companies Act, Banking and Financing Business Act, Annual Accounts Act, the NASDAQ OMX rules and the rules and principles of the Swedish Code of Corporate Governance (the Code). Nordea complies with the Code and has no deviations to report. The Company has had neither any infringement of the applicable stock exchange rules nor any breach of good practice in the securities market reported by the relevant exchange's disciplinary committee or the Swedish Securities Council.

This Corporate Governance Report has been examined by the auditors. The Code can be found at www.corporategovernanceboard.se.

Corporate Governance Structure



The numbers in the brackets refer to text paragraphs.
* Group Risk Management as well as Group Compliance are described in separate sections and information can be found on page 58 to 63.

Division of powers and responsibilities

The management and control of Nordea is divided among the shareholders (in the General Meeting), the Board of Directors and the President and CEO, pursuant to the provisions of the external framework, the Articles of Association and the internal instructions laid down by the Board of Directors.

General Meetings (1)

Pursuant to the Swedish Companies Act, the General Meeting is the Company's highest decision-making body, where the shareholders exercise their voting rights. At the General Meeting decisions are taken regarding *inter alia* the annual accounts, dividend, election of the Board of Directors and auditors, remuneration to the Board members and auditors, and guidelines for remuneration to the executive officers.

General Meetings are held in Stockholm. In addition, local shareholder information meetings are held in Copenhagen and Helsinki prior to the Annual General Meeting (AGM) 2011.

For the minutes of the AGM 2010, see www.nordea.com.

Voting rights

According to the Articles of Association, shares may be issued in two classes, ordinary shares and C-shares. All shares in Nordea carry voting rights, with each ordinary share entitled to one vote and each C-share entitled to one tenth of one vote at General Meetings. At General Meetings, each shareholder is entitled to vote for the full number of shares that he or she owns or represents. Nordea is not entitled to vote for its own shares at General Meetings. C-shares are not entitled to any dividend. More information about the Nordea share can be found in the section "The Nordea share and shareholders" on page 45 and in the Board of Directors' Report on page 50.

The Articles of Association can be found at www.nordea.com. Amendments to the Articles of Association are resolved at General Meetings in accordance with Swedish law and are subject to approval by the Swedish Financial Supervisory Authority.

Mandate to repurchase and convey of own shares

Information on mandate to repurchase and convey of own shares is presented in the Financial Review on page 52.

Nomination process (2)

The AGM 2010 decided to set up a Nomination Committee whose task in reference to the AGM 2011 is to propose Board members, Chairman of the Board and auditor as well as remuneration to the Board members and auditor.

The Nomination Committee comprises Hans Dalborg (Chairman of the Board) and the four largest shareholders in terms of voting rights as of 31 August 2010, who wished to participate in the Committee. The appointment of the member of the Nomination Committee was made public on 24 September 2010. At the date of constitution the Nomination Committee represented approximately 45% of the shareholders votes. Sampo plc appointed Torbjörn Magnusson, the Swedish government appointed Kristina Ekengren, Nordea-fonden appointed Mogens Hugo and Fjärde AP-fonden appointed Annika Andersson. Torbjörn Magnusson was elected chairman of the Committee.

Hans Dalborg, Chairman of Nordea since 2002, has informed the Nomination Committee and the Board that he was not up for re-election for another term. On 22 December 2010, the Nomination Committee presented its proposal that vice Chairman Björn Wahlroos will be elected as new chairman at the AGM 2011.

The other proposals of the Nomination Committee were presented on 13 January 2011. All of the proposals are available at www.nordea.com and will be presented in the notice of the AGM 2011.

Nordea Board of Directors (3)

Composition of the Board of Directors

According to the Articles of Association the Board of Directors shall consist of at least six and no more than fifteen members elected by shareholders at the General Meeting. The term of office for Board members is one year. Nordea has neither a specific retirement age as Board member nor a time limit for how long a Board member may serve on the Board. There are no such requirements in the external framework.

Further, according to the Articles of Association the aim shall be that the Board, as a whole, for its operations possesses the requisite knowledge and experience of the social, business and cultural conditions prevailing in the regions and market areas in which the Group's principal operations are conducted.

The Board currently consists of ten members elected by the General Meeting. In addition three members and one deputy member are appointed by the employees. Employees are entitled under Swedish legislation to be represented in the Board. The CEO of Nordea is not a member of the Board. The composition of the Board of Directors appears from the table on page 73 and further information regarding the Board members elected at the AGM 2010 is found in the separate section "Board of Directors", page 176.

Independence of the Board of Directors

Nordea complies with applicable rules regarding the independence of the Board. The Nomination Committee considers all of the members elected by the shareholders independent of the Company and its executive management, with the exception of Lars G Nordström, who was employed as President and CEO of the Group until 13 April 2007. Thus the majority of the Board members are independent in relation to the Company and its executive management.

All Board members elected by the shareholders, apart from Björn Wahlroos and Kari Stadigh, are independent in relation to the Company's major shareholders. Björn Wahlroos is board chairman of Sampo plc and Kari Stadigh is managing director and CEO of Sampo plc, which owns more than ten per cent of all shares and votes in Nordea Bank AB (publ). Thus, the number of Board members who are independent in relation to the Company and its executive management as well as independent in relation to the Company's major shareholders well exceeds the minimum requirement.

No Board member elected by the General Meeting is employed by or works in an operative capacity in the Company. The Board members and the deputy Board member appointed by the employees are employed by the Group and therefore not independent of the Company.

The work of the Board of Directors

The Board of Directors annually establishes its working plan, in which the management and risk reporting to the Board also is established. The statutory meeting following the AGM 2010 elected the vice Chairman and appointed the Board Committee members. The Board has adopted rules of procedures for the Nordea Board of Directors (the Charter), containing *inter alia* rules pertaining to the areas of responsibility of the Board and the Chairman, the number of meetings, documentation of meetings and rules regarding conflicts of interest. Furthermore, the Board of Directors has adopted Instructions for the CEO specifying the CEO's responsibilities as well as other policies, instructions and guidelines for the operations of the Group. These together with the Articles of Association, the Charter and Nordea's values constitute the internal framework, which regulate corporate governance in Nordea. Further information regarding Nordea's values is found in the separate section "Prudent growth – balancing growth and return", page 16.

The Board is charged with the organisation of Nordea and the management of the Company's operations and the overall management of the Nordea Group's affairs in accordance with applicable rules and regulations, the Code, the Articles of Association and the Charter. Further, the Board shall ensure that the Company's organisation in respect of accounting, management of funds, and the Company's financial position in general includes satisfactory controls. The Board is ultimately responsible for ensuring that an adequate and effective system of internal control is established and maintained. Group Internal Audit (GIA) issues yearly to the Board an overall Assurance Statement on Nordea's risk management control and governance process. The assurance statement for 2010 concludes that the internal control system is adequate and effective. Further information regarding internal control within Nordea is given below under heading "Internal control process". At least once a year the Board meets the external auditors without the CEO or any other Company executive being present. In addition the auditor in charge meets separately with the Chairman of the Board and the Chairman of the Board Audit Committee.

During 2010, the Board held 16 meetings. 11 meetings were held in Stockholm, one in Oslo and four meetings were held per capsulam. The Board regularly follows up on the strategy, financial position and development and risks. The financial targets and the strategy are reviewed on an annual basis. During 2010, the Board also dealt with for example reports on and issues related to financial market and macro economic development, new regulatory initiatives, capital and liquidity, Internal Capital Adequacy Assessment Process (ICAAP), revised overall Group organisation, remuneration issues and transactions of significance.

Secretary of the Board of Directors is Lena Eriksson, Head of Group Legal.

The Chairman

The Chairman of the Board is elected by the shareholders at the General Meeting. According to the Charter, the Chairman shall ensure that the Board work is conducted efficiently and that the Board fulfils its duties. The Chairman shall *inter alia* organise and lead the Board's work, maintain regular contact with the CEO, ensure that the Board receives sufficient information and documentation and ensure that the work of the Board is evaluated annually and that the Nomination Committee is informed of the result of the evaluation.

Evaluation of the Board

The Board of Directors annually carries out a self-evaluation process, through which the performance and the work of the Board is thoroughly evaluated and discussed by the Board. The evaluation is based on a methodology which includes questionnaires evaluating the Board as a whole and individual Board members as well as personal discussions between each Board member and the Chairman. The evaluation process is supported by an external advisory service firm.

Board Committees

In order to increase the effectiveness of the board work, the Group Board has established separate working committees. The duties of the Board Committees, as well as working procedures, are defined in specific instructions adopted by the Board annually. Each Committee regularly reports on its work to the Board. The minutes are communicated to the Board.

The Board Audit Committee (4)

The Board Audit Committee assists the Board of Directors in fulfilling its supervisory responsibilities by *inter alia* monitoring the Nordea Group's financial reporting process, the effectiveness of the internal control and risk management systems, established by the Board of Directors, the CEO and Group Executive Management (GEM), and the effectiveness of Group Internal Audit. The Board Audit Committee is further accountable for keeping itself informed as to the statutory audit of the annual and consolidated accounts and reviewing and monitoring the impartiality and independence of the external auditors and in particular the provision of additional services to the Nordea Group. In addition, the Board Audit Committee is accountable for the guidance and evaluation of the Group Internal Audit.

Members of the Board Audit Committee during 2010
Svein Jacobsen (Chairman)
Marie Ehrling
Timo Peltola (until AGM 2010)
Kari Stadigh (from AGM 2010)

The members of the Board Audit Committee are independent of the Company and the executive management of the Company. All members, apart from Kari Stadigh, are also independent in relation to the Company's major shareholders. Kari Stadigh is managing director and CEO of Sampo plc, which owns more than ten per cent of all shares and votes in Nordea Bank AB (publ).

The CEO and the Group Chief Audit Executive (CAE) are present at meetings with the right to participate in discussions, but not in decisions.

The Board Credit Committee (5)

The Board Credit Committee continuously reviews and monitors adherence to the established Credit Policy and Strategy as well as Credit Instructions for the Nordea Group and evaluates the overall quality of the credit portfolio.

Members of the Board Credit Committee during 2010
Hans Dalborg (Chairman)
Stine Bosse
Lars G Nordström
Heidi M. Petersen (until AGM 2010)
Björn Wahlroos, and
Christian Clausen, CEO

The CEO is not a Board member, but a member of the Board Credit Committee. The Head of Group Risk Management is present at meetings with the right to participate in discussions, but not in decisions.

Further information regarding the Credit decision-making structure for main operations and risk management within Nordea is found in the separate section "Risk management ", page 58.

The Board Remuneration Committee (6)
The Board Remuneration Committee is responsible for preparing and presenting proposals to the Board of Directors on remuneration issues.

This includes proposals regarding the Nordea Remuneration Policy and supplementing instructions, guidelines for remuneration to the executive officers to be decided by the AGM as well as the remuneration for the CEO, the CAE and also other employees in leading positions. At least annually, the Committee follows-up on the application of the Nordea Remuneration Policy and supplementing instructions through an independent review by Group Internal Audit. The Committee also has the duty to annually monitor, evaluate and report to the Board on the programmes for variable remuneration to GEM, as well as the application of the guidelines for remuneration to executive officers. At the request of the Board the Committee also prepares other issues of principle for the consideration of the Board.

Members of the Board Remuneration Committee during 2010
Hans Dalborg (Chairman)
Tom Knutzen
Timo Peltola (until AGM 2010)
Sarah Russell (from AGM 2010)
Björn Savén

The members of the Board Remuneration Committee are independent of the Company and the executive management of the Company, as well as of the Company's major shareholders. However, only the former is required according to the Code.

The CEO participates in the meetings without the right to vote. The CEO does not participate in considerations regarding his own employment terms and conditions.

> "Clear corporate governance ensures transparency, supports good management and facilitates sound value creation and responsible corporate behaviour.
>
> Hans Dalborg
> Chairman of the Board of Directors

Further information regarding remuneration within Nordea is found in the separate section "Remuneration", page 77 and in Note 8, page 114.

Meetings and attendance

The table shows the number of meetings held by the Board of Directors and its committees as well as the attendance of the individual Board members:

	Board of Directors	Board Audit Committee	Board Credit Committee	Board Remuneration Committee
Number of meetings	16	9	5	7
(of which per capsulam)	(4)	(—)	(—)	(—)
Meetings attended:				
Elected by AGM				
Hans Dalborg	16		5	7
Björn Wahlroos	16		4	
Stine Bosse	15		4	
Marie Ehrling	16	9		
Svein Jacobsen	15	9		
Tom Knutzen	15			7
Lars G Nordström	15		5	
Timo Peltola[1]	4	2		1
Heidi M. Petersen[1]	3		2	
Sarah Russell[2]	12			4
Björn Savén	16			7
Kari Stadigh[2]	12	7		
Christian Clausen, CEO [3]			5	
Appointed by employees				
Kari Ahola	14			
(deputy 1 Nov 2010–30 Apr 11)				
Ole Lund Jensen				
(deputy 1 May 2010–31 Oct 10)	15			
Lars Oddestad	15			
(deputy 1 Nov 2009–30 Apr 10)				
Steinar Nickelsen	14			

1) Board member and Committee member until AGM 2010
2) Board and Committee member from AGM 2010
3) The CEO is not a board member but a member of the Board Credit Committee

The CEO and Group Executive Management (7)

Nordea's President and CEO is charged with the day-to-day management of Nordea Bank and the Nordea Group's affairs in accordance with laws and regulations, the Code, as well as instructions provided by the Board of Directors. The instructions regulate the division of responsibilities and the interaction between the CEO and the Board. The CEO works closely with the Chairman of the Board, for instance with planning of Board meetings.

The CEO is accountable to the Board for the management of the Nordea Group's operations and he is also responsible for developing and maintaining effective systems for internal control within the Group. Further information regarding the control environment for risk exposures is found in the separate section "Risk, Liquidity and Capital management", page 57. The CEO works together with senior officers within the Group in GEM. Presently GEM consists of six members and the CEO. GEM has recorded weekly meetings. These meetings are chaired by the CEO, who reaches decisions after consulting with the other members of GEM. Further information regarding the CEO and GEM is found in the separate section "Group Executive Management", page 178.

Internal control process

The Internal control process is a process, carried out by the Board of Directors, management and other personnel within Nordea, designed to provide reasonable assurance regarding the achievement of objectives in terms of effectiveness and efficiency of operations, reliability of operational and financial reporting, compliance with external and internal regulations, and safeguarding of assets, including sufficient management of risks in operations.

The Internal Control process is based on the Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring.

The framework for the Internal control process aims at creating the necessary preconditions for the whole organisation to contribute to the effectiveness and the high quality of internal control, through eg clear definitions, assignments of roles and responsibilities as well as common tools and procedures.

Roles and responsibilities in respect of internal control and risk management are divided in three lines of defence. In the first line of defence, Line Management, customer areas, product areas and group functions are responsible for operating their business within limits for risk exposure and in accordance with decided framework for internal control and risk management. As second line of defence, the service and staff units are responsible for providing the framework of internal control and risk management. Group Internal Audit performs audits and provides assurance to stakeholders on internal controls and risk management processes, which is the third line of defence.

Internal audit (8)

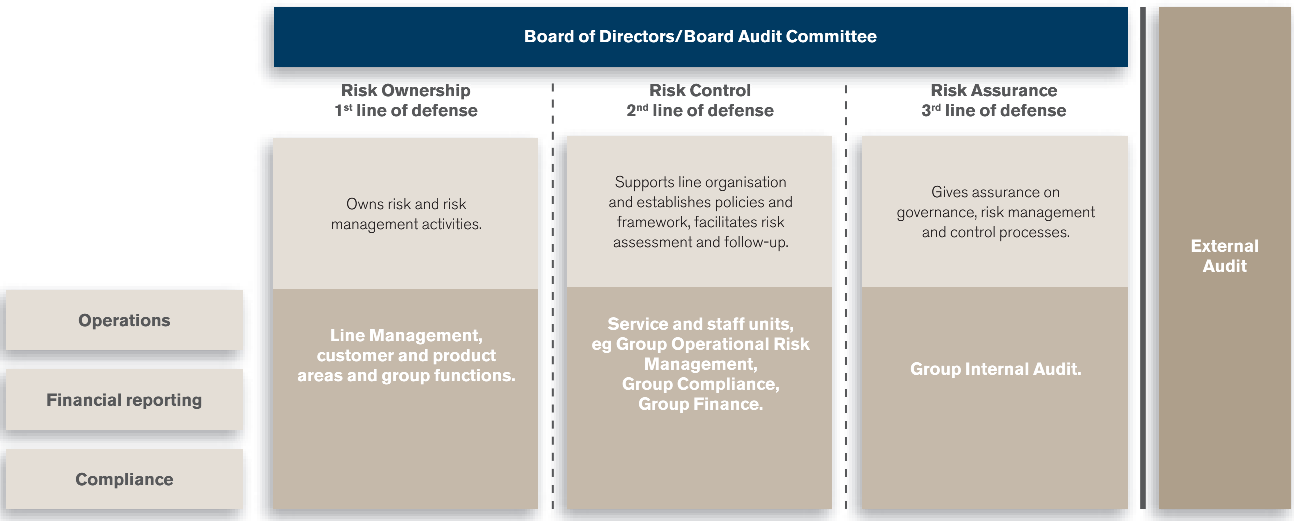
Group Internal Audit (GIA) is an independent function commissioned by the Board of Directors. The Board Audit Committee is responsible for guidance on and evaluation of GIA within the Nordea Group. The Group Chief Audit Executive (CAE) has the overall responsibility for GIA. The CAE reports functionally to the Board of Directors and the Board Audit Committee. The CAE reports administratively to the CEO. The Board of Directors approves the appointment and dismissal of the CAE.

GIA does not engage in consulting activities unless the Board Audit Committee gives it special assignments. The purpose of GIA's assurance activity is to add value to the organisation by assuring the quality of the governance, risk management and control processes as well as promoting continuous improvement.

All activities, including outsourced activities and entities of the Nordea Group fall within the scope of GIA.

GIA operates free from interference in determining the scope of internal auditing, in performing its audit work, and in communicating its results. GIA is authorised to carry out all investigations and obtain all information required to discharge its duties. The work of GIA shall comply with the Standards for the International Professional Practice of Internal Auditing issued by the Institute

Internal control process



of Internal Auditors and the Standards for Information Systems Auditing issued by ISACA. The annual audit plans are based on a comprehensive risk assessment.

External audit (9)

According to the Articles of Association one or two auditors shall be elected by the General Meeting for a term of four years. At the re-election of auditors the General Meeting may decide that the assignment will continue for a term of three years. At the AGM 2003 KPMG AB was re-elected auditor for the time period up to the end of the AGM 2007. Following a tender process KPMG AB was re-elected auditor at the AGM 2007 for a period up to the end of the AGM 2011. Carl Lindgren is the auditor-in-charge. The Board of Directors proposes that the AGM 2011 approves an amendment to the Articles of Association changing the auditors' term of office to one year. The Nomination Committee's proposal on re-election of KPMG AB as auditors was presented to the AGM 2011 on 13 January 2011.

Report on internal control and risk management regarding financial reporting

The systems for Internal control and risk management over financial reporting are designed to give reasonable assurance concerning reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements for listed companies. The internal control and risk management activities are included in Nordea's planning and resource allocation processes. Internal control and risk management over financial reporting in Nordea can be described in accordance with the COSO framework (Internal Control - Integrated framework, by the Committee of Sponsoring Organizations of the Treadway commission) as follows.

Control Environment

The control environment constitutes the basis for Nordea's internal control and contains the culture and values established by the Board of Directors and Executive Management. Further information regarding Nordea's values is presented in the separate section "Prudent growth – balancing growth and return", page 16.

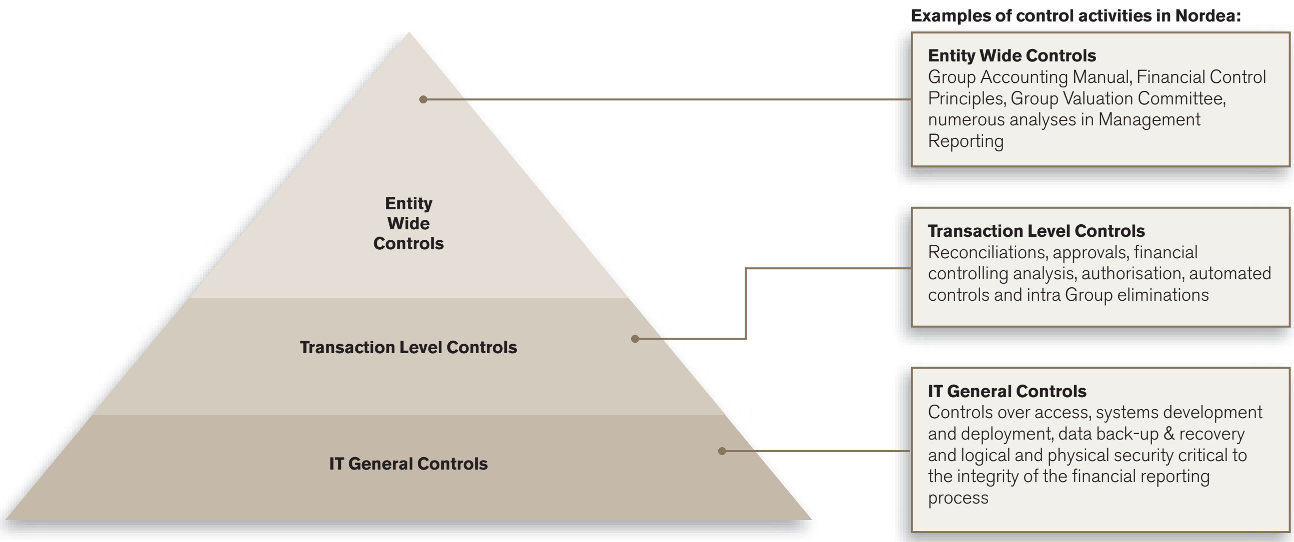
A clear and transparent organisational structure is of importance for the control environment. Nordea's business structure aims to support the overall strategy, with a strong product and customer orientation supporting clear roles and responsibilities. The business as well as the organisation is under continuous development. Further information on the Integrated Group operating model is presented on page 19.

A new function, Accounting Key Controls (AKC), has been established during the year. The AKC aims at implementing a unified Nordea Group-wide system of accounting key controls to ensure that controls essential for the financial reporting are continuously identified, monitored and assessed. The role of the AKC can be illustrated as a second line of defence, see illustration "Internal control process".

Risk Assessment

Risk management is considered as an integral part of running the business and the main responsibility for performing risk assessments regarding financial reporting risks lies with the line organisation. Having Risk Assessments performed close to the business increases the

Control activities



chance of identifying the most relevant risks. In order to govern the quality, central functions stipulate in governing documents when and how these assessments are to be performed. Examples of Risk Assessments, performed at least annually, are Quality and Risk Analysis for changes and Self Risk Assessments on divisional levels.

The heads of the respective units are primarily responsible for managing the risks associated with the units' operations and financial reporting processes. This responsibility is primarily supported by the Group Accounting Manual (GAM), the Financial Control Principles and various governing bodies, as for example the Group Valuation Committee. The GAM includes a standard reporting package used by all entities to ensure consistent use of Nordea's principles and coordinated financial reporting. Fundamental internal control principles in Nordea are segregation of duties and the four-eye principle when approving eg transactions and authorisations.

The quality assurance vested in the management reporting process, where detailed analysis of the financial outcome is performed, constitutes one of the most important control mechanisms associated with the reporting process. The reconciliations constitute another set of important controls where Nordea works continuously to further strengthening the quality.

Information & Communication

Service and staff units are responsible for ensuring that the Group Accounting Manual and the Financial Control Principles are up-to-date and that changes are communicated to the responsible units. These governing documents are broken down into instructions and standard operating procedures in the responsible units. On an annual basis accounting specialists within Group Finance provide sessions for accountants and controllers in order to inform about existing and updated rules and regulations with an impact on Nordea.

The Finance Value Programme is an initiative focusing on the financial information processing. By transforming the financial reporting process and the financial information flow, the Programme is aiming at one integrated, effective finance reporting process that will enable faster reporting and a better ability to adapt to changes in the future.

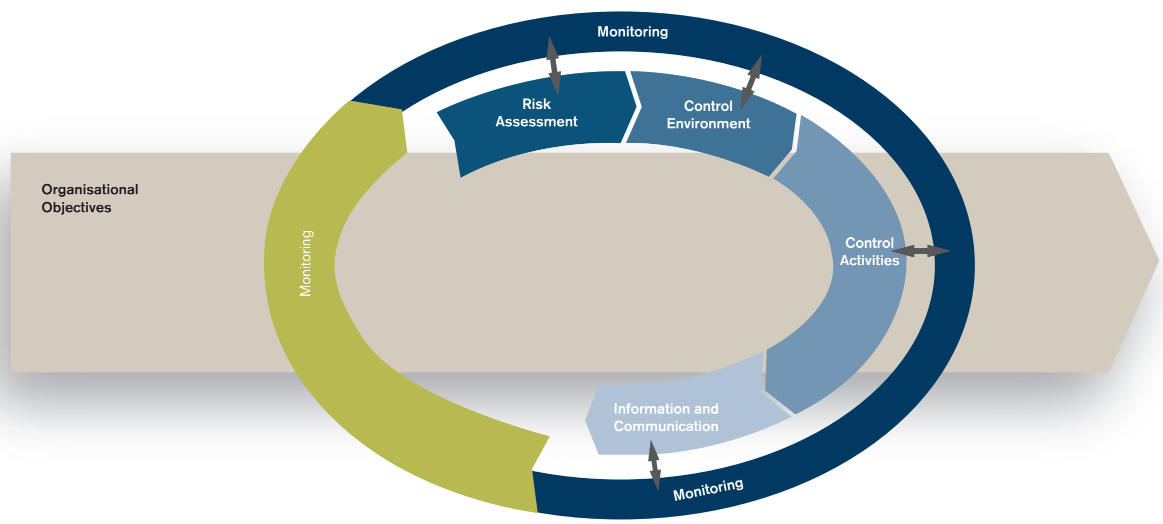
Matters affecting the achievement of financial reporting objectives are communicated with outside parties, where Nordea actively participates in relevant national fora, for example fora established by the Financial Supervisory Authorities, Central Banks and associations for financial institutions.

Monitoring

Nordea has established a process with the purpose of ensuring a proper monitoring of the quality of the financial reporting and the follow-up regarding possible deficiencies. This interactive process aims to cover all COSO-components and can be illustrated with the figure below.

The CEO annually issues a report to the Board of Directors on the quality of internal control in Nordea. This report is based on an internal control-process checklist and a hierarchical reporting covering the whole organisation. Internal control and risk assessment regarding financial reporting is included as one of several focus categories in this process.

The Board of Directors, the Board Audit Committee and Group Internal Audit have an important role with regards to monitoring the internal control over financial reporting in Nordea Group. Further information is presented under the headings "The work of the Board of Directors (3)", "Board Audit Committee (4)" and "Group Internal Audit (8)" above.



Remuneration

Nordea has clear remuneration policies, instructions and processes, securing sound remuneration structures throughout the organisation.

The Board of Directors decides on the Nordea Remuneration Policy, based on an analysis of the possible risks involved, and ensures that it is applied and followed-up as proposed by the Board Remuneration Committee (BRC).

The Nordea Remuneration Policy will

- Support Nordea's ability to attract, develop and retain highly motivated, competent and performance-oriented employees and thereby the People strategy.
- Be a supplement to excellent leadership and challenging tasks as driving forces to create highly committed employees and a Great Nordea.
- Ensure that compensation in Nordea is aligned with efficient risk management and the Nordea values: Great customer experiences, It's all about people and One Nordea team.

Nordea is offering competitive, but not market-leading compensation packages.

Nordea has a total remuneration approach to compensation acknowledging the importance of well balanced but different remuneration packages derived from business and local market needs, as well as the importance of compensation being consistent with and promoting sound and effective risk management not encouraging excessive risk-taking or counteracting Nordea's long term interests.

Nordea remuneration components – purpose and eligibility

Fixed Salary is compensating employees for full satisfactory performance. The individual salary is based on three cornerstones: Job complexity and responsibility, performance and local market conditions.

Profit Sharing is aiming at stimulating value creation for the customers and shareholders and is offered to all employees. The performance criteria reflect Nordea's long-term targets: Risk-Adjusted Profit, Total Shareholder Return compared to the Nordic peers and Customer Satisfaction.

Variable Salary Part (VSP) is offered to selected managers and specialists to ensure focus and strong performance. Assessment of individual performance shall be based on a pre-determined set of well-defined financial as well as non-financial success criteria, including Nordea Group criteria.

Bonus scheme is offered only to selected groups of employees employed in specific businesses areas or units. The aim is to ensure focus, strong performance and maintain cost flexibility for Nordea. Judgement of individual performance shall be based on a pre-determined set of well-defined financial as well as non-financial success criteria, including Nordea Group criteria.

One Time Payment (OTP) can be granted to employees in case of extraordinary performance exceeding requirements or expectations. Employees participating in a Bonus scheme cannot be offered an OTP and employees having Variable Salary Part can only in extraordinary situations be offered an OTP.

Long-Term Incentive Programme (LTIP) is aiming at improving the long-term shareholder value and to strengthen Nordea's capability to retain and recruit the best talents. The programme targets managers and key employees identified as essential to the future development of the Nordea Group. The performance criteria reflect Nordea's long-term financial targets: Risk-Adjusted Profit and Total Shareholder Return compared to the Nordic and European peers.

Pension and Insurance schemes are aiming at ensuring employees an appropriate standard of living after retirement as well as personal insurance during employment. Pension and insurance provisions are according to local law, regulation and market practice done either in form of determined public collective-agreements, company determined schemes or in a combination of these elements. Nordea aims at having defined contribution pension schemes.

Benefits in Nordea are given as a means to stimulate performance and well being. Benefits are either connected to the contract of employment or local conditions.

Further information regarding Profit Sharing, Variable Salary Part, Bonus schemes and Long-Term Incentive Programmes is provided under corresponding headings below in this section.

Risk analysis

Nordea's remuneration components are annually evaluated to ensure compliance with both international and local remuneration guidelines. In addition to the evaluation of the remuneration components as such, a risk analysis addressing issues arising in respect of Nordea's Remuneration Policy has been conducted in December 2010. Key factors addressed include risks related to the governance and structure of the remuneration schemes, goal setting and measurement of results, as well as fraud and reputation. The main focus of the analysis is the variable components that potentially may be leading to total compensations that might be considered high.

Nordea mitigates these risks by regularly reviewing the structure of the remuneration components, including the participants and potential payout amounts, and by disclosing relevant information to the public. Furthermore, Nordea has established clear processes for target-setting, aligned with the Group's strategy as well as predefined growth and development initiatives. Measurement of results is aligned with Nordea's overall performance measurement, and decision on payout is subject to separate processes and the Grandparent principle (approval by the manager's manager). Nordea also mitigates relevant risks by means of its internal control framework which is based on the control environment, and includes the following elements: Values and management culture, goal orientation and follow-up, a clear and transparent organisational structure, separation of duties, the four-eye principle, quality and efficiency of internal communication and an independent evaluation process.

Performance-related compensation for 2010 to employees in the risk analysis defined as employees who could impact Nordea's risk profile will partly be deferred in 2011 to comply with international guidelines and national regulations. Amounts deferred and details about the deferrals will be published before the Annual General Meeting 24 March 2011.

Audit of the remuneration policy

At least annually, the BRC follows up the application of the Nordea Remuneration Policy and supplementing instructions through an independent review by Group Internal Audit.

Remuneration to the Board of Directors

The AGM annually decides on remuneration to the Board of Directors. Further information is found in Note 8 on page 114.

Remuneration to CEO and Group Executive Management (GEM)

The Board of Directors prepares the proposal for guidelines for remuneration to the executive officers to be approved by the AGM annually. According to these guidelines, the Board of Directors has decided on the actual remuneration to the CEO and members of GEM following a proposal from the BRC. More information regarding the BRC is found in the separate section "Corporate Governance Report", page 70. The BRC also prepares proposal to the Board of Directors for alterations of the terms of employment for GEM as a whole.

The external auditors presented a report to the AGM 2010 stating that the Board of Directors and the CEO during 2009 have complied with the guidelines for remuneration to executive officers as adopted by the AGM 2008 and 2009.

Further information about remuneration is found in Note 8 on page 114.

Following the implementation of the European Commission's recommendation on remuneration policies, the responsibilities of the Board of Directors and the BRC have been developed. As proposed by the BRC, the Board of Directors decides on remuneration for CEO and also other employees in leading positions.

Approved guidelines for remuneration to the executive officers for 2010

The AGM 2010 approved the following guidelines for remuneration to the executive officers.

Nordea shall maintain remuneration levels and other employment conditions needed to recruit and retain executive officers with competence and capacity to deliver according to Nordea's short and long term targets.

The term executive officers shall in this context mean the CEO of Nordea Bank AB (publ) and the executives reporting directly to him also being members of Group Executive Management.

Remuneration of executive officers will be decided by the Board of Directors in accordance with Nordea's internal policies and procedures, which are based on the Swedish Financial Supervisory Authority's (SFSA) regulations and general guidelines on remuneration policy as well as international sound compensation practices. In this context, the principles established by the Financial Stability Board (FSB) and the European Commission are of particular importance.

Salaries and other remuneration in line with market levels is the overriding principle for compensation to executive officers within Nordea. Compensation to the executive officers shall be consistent with and promote sound and effective risk management and not encourage excessive risk-taking or counteract Nordea's long term interests.

Fixed salary is paid for fully satisfactory performance.

In addition, variable salary part can be offered to reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long term result is to be considered when determining the targets. The variable salary part shall as a general rule not exceed 35% of fixed salary. In accordance with international principles guaranteed variable salary part is to be exceptional and may only occur in the context of hiring a new executive officer and then be limited to the first year.

A major part of the variable salary part shall be deferred with a minimum deferment period and with claw-back clauses according to the SFSA's regulations and general guidelines on remuneration policy taking account of domestic rules and practices where relevant.

The AGMs since 2007 have decided upon share- and performance-based Long Term Incentive Programmes which require an initial investment in Nordea shares by the participants and where compensation shall be dependent on the creation of long term shareholder value and the fulfilment of Nordea's financial targets, which are based on the principles of risk adjusted profit and total shareholder return. A similar programme though measuring performance over a longer time period, three years, and based on matching and performance shares free of charge instead of rights to acquire Nordea shares is proposed for AGM 2010. The programmes have a cap. On a yearly basis the Board of Directors will evaluate whether a similar incentive programme should be proposed to the Annual General Meeting. The executive officers will be invited to join the Long Term Incentive Programmes. If the Annual General Meeting does not approve a Long Term Incentive Programme, the variable salary part to executive officers may be increased and shall as a general rule not exceed 50 per cent of fixed salary.

Non-monetary benefits are given as a means to facilitate executive officers' performance. The levels of these benefits are determined by what is considered fair in relation to general market practice. The executive officers shall be offered retirement benefits in accordance with market practice in the country of which they are permanent residents. Notice and severance pay in total shall not exceed 24 months of fixed salary for executive officers.

Any potential undertaking or commitment made by Nordea against a state or public authority in any guarantee agreement or any similar agreement which affect the remuneration of executive officers will be observed.

The Board of Directors may deviate from the guidelines stated above, if there in a certain case are special reasons for this.

Proposal for guidelines for remuneration to the executive officers for 2011

The Board of Directors will propose that the AGM 2011, in accordance with the Swedish Companies Act, approves the equivalent guidelines for remuneration to the executive officers for 2011 as was approved last year and is described above, with the following two main amendments. Firstly, the variable salary part shall be paid in cash and shares/share-price related payment and be subject to retention, deferral and forfeiture clauses according to the SFSA's regulations on remuneration systems, taking account of domestic rules and practices where relevant. This amendment is due to current and expected regulatory changes concerning payment of variable salary to executive officers. Secondly the executive officers will as previously be invited to Nordea's Long Term Incentive Programmes, but from LTIP 2011 the conditions for participation and outcome differ compared to other participants. The amendment is due to the executive officers influence on the long term development of Nordea.

Additional information to the Board of Directors' proposal for guidelines

Previous undertakings not yet due:

In accordance with the guidelines approved by AGM 2010, the remuneration for the CEO and other members of GEM consists of fixed and variable salary part. However, no variable salary part has been paid for 2009. In the beginning of 2009, five persons in GEM voluntarily waived fixed salary increases and variable salary part for the first four months of the year. This voluntary waiver has thereafter been extended and widened through the bank's agreement with the Swedish National Debt Office in connection with the Swedish state subscribing for shares in the rights issue and includes the whole calendar years 2009 and 2010. In addition, the other members of GEM have waived variable salary part for 2009.

Deviations from approved guidelines 2010:

There have been no deviations from the approved guidelines 2010.

Estimated cost for variable remunerations in 2011:

It is estimated that the maximum total cost for variable salary part, excluding Long-Term Incentive Programmes, for CEO and GEM can amount to approx. EUR 1.9m.

The estimated cost in 2011 for the approved Long-Term Incentive Programmes (LTIP 2009 and LTIP 2010) and for the proposed Long-Term Incentive Programme (LTIP 2011), allocated to CEO and GEM members is shown in the following table.

	LTIP 2009	LTIP 2010	LTIP 2011
Maximum cost 2011[1]	EUR 0.2m	EUR 0.6m	EUR 0.6m
Expected cost 2011[2]	EUR 0.1m	EUR 0.3m	EUR 0.4m
Calculated total programme cost[3]	EUR 1.0m	EUR 0.7m	EUR 1.7m

1) Maximum cost in 2011 assuming maximum investments by CEO and all GEM members and that all criteria are fully met for LTIP 2009 expensed over 24 months 2009–2011 and for LTIP 2010 and LTIP 2011 expensed over 36 months in 2010–2013 and 2011–2014 respectively, excluding social costs.
2) Expected cost in 2011 assuming maximum investments by CEO and all GEM members based on 50% fulfilment of the performance criteria for each programme, for LTIP 2009 expensed over 24 months 2009–2011 and for LTIP 2010 and LTIP 2011 expensed over 36 months in 2010–2013 and 2011–2014 respectively, excluding social costs.
3) The calculated cost of respective whole programme for CEO and GEM as at grant date, excluding social costs.

Additional information about variable compensation

Profit Sharing scheme

The Profit Sharing scheme is capped and not based on the value of the Nordea share. It is a benefit, by which the employees get a part of the profit to encourage good performance and one Nordea team, which in turn will lead to better profitability and make it more attractive to work within the Nordea Group.

For 2010, a total of EUR 24m was provided for under Nordea's Profit Sharing scheme for all employees. For 2010, each employee can receive a maximum of EUR 3,200, of which EUR 2,000 is based on a pre-determined level of risk-adjusted profit, an additional EUR 600 based on the level of customer satisfaction and an additional EUR 600 based on Nordea's relative performance compared to a Nordic peer group as measured by Total Shareholder Return. If all performance criteria were met, the cost of the scheme would have amounted to a maximum of approx. EUR 100m.

Variable Salary Part (VSP)

VSP may be offered to selected managers and specialists to reward strong performance and to attract, motivate and retain employees with strong performance within Nordea Group. VSP must be transparent and have predefined success criteria with clear weightings. A VSP must include success criteria based on Nordea Group KPIs decided annually by CEO. In the event of weak or negative overall Nordea Group results, VSP outcomes will be adjusted downwards at the discretion of the CEO.

A VSP agreement does not exceed a maximum outcome of 25% of annual fixed salary, except for very few managers and key employees within specific areas, where the amount can be a maximum of 50% of annual fixed salary. Head of Customer Areas and corresponding units may in extraordinary cases approve a VSP agreement exceeding 50 % of annual fixed salary.

Nordea adheres to the Grandparent principle when enrolling employees to any VSP scheme and approving the outcome. The Board of Directors decides on VSP outcome for employees in leading positions on proposal from the BRC. Nordea has introduced deferral programmes for the staff in the risk analysis defined as employees who could impact Nordea's risk profile.

Bonus schemes

Bonus schemes are only offered to selected groups of employees employed in specific businesses areas or units approved by the CEO. Nordea pays bonuses linked to performance where both divisional bonus pools and individual allocations are explicitly based on defined performance measures. Divisional financial performance is measured as risk-adjusted profits, explicitly incorporating capital and funding costs, and adjust for multi-period revenue effects as well as minimum required profit. In the event of weak or negative overall Nordea Group result, bonus pools will be adjusted downwards at the discretion of the Board of Directors. As such, individual compensation is determined based on detailed performance evaluations covering a range of financial and non-financial factors.

Inappropriate individual bonuses are prevented through both caps on the percentage of risk-adjusted profit that can be paid out, and strict allocation procedures. Nordea has introduced deferral programmes for the staff in the risk analysis, defined as employees who could impact Nordea's risk profile.

Control and compliance staff employed in divisions having bonus schemes has performance-related compensation, and care is taken to ensure these functions remain competitively rewarded.

The Board of Directors decides new or revised bonus schemes and outcome of divisional bonus pools on proposal by BRC. GEM has responsibility for the implementation of the agreed bonus schemes. Nordea also applies a stringent process to ensure that compensation for individuals does not encourage excessive risk taking behaviour. To supplement the division level assessment, there is an approval process for significant bonuses to individuals, with the CEO's approval required for bonuses exceeding a predetermined level.

Long-Term Incentive Programmes

Nordea's Long-Term Incentive Programmes (LTIP) are share-based and the outcome is subject to certain performance conditions. The Board's main objective with the programmes is to strengthen Nordea's capability to retain and recruit the best talent for key leadership positions. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's results, profitability and value growth, to increased efforts by aligning their interests and perspectives with those of the shareholders.

The participants take direct ownership by allocating Nordea shares to the programmes. For each ordinary Nordea share the participant locks into an LTIP, the participant, since LTIP 2010, is allotted one matching share and up to three performance shares, conditional upon fulfilment of certain performance conditions during the three year vesting period.

The underlying basic principles under the LTIPs are that the outcome shall be dependent on the creation of long-term shareholder value by fulfilment of Nordea's long-term financial targets related to Risk Adjusted Profit and Total Shareholder Return.

It is further required that the participant, with certain exemptions, remains employed within the Nordea Group during the initial three year vesting period and that all Nordea shares locked into an LTIP are kept during this period.

Nordea's first LTIP was introduced in May 2007, targeting up to 400 managers and key employees identified as essential to the future development of the Group. LTIP 2007 has been followed by LTIP 2008, LTIP 2009 and LTIP 2010 based on the same principles with matching shares and performance shares measuring performance over a longer time period. LTIP 2010 has a three year vesting period instead of two years as the previous programmes and is based on shares free of charge instead of rights to acquire Nordea shares. On a yearly basis the Board of Directors evaluate whether a similar incentive programme should be proposed to the AGM.

As employees employed in Nordea Bank Danmark A/S could not join LTIP 2009 due to the restrictions in the Danish Act on Financial Stability, a cash-based incentive programme has been granted to these selected managers and key employees. The programme is based on the same principles as LTIP 2009 though the TSR target has been replaced by a ROE target.

More information on the LTIP 2007, LTIP 2008, LTIP 2009 and LTIP 2010 is presented in Note 8 and at www.nordea.com, as well as in Annual Reports of previous years.

The BRC conducted a survey during autumn 2010 targeting present and earlier participants in LTIP still employed in Nordea. The facts, the results from the survey, the feedback from management and Nordea's financial performance clearly showed that LTIP in Nordea serves its purpose: Increasing the ability to attract and retain talents and contribute to align the organisation to the financial targets and to create an incentive for the participants to deliver excellent operating results.

The Board of Directors has decided to propose a Long-Term Incentive Programme (LTIP 2011) to the AGM 2011 based on similar principles as LTIP 2010. The proposal for LTIP 2011 will be presented to the shareholders in the notice of the AGM 2011.

> The aim is to establish partnerships for the largest customers. Successful partnerships develop into housebank relationships, comprising the full spectrum of financial services.

Financial statements – Contents

Income statement

		Group		Parent company	
EURm	Note	2010	2009	2010	2009
Operating income					
Interest income		9,687	10,973	1,641	1,793
Interest expense		–4,528	–5,692	–1,057	–1,127
Net interest income	3	**5,159**	**5,281**	**584**	**666**
Fee and commission income		2,955	2,468	735	614
Fee and commission expense		–799	–775	–164	–158
Net fee and commission income	4	**2,156**	**1,693**	**571**	**456**
Net result from items at fair value	5	1,837	1,946	157	152
Profit from companies accounted for under the equity method	23	66	48	—	—
Dividends	6	—	—	2,203	973
Other operating income	7	116	105	123	123
Total operating income		**9,334**	**9,073**	**3,638**	**2,370**
Operating expenses					
General administrative expenses:					
Staff costs	8	–2,784	–2,724	–745	–644
Other expenses	9	–1,862	–1,639	–526	–443
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 24, 25	–170	–149	–112	–106
Total operating expenses		**–4,816**	**–4,512**	**–1,383**	**–1,193**
Profit before loan losses		**4,518**	**4,561**	**2,255**	**1,177**
Net loan losses	11	–879	–1,486	–33	–165
Impairment of securities held as financial non-current assets	22	—	—	–105	—
Operating profit		**3,639**	**3,075**	**2,117**	**1,012**
Appropriations	12	—	—	0	–3
Income tax expense	13	–976	–757	–115	–24
Net profit for the year		**2,663**	**2,318**	**2,002**	**985**
Attributable to:					
Shareholders of Nordea Bank AB (publ)		2,657	2,314	2,002	985
Non-controlling interests		6	4	—	—
Total		**2,663**	**2,318**	**2,002**	**985**
Basic earnings per share, EUR	14	0.66	0.60		
Diluted earnings per share, EUR	14	0.66	0.60		

Statement of comprehensive income

	Group		Parent company	
EURm	2010	2009	2010	2009
Net profit for the year	**2,663**	**2,318**	**2,002**	**985**
Currency translation differences during the year	669	740	—	—
Currency hedging of net investments in foreign operations	–407	–507	—	—
Tax on currency hedging of net investments in foreign operations	107	133	—	—
Available-for-sale investments:				
Valuation gains/losses during the year	3	1	1	—
Tax on valuation gains/losses during the year	–1	0	0	—
Transferred to profit or loss on sale for the year	—	–1	—	0
Tax on transfers to profit or loss on sale for the year	—	—	—	0
Cash flow hedges:				
Valuation gains/losses during the year	1	6	1	6
Tax on valuation gains/losses during the year	0	–2	0	–2
Group contributions	—	—	–112	152
Tax on group contributions	—	—	29	–40
Other comprehensive income, net of tax	**372**	**370**	**–81**	**116**
Total comprehensive income	**3,035**	**2,688**	**1,921**	**1,101**
Attributable to:				
Shareholders of Nordea Bank AB (publ)	3,029	2,684	1,921	1,101
Non-controlling interests	6	4	—	—
Total	**3,035**	**2,688**	**1,921**	**1,101**

Balance sheet

EURm	Note	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Assets					
Cash and balances with central banks		10,023	11,500	182	208
Treasury bills	15	13,112	12,944	4,858	3,656
Loans to credit institutions	16	15,788	18,555	48,151	43,501
Loans to the public	16	314,211	282,411	33,800	28,860
Interest-bearing securities	17	69,137	56,155	15,848	17,019
Financial instruments pledged as collateral	18	9,494	11,240	6,160	2,276
Shares	19	17,293	13,703	320	682
Derivatives	20	96,825	75,422	2,611	2,421
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	1,127	763	795	332
Investments in group undertakings	22	—	—	16,607	16,165
Investments in associated undertakings	23	554	470	4	2
Intangible assets	24	3,219	2,947	671	701
Property and equipment	25, 26	454	452	77	79
Investment property	27	3,568	3,505	—	—
Deferred tax assets	13	278	125	8	20
Current tax assets	13	262	329	1	0
Retirement benefit assets	37	187	134	—	—
Other assets	28	22,857	14,397	2,620	1,610
Prepaid expenses and accrued income	29	2,450	2,492	1,009	794
Total assets		**580,839**	**507,544**	**133,722**	**118,326**
Liabilities					
Deposits by credit institutions	30	40,736	52,190	28,644	30,187
Deposits and borrowings from the public	31	176,390	153,577	39,620	34,617
Liabilities to policyholders	32	38,766	33,831	—	—
Debt securities in issue	33	151,578	130,519	33,424	22,119
Derivatives	20	95,887	73,043	2,174	2,173
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	898	874	749	285
Current tax liabilities	13	502	565	110	34
Other liabilities	34	38,590	28,589	4,458	6,190
Accrued expenses and prepaid income	35	3,390	3,178	721	453
Deferred tax liabilities	13	885	870	0	0
Provisions	36	581	309	35	30
Retirement benefit obligations	37	337	394	149	128
Subordinated liabilities	38	7,761	7,185	7,135	6,605
Total liabilities		**556,301**	**485,124**	**117,219**	**102,821**
Untaxed reserves	39	**—**	**—**	**6**	**5**
Equity					
Non-controlling interests		84	80	—	—
Share capital		4,043	4,037	4,043	4,037
Share premium reserve		1,065	1,065	1,065	1,065
Other reserves		–146	–518	1	–1
Retained earnings		19,492	17,756	11,388	10,399
Total equity		**24,538**	**22,420**	**16,497**	**15,500**
Total liabilities and equity		**580,839**	**507,544**	**133,722**	**118,326**
Assets pledged as security for own liabilities	40	163,945	138,587	6,843	2,564
Other assets pledged	41	5,972	6,635	7,259	6,963
Contingent liabilities	42	23,963	22,267	23,903	18,503
Commitments	43	92,749	79,797	30,938	28,460

Statement of changes in equity

Group

EURm	Attributable to shareholders of Nordea Bank AB (publ)[2] Share capital[1]	Share premium reserve	Other reserves: Translation of foreign operations	Cash flow hedges	Available-for-sale investments	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2010	**4,037**	**1,065**	**–517**	**–1**	**—**	**17,756**	**22,340**	**80**	**22,420**
Net profit for the year	—	—	—	—	—	2,657	2,657	6	2,663
Currency translation differences during the year	—	—	669	—	—	—	669	—	669
Currency hedging of net investments in foreign operations	—	—	–407	—	—	—	–407	—	–407
Tax on currency hedging of net investments in foreign operations	—	—	107	—	—	—	107	—	107
Available-for-sale investments:									
Valuation gains/losses during the year	—	—	—	—	3	—	3	—	3
Tax on valuation gains/ losses during the year	—	—	—	—	–1	—	–1	—	–1
Cash flow hedges:									
Valuation gains/losses during the year	—	—	—	1	—	—	1	—	1
Tax on valuation gains/ losses during the year	—	—	—	0	—	—	0	—	0
Other comprehensive income, net of tax	—	—	369	1	2	—	372	—	372
Total comprehensive income	—	—	369	1	2	2,657	3,029	6	3,035
Issued C-shares[3]	6	—	—	—	—	—	6	—	6
Repurchase of C-shares[3]	—	—	—	—	—	–6	–6	—	–6
Share-based payments	—	—	—	—	—	17	17	—	17
Dividend for 2009	—	—	—	—	—	–1,006	–1,006	—	–1,006
Divestment of own shares[4]	—	—	—	—	—	74	74	—	74
Other changes	—	—	—	—	—	—	—	–2	–2
Balance at 31 Dec 2010	**4,043**	**1,065**	**–148**	**—**	**2**	**19,492**	**24,454**	**84**	**24,538**

1) Total shares registered were 4,043 million.
2) Restricted capital was 4,043m, unrestricted capital was EUR 20,411m.
3) Refers to the Long Term Incentive Programme (LTIP). LTIP 2010 was hedged by issuing 5,125,000 C-shares. The shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 15.4 million.
4) Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares were 16.9 million.

Group

EURm	Share capital[1]	Share premium reserve	Other reserves: Translation of foreign operations	Other reserves: Cash flow hedges	Other reserves: Available-for-sale investments	Retained earnings	Total (Attributable to shareholders of Nordea Bank AB (publ)[2])	Non-controlling interests	Total equity
Balance at 1 Jan 2009	**2,600**	**—**	**–883**	**–5**	**—**	**16,013**	**17,725**	**78**	**17,803**
Net profit for the year	—	—	—	—	—	2,314	2,314	4	2,318
Currency translation differences during the year	—	—	740	—	—	—	740	—	740
Currency hedging of net investments in foreign operations	—	—	–507	—	—	—	–507	—	–507
Tax on currency hedging of net investments in foreign operations	—	—	133	—	—	—	133	—	133
Available-for-sale investments:									
Valuation gains/losses during the year	—	—	—	—	1	—	1	—	1
Tax on valuation gains/ losses during the year	—	—	—	—	0	—	0	—	0
Transferred to profit or loss on sale for the year	—	—	—	—	–1	—	–1	—	–1
Cash flow hedges:									
Valuation gains/losses during the year	—	—	—	6	—	—	6	—	6
Tax on valuation gains/ losses during the year	—	—	—	–2	—	—	–2	—	–2
Other comprehensive income, net of tax	—	—	366	4	—	—	370	—	370
Total comprehensive income	—	—	366	4	0	2,314	2,684	4	2,688
Rights issue[3]	1,430	1,065	—	—	—	—	2,495	—	2,495
Issued C-shares[4]	7	—	—	—	—	—	7	—	7
Repurchase of C-shares[4]	—	—	—	—	—	–7	–7	—	–7
Share-based payments	—	—	—	—	—	10	10	—	10
Dividend for 2008	—	—	—	—	—	–519	–519	—	–519
Purchases of own shares[5]	—	—	—	—	—	–55	–55	—	–55
Other changes	—	—	—	—	—	—	—	–2	–2
Balance at 31 Dec 2009	**4,037**	**1,065**	**–517**	**–1**	**—**	**17,756**	**22,340**	**80**	**22,420**

1) Total shares registered were 4,037 million.
2) Restricted capital was EUR 4,037m, unrestricted capital was EUR 18,303m.
3) Shares issued in relation to the Nordea rights issue.
4) Refers to the Long Term Incentive Programme (LTIP). LTIP 2009 was hedged by issuing 7,250,000 C-shares. The shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 12.1 million.
5) Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares were 23.8 million.

Parent company

EURm	Restricted equity: Share capital	Unrestricted equity[1]: Share premium reserve	Other reserves: Cash flow hedges	Other reserves: Available-for-sale investments	Retained earnings	Total equity
Balance at 1 Jan 2010	**4,037**	**1,065**	**–1**	**—**	**10,399**	**15,500**
Net profit for the year	—	—	—	—	2,002	2,002
Available-for-sale investments:						
Valuation gains/losses during the year	—	—	—	1	—	1
Tax on valuation gains/losses during the year	—	—	—	0	—	0
Cash flow hedges:						
Valuation gains/losses during the year	—	—	1	—	—	1
Tax on valuation gains/losses during the year	—	—	0	—	—	0
Group contributions	—	—	—	—	–112	–112
Tax on group contributions	—	—	—	—	29	29
Other comprehensive income, net of tax	—	—	1	1	–83	–81
Total comprehensive income	—	—	1	1	1,919	1,921
Issued C-shares[3]	6	—	—	—	—	6
Repurchase of C-shares[3]	—	—	—	—	–6	–6
Share-based payments	—	—	—	—	16	16
Dividend for 2009	—	—	—	—	–1,006	–1,006
Divestment of own shares	—	—	—	—	66	66
Balance at 31 Dec 2010	**4,043**	**1,065**	**—**	**1**	**11,388**	**16,497**
Balance at 1 Jan 2009	**2,600**	**—**	**–5**	**0**	**9,876**	**12,471**
Net profit for the year	—	—	—	—	985	985
Available-for-sale investments:						
Transferred to profit or loss on sale for the year	—	—	—	0	—	0
Tax on transfers to profit or loss on sale for the year	—	—	—	0	—	0
Cash flow hedges:						
Valuation gains/losses during the year	—	—	6	—	—	6
Tax on valuation gains/losses during the year	—	—	–2	—	—	–2
Group contributions	—	—	—	—	152	152
Tax on group contributions	—	—	—	—	–40	–40
Other comprehensive income, net of tax	—	—	4	—	112	116
Total comprehensive income	—	—	4	—	1,097	1,101
Rights issue[2]	1,430	1,065	—	—	—	2,495
Issued C-shares[3]	7	—	—	—	—	7
Repurchase of C-shares[3]	—	—	—	—	–7	–7
Share-based payments	—	—	—	—	9	9
Dividend for 2008	—	—	—	—	–519	–519
Purchase of own shares	—	—	—	—	–57	–57
Balance at 31 Dec 2009	**4,037**	**1,065**	**–1**	**—**	**10,399**	**15,500**

1) Apart from retained earnings, unrestricted equity consists of a free fund to the amount of EUR 2,762m (31 Dec 2009: EUR 2,762m).
2) Shares issued in relation to the Nordea rights issue.
3) Refers to the Long Term Incentive Programme (LTIP). LTIP 2010 was hedged by issuing 5,125,000 C-shares (LTIP 2009 7,250,000), the shares have been bought back and converted to ordinary shares. The total holding of own shares related to LTIP is 15.4 million (31 Dec 2009: 12.1 million).

Description of items in the equity is included in Note 1 Accounting policies.

Share capital

	Quota value per share, EUR	Total number of shares	Share capital, EUR
Balance at 31 Dec 2008	**1.0**	**2,600,108,227**	**2 600,108,227**
New issue[1]	1.0	7,250,000	7,250,000
New issue[2]	1.0	1,430,059,524	1,430,059,524
Balance at 31 Dec 2009	**1.0**	**4,037,417,751**	**4,037,417,751**
New issue[1]	1.0	5,125,000	5,125,000
Balance at 31 Dec 2010	**1.0**	**4,042,542,751**	**4,042,542,751**

1) Refers to the Long Term Incentive Programme (LTIP).
2) Shares issued in relation to the Nordea rights offering.

Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting (AGM). At the AGM on 24 March 2011, a dividend in respect of 2010 of EUR 0.29 per share (2009 actual dividend EUR 0.25 per share) amounting to a total of EUR 1,167,867,606 (2009 actual: EUR 1,006,337,153) is to be proposed. The financial statements for the year ended 31 December 2010 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2011.

Cash flow statement

	Group		Parent company	
EURm	2010	2009	2010	2009
Operating activities				
Operating profit	3,639	3,075	2,117	1,012
Adjustment for items not included in cash flow	1,619	2,450	–1,344	–1,057
Income taxes paid	–1,045	–816	5	52
Cash flow from operating activities before changes in operating assets and liabilities	**4,213**	**4,709**	**778**	**7**
Changes in operating assets				
Change in treasury bills	1,156	–4,828	–1,201	–1,630
Change in loans to credit institutions	4,476	7,295	–5,005	1,406
Change in loans to the public	–18,960	–5,898	–4,994	196
Change in interest-bearing securities	–15,672	–5,675	691	–4,764
Change in financial assets pledged as collateral	2,118	–3,272	–3,884	820
Change in shares	–3,563	–2,940	386	297
Change in derivatives, net	1,610	–531	–85	514
Change in investment properties	–63	–171	—	—
Change in other assets	–8,563	355	893	1,411
Changes in operating liabilities				
Change in deposits by credit institutions	–12,863	–1,366	–1,543	–4,526
Change in deposits and borrowings from the public	16,076	–2,472	5,003	1,160
Change in liabilities to policyholders	2,353	1,870	—	—
Change in debt securities in issue	12,472	18,767	11,305	4,170
Change in other liabilities	13,012	7,781	–1,844	1,862
Cash flow from operating activities	**–2,198**	**13,624**	**500**	**923**
Investing activities				
Acquisition of business operations	–38	–270	–442	–299
Sale of business operations	0	—	—	0
Acquisition of investments in associated undertakings	–18	–4	–2	0
Sale of investments in associated undertakings	10	6	—	5
Acquisition of property and equipment	–146	–147	–24	–23
Sale of property and equipment	48	17	1	0
Acquisition of intangible assets	–181	–105	–57	–30
Sale of intangible assets	0	8	0	0
Net investments in debt securities, held to maturity	1,991	–5,413	400	–2,174
Purchase/sale of other financial fixed assets	1	0	0	—
Cash flow from investing activities	**1,667**	**–5,908**	**–124**	**–2,521**
Financing activities				
Issued subordinated liabilities	1,750	686	1,740	686
Amortised subordinated liabilities	–1,556	–1,808	–1,556	–25
New share issue	6	2,503	6	2,503
Divestment of own shares incl change in trading portfolio	74	—	60	—
Repurchase of own shares incl change in trading portfolio	—	–55	—	–65
Dividend paid	–1,006	–519	–1,006	–519
Cash flow from financing activities	**–732**	**807**	**–756**	**2,580**
Cash flow for the year	**–1,263**	**8,523**	**–380**	**982**
Cash and cash equivalents at the beginning of year	13,962	4,694	5,879	4,897
Translation difference	1,007	745	0	0
Cash and cash equivalents at the end of year	13,706	13,962	5,499	5,879
Change	**–1,263**	**8,523**	**–380**	**982**

Comments on the cash flow statement

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

Operating activities

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

	Group		Parent company	
EURm	2010	2009	2010	2009
Depreciation	166	140	112	106
Impairment charges	4	9	105	—
Loan losses	957	1,559	54	184
Unrealised gains/losses	–931	–1,530	–47	249
Capital gains/losses (net)	–2	–6	0	–4
Change in accruals and provisions	236	318	55	4
Anticipated dividends	—	—	–1,598	–656
Group contributions	—	—	–305	–18
Translation differences	–718	–616	320	–788
Change in bonus potential to policyholders	159	853	—	—
Other	1,748	1,723	–40	–134
Total	**1,619**	**2,450**	**–1,344**	**–1,057**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

	Group		Parent company	
EURm	2010	2009	2010	2009
Interest payments received	9,933	11,158	1,558	1,870
Interest expenses paid	4,542	5,865	905	1,212

Investing activities

Investing activities include acquisitions and disposals of non-current assets, like property and equipment, intangible and financial assets. Aggregated cash flows arising from acquisition and sale of business operations are presented separately and consist of:

	Group	
EURm	2010	2009
Acquisition of business operations		
Cash and cash equivalents	7	15
Loans to credit institutions	—	510
Loans to the public	—	746
Property & equipment and intangible assets	2	213
Other assets	2	90
Total assets	**11**	**1,574**
Liabilities and borrowings from the public	—	–1,192
Other liabilities and provisions	–2	–97
Total liabilities	**–2**	**–1,289**
Purchase price paid[1]	**–9**	**–285**
Cash and cash equivalents in acquired business operations	7	15
Payment of the remaining settlement from the Fionia acquisition in 2009	–36	—
Net effect on cash flow	**–38**	**–270**

1) Including translation difference, see also Note 53 Acquisitions.

Financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, dividends and issued/amortised subordinated liabilities.

Cash and cash equivalents

The following items are included in Cash and cash equivalents assets:

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Cash and balances with central banks	10,023	11,500	182	208
Loans to credit institutions, payable on demand	3,683	2,462	5,317	5,671
	13,706	**13,962**	**5,499**	**5,879**

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

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

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

Quarterly development

Group

EURm	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	2010	2009
Net interest income	1,365	1,310	1,249	1,235	1,299	1,321	1,305	1,356	5,159	5,281
Net fee and commission income	618	525	538	475	463	437	412	381	2,156	1,693
Net result from items at fair value	504	446	339	548	351	486	594	515	1,837	1,946
Profit from companies accounted for under the equity method	5	29	7	25	15	7	17	9	66	48
Other income	15	53	28	20	30	26	31	18	116	105
Total operating income	**2,507**	**2,363**	**2,161**	**2,303**	**2,158**	**2,277**	**2,359**	**2,279**	**9,334**	**9,073**
General administrative expenses:										
Staff costs	–675	–721	–701	–687	–702	–670	–687	–665	–2,784	–2,724
Other expenses	–543	–436	–445	–438	–471	–382	–392	–394	–1,862	–1,639
Depreciation, amortisation and impairment charges of tangible and intangible assets	–52	–39	–40	–39	–46	–35	–37	–31	–170	–149
Total operating expenses	**–1,270**	**–1,196**	**–1,186**	**–1,164**	**–1,219**	**–1,087**	**–1,116**	**–1,090**	**–4,816**	**–4,512**
Profit before loan losses	**1,237**	**1,167**	**975**	**1,139**	**939**	**1,190**	**1,243**	**1,189**	**4,518**	**4,561**
Net loan losses	–166	–207	–245	–261	–347	–358	–425	–356	–879	–1,486
Operating profit	**1,071**	**960**	**730**	**878**	**592**	**832**	**818**	**833**	**3,639**	**3,075**
Income tax expense	–301	–249	–191	–235	–145	–206	–200	–206	–976	–757
Net profit	**770**	**711**	**539**	**643**	**447**	**626**	**618**	**627**	**2,663**	**2,318**
Diluted earnings per share (DEPS), EUR	0.19	0.18	0.13	0.16	0.11	0.15	0.15	0.19	0.66	0.60
DEPS, rolling 12 months up to period end, EUR	0.66	0.58	0.55	0.57	0.60	0.68	0.72	0.78	0.66	0.60

5 year overview

Group

Income statement

EURm	2010	2009	2008	2007	2006
Net interest income	5,159	5,281	5,093	4,282	3,869
Net fee and commission income	2,156	1,693	1,883	2,140	2,074
Net result from items at fair value	1,837	1,946	1,028	1,209	1,042
Profit from companies accounted for under the equity method	66	48	24	41	68
Other income	116	105	172	217	320
Total operating income	**9,334**	**9,073**	**8,200**	**7,889**	**7,373**
General administrative expenses:					
Staff costs	–2,784	–2,724	–2,568	–2,388	–2,251
Other expenses	–1,862	–1,639	–1,646	–1,575	–1,485
Depreciation, amortisation and impairment charges of tangible and intangible assets	–170	–149	–124	–103	–86
Total operating expenses	**–4,816**	**–4,512**	**–4,338**	**–4,066**	**–3,822**
Profit before loan losses	**4,518**	**4,561**	**3,862**	**3,823**	**3,551**
Net loan losses	–879	–1,486	–466	60	257
Operating profit	**3,639**	**3,075**	**3,396**	**3,883**	**3,808**
Income tax expense	–976	–757	–724	–753	–655
Net profit for the year	**2,663**	**2,318**	**2,672**	**3,130**	**3,153**

Balance sheet

EURm	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
Treasury bills and interest-bearing securities	82,249	69,099	51,375	43,975	35,744
Loans to credit institutions	15,788	18,555	23,903	24,262	26,792
Loans to the public	314,211	282,411	265,100	244,682	213,985
Derivatives	96,825	75,422	86,838	31,498	24,207
Other assets	71,766	62,057	46,858	44,637	46,162
Total assets	**580,839**	**507,544**	**474,074**	**389,054**	**346,890**
Deposits by credit institutions	40,736	52,190	51,932	30,077	32,288
Deposits and borrowings from the public	176,390	153,577	148,591	142,329	126,452
Liabilities to policyholders	38,766	33,831	29,238	32,280	31,041
Debt securities in issue	151,578	130,519	108,989	99,792	83,417
Derivatives	95,887	73,043	85,538	33,023	24,939
Subordinated liabilities	7,761	7,185	8,209	7,556	8,177
Other liabilities	45,183	34,779	23,774	26,837	25,254
Equity	24,538	22,420	17,803	17,160	15,322
Total liabilities and equity	**580,839**	**507,544**	**474,074**	**389,054**	**346,890**

Ratios and key figures

Group	2010	2009	2008	2007	2006
Basic earnings per share, EUR	0.66	0.60	0.79	0.93	0.94
Diluted earnings per share, EUR	0.66	0.60	0.79	0.93	0.94
Share price[1], EUR	8.16	7.10	3.90	8.90	9.10
Total shareholders' return, %	3.7	78.6	–46.9	6.4	32.3
Proposed / actual dividend per share, EUR	0.29	0.25	0.20	0.50	0.49
Equity per share[1], EUR	6.07	5.56	5.29	5.09	4.56
Potential shares outstanding[1], million	4,043	4,037	2,600	2,597	2,594
Weighted average number of diluted shares, million	4,022	3,846	3,355	3,352	3,352
Return on equity, %	11.5	11.3	15.3	19.7	22.9
Assets under management, EURbn	191.0	158.1	125.6	157.1	158.1
Cost/income ratio, %	52	50	53	52	52
Loan loss ratio, basis points	31	56	19	–3	–14
Core tier 1 capital ratio, excluding transition rules[1], %	10.3	10.3	8.5	7.5	—
Tier 1 capital ratio, excluding transition rules[1], %	11.4	11.4	9.3	8.3	—
Total capital ratio, excluding transition rules[1], %	13.4	13.4	12.1	10.9	—
Core tier 1 capital ratio[1], %	8.9	9.3	6.7	6.3	6.3
Tier 1 capital ratio[1], %	9.8	10.2	7.4	7.0	7.1
Total capital ratio[1], %	11.5	11.9	9.5	9.1	9.8
Core tier 1 capital[1], EURm	19,103	17,766	14,313	12,821	11,689
Tier 1 capital[1], EURm	21,049	19,577	15,760	14,230	13,147
Risk-weighted assets, incl transition rules[1], EURbn	215	192	213	205	185
Number of employees (full-time equivalents)[1]	33,809	33,347	34,008	31,721	29,248
Risk-adjusted profit, EURm	2,622	2,786	2,279	2,239	1,957
Economic profit[2], EURm	936	1,334	1,015	1,231	1,101
Economic capital[1,2], EURbn	17.5	16.7	15.8	13.4	11.8
EPS, risk-adjusted, EUR	0.65	0.72	0.68	0.67	0.58
RAROCAR[2], %	15.0	17.3	15.6	17.8	17.1
MCEV, EURm	3,655	3,244	2,624	3,189	2,873

1) End of the year.
2) Economic capital restated due to changes in the economic capital framework reflecting alignment towards regulatory framework.

Business definitions

These definitions apply to the descriptions in the Annual Report.

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

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

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

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

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

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.

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

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

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

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

Risk-adjusted profit
Risk-adjusted profit is defined as total income minus total operating expenses, minus Expected losses and standard tax (26 % 2010). In addition, Risk-adjusted profit excludes major non-recurring items.

Economic profit
Economic profit is derived by deducting Cost of equity from Risk-adjusted profit.

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

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

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

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.

MCEV
MCEV is an estimate of the value a shareholder would put on a portfolio of in-force life and pension business based on objective market return. No franchise value or other additional value is included in MCEV.

5 year overview

Parent company

Income statement

EURm	2010	2009	2008	2007	2006
Net interest income	584	666	523	360	365
Net fee and commission income	571	456	468	463	481
Net result from items at fair value	157	152	–13	194	186
Dividends	2,203	973	2,063	1,323	4,739
Other income	123	123	190	127	130
Total operating income	**3,638**	**2,370**	**3,231**	**2,467**	**5,901**
General administrative expenses:					
Staff costs	–745	–644	–676	–638	–599
Other expenses	–526	–443	–473	–514	–501
Depreciation, amortisation and impairment charges of tangible and intangible assets	–112	–106	–103	–101	–99
Total operating expenses	**–1,383**	**–1,193**	**–1,252**	**–1,253**	**–1,199**
Profit before loan losses	**2,255**	**1,177**	**1,979**	**1,214**	**4,702**
Net loan losses	–33	–165	–80	25	18
Impairment of securities held as financial non-current assets	–105	—	–26	—	—
Operating profit	**2,117**	**1,012**	**1,873**	**1,239**	**4,720**
Appropriations	0	–3	4	–2	–2
Income tax expense	–115	–24	11	–34	–76
Net profit for the year	**2,002**	**985**	**1,888**	**1,203**	**4,642**

Balance sheet

EURm	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
Treasury bills and interest-bearing securities	20,706	20,675	12,178	5,783	5,426
Loans to credit institutions	48,151	43,501	43,855	36,824	36,970
Loans to the public	33,800	28,860	29,240	26,640	21,501
Investments in group undertakings	16,607	16,165	15,866	15,488	16,561
Other assets	14,458	9,125	11,895	9,743	8,979
Total assets	**133,722**	**118,326**	**113,034**	**94,478**	**89,437**
Deposits by credit institutions	28,644	30,187	34,713	24,275	23,971
Deposits and borrowings from the public	39,620	34,617	33,457	32,296	30,482
Debt securities in issue	33,424	22,119	17,949	13,839	12,638
Subordinated liabilities	7,135	6,605	6,829	6,151	6,397
Other liabilities/untaxed reserves	8,402	9,298	7,615	6,007	3,940
Equity	16,497	15,500	12,471	11,910	12,009
Total liabilities and equity	**133,722**	**118,326**	**113,034**	**94,478**	**89,437**

Note 1 Accounting policies

1. Basis for presentation
Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC), 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 the supplementary 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) have also been applied.

The disclosures, required in the standards and legislation above, have been included in the notes, the Risk, Liquidity and Capital management section or in other parts of the "Financial statements".

On 8 February 2011 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 24 March 2011.

2. Comparative figures
The comparative figures for 2009 include, unless otherwise stated, effects of changes in the presentation described in section 3 "Changed accounting policies and presentation" below.

3. Changed accounting policies and presentation
The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2009 Annual Report, except for the classification of lending commissions in the income statement and the categorisation of savings related commissions within "Net fee and commission income". These changes are further described below.

Below follows also a section covering other changes in IFRSs implemented in 2010, which have not had any significant impact, as well as a section covering forthcoming changes in IFRSs not yet implemented by Nordea.

Classification of lending commissions

The accounting treatment, including the classification in the income statement, of lending commissions depends on for which purpose the commission is received. Commissions that are considered to be an integral part of the effective interest rate of a loan is included in the calculation of effective interest and classified as "Net interest income" in the income statement, while commissions considered to be compensation for performed services are classified as "Net fee and commission income".

Judgement has to be exercised when deciding on whether or not a commission shall be included, and to what extent, in the calculation of the effective interest of a loan. Nordea has reassessed this judgement, which has lead to a reclassification of commissions from "Net fee and commission income" to "Net interest income".

The impact on Group level 2010 is a reclassification to "Net interest income" from "Net fee and commission income" of EUR 23m. The impact on the comparative figures in the income statement for the Group is not significant and the comparative information has therefore not been restated. Restatements have, on the other hand, been made in the segment reporting (Note 2) to reflect significant reclassifications in individual countries or segments.

Categorisation of savings related commissions

The categorisation of savings related commissions within "Net fee and commission income" (Note 4) has been changed, in order to be better aligned with the purpose for which the fees are received. The comparable figures have been restated accordingly and the impact is, together with the impact on 2010, disclosed in the below table.

	2010		2009	
EURm	Restated	Pre policy change	Restated	Reported
Asset Management commissions	698	653	492	454
Brokerage	198	243	188	226

Other changes in IFRSs implemented 2010

The IASB has revised IFRS 3 "Business Combinations" and amended IAS 27 "Consolidated and Separate Financial Statements". The revised and amended standards are applied prospectively for business combinations effected as from 1 January 2010, meaning that there has been no restatement of business combinations with acquisition dates prior to the implementation of this IFRS. The transition rules furthermore state that changes in recognised deferred tax assets, originating from business combinations effected before the application of this IFRS, shall be recognised in the income statement without any equivalent adjustments made to goodwill through the income statement, unless there is an impairment of goodwill. The impact on Nordea from the revised IFRS 3 and amended IAS 27 includes a broader definition of business combinations, the need to expense acquisition costs and continuous fair value adjustments of contingent considerations recognised in the income statement. The revised and amended standards have not had any impact on 2010 but can potentially have on subsequent periods.

The IASB has furthermore revised IFRS 1 "First-time Adoption of International Financial Reporting Standards", amended IFRS 2 "Share-based payment" (Group Cash-settled Share-based Payment Transactions), IAS 39 "Financial Instruments: Recognition and Measurement" (Eligible hedged items) as well as published "Improvements to IFRSs 2009", IFRIC 12 "Service Concession Arrangements", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 16 "Hedges of a Net Investment in a Foreign Operation", IFRIC 17 "Distributions of Non-cash Assets to Owners" and IFRIC 18 "Transfers of Assets from Customers". These revised and amended standards and improvements are effective for Nordea as from 1 January 2010, but have not had any significant impact on 2010 and are not expected to have a significant impact on subsequent periods.

Forthcoming changes in IFRSs

IFRS 9 "Financial instruments" (Phase 1)

In 2009 IASB published a new standard on financial instruments. The standard is the first step in the replacement of IAS 39 "Financial instruments: Recognition and Measurement" and this first phase covers classification and measurement of financial assets. The effective date for Nordea is as from 1 January 2013, but earlier application is permitted. The EU commission has not endorsed this standard for implementation in 2010.

Nordea has, due to the fact that the standard is not yet endorsed by the EU commission, not finalised the investigation of the impact on the period of initial application or on subsequent periods and can therefore not express an opinion on the impact on the capital adequacy.

Other forthcoming changes in IFRSs
The IASB has amended IAS 32 "Financial instruments: Presentation", with respect to classification of rights issues, IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", revised IAS 24 "Related Party Disclosures" and published IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". Nordea has chosen not to implement these changes early. The amended, revised and published standards and interpretations will be applied retroactively as from 1 January 2011. There is currently no identified significant impact on the period of initial application. The amendment of IAS 32 may affect future rights issues involving different currencies, whilst the revised IAS 24, amended IFRIC 14 and the published IFRIC 19 are not expected to have a significant impact on subsequent periods.

The IASB has furthermore published "Improvements to IFRSs 2010". These improvements are effective for Nordea as from 1 January 2011, but early application is allowed. These improvements are not expected to have a significant impact on the period of initial application or on subsequent periods.

IFRS 7 "Financial instruments: Disclosures" has in addition been amended by the IASB in order to increase the transparency in the reporting of transferred assets ("Disclosures – Transfers of Financial Assets"). Nordea has chosen not to implement these changes early in 2010. The amended standard is effective for Nordea as from 1 January 2012. The amended standard will, on the period of initial application and on subsequent periods, lead to an increased level of disclosures.

The abovementioned revised and amended standards, improvements and interpretations not yet adopted, within the section "Other forthcoming changes in IFRSs", are not, on the period of initial application or on subsequent periods, expected to have any significant impact on the capital adequacy.

4. Critical judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and off-balance sheet items, as well as income and expenses in the financial statements presented. Actual outcome can later, to some extent, differ from the estimates and the assumptions made.

Certain accounting policies are considered to be particularly important to the financial position of Nordea, since they require management to make difficult, complex or subjective judgements and estimates, the majority of which relate to matters that are inherently uncertain. These critical judgements and estimates are in particular associated with:

- the fair value measurement of certain financial instruments.
- the impairment testing of:
  - goodwill and
  - loans to the public/credit institutions.
- the actuarial calculations of pension liabilities and plan assets related to employees.
- the actuarial calculations of liabilities to policyholders.
- claims in civil lawsuits.

Fair value measurement
Critical judgement is exercised when determining fair value of OTC Derivatives and other financial instruments that lack quoted prices or recently observed market prices in the following areas:

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

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

See also the separate section 11 "Determination of fair value of financial instruments" and Note 47 "Assets and liabilities at fair value".

Impairment testing

Goodwill
Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. This consists of an analysis to assess whether the carrying amount of goodwill is fully recoverable. The determination of the recoverable amount involves establishing the value in use, measured as the present value of the cash flows expected from the cash-generating unit, to which the goodwill has been allocated.

The forecasts of future cash flows are based on Nordea's best estimates of future revenues and expenses for the cash-generating units to which goodwill has been allocated. A number of assumptions and estimates have significant impact on these calculations and include parameters like macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these parameters, following changes in market conditions, competition, strategy or other, affects the forecasted cash flows. Under current market conditions such changes are not expected to lead to any significant impairment charges of goodwill, but may do so in subsequent periods.

See also the separate section 16 "Intangible assets" and Note 24 "Intangible assets".

Loans to the public/credit institutions
When testing individual loans for impairment, the most critical judgement, containing the highest uncertainty, relates to the estimation of the most probable future cash flows generated from the customer.

When testing a group of loans collectively for impairment, the key aspect is to identify the events and/or the observable data that indicate that losses have been incurred in the group of loans. Assessing the net present value of the cash flows generated by the customers in the group contains a high degree of uncertainty when using historical data and the acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

See also the separate section 14 "Loans to the public/credit institutions" and Note 16 "Loans and their impairment".

Actuarial calculations of pension liabilities and plan assets related to employees
The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial

parameter is the discount rate. Other parameters like assumptions as to salary increases and inflation are fixed based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in Note 37 "Retirement benefit obligations".

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at quoted prices at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations on the return on the different asset classes. The expected return is also disclosed in Note 37 "Retirement benefit obligations".

See also the separate section 22 "Employee benefits" and Note 37 "Retirement benefit obligations".

Actuarial calculations for liabilities to policyholders

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

See also the separate section 19 "Liabilities to policyholders" and Note 32 "Liabilities to policyholders".

Claims in civil lawsuits

Within the framework of the normal business operations, Nordea faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently none of these disputes are considered likely to have any significant adverse effect on Nordea or its financial position. See also Note 36 "Provisions" and Note 42 "Contingent liabilities".

5. Principles of consolidation

Consolidated entities

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

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

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

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

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

Investments in associated undertakings

The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where Nordea has significant influence. Investments within Nordea's investment activities, which are classified as a venture capital organisation within Nordea, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39. Further information on the equity method is disclosed in section 6 "Recognition of operating income and impairment".

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

Special Purpose Entities (SPE)

In accordance with IFRS Nordea does not consolidate SPEs' assets and liabilities beyond its control. In order to determine whether Nordea controls a SPE or not, Nordea has to make judgements about risks and rewards and assess the ability to make operational decisions for the SPE in question.

When assessing whether Nordea shall consolidate a SPE, a range of factors are evaluated. These factors include whether the activities of the SPE are being in substance conducted on Nordea's behalf or if Nordea has in substance the decision making powers, the rights to obtain the majority of the benefits or the majority of the residual- or ownership risks. Nordea consolidates all SPEs, where Nordea has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that Nordea does not have any significant risks or rewards on these assets and liabilities.

Nordea has created a number of SPEs to allow clients to invest in assets invested in by the SPEs. Some SPEs invest in tradable financial instruments, such as shares and bonds (mutual funds). Other SPEs invest in structured credit products or acquire assets from customers of Nordea. Nordea is generally the investment manager and has sole discretion about investments and other administrative decisions. Typically, Nordea will receive service and commission fees in connection to the creation of the SPEs, or because it acts as investment manager, custodian or in some other function. This in itself does not constitute a beneficial interest triggering consolidation. In some SPEs Nordea has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these SPEs Nordea has a beneficial interest and retains the majority of the risks and rewards, which is why these SPEs are consolidated. Note 22 "Investments in Group undertakings" lists the major subsidiaries in the Nordea Group, including consolidated SPEs.

Principles of elimination

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

Currency translation of foreign entities

The consolidated financial statements are prepared in euro (EUR), the presentation currency of the parent company Nordea Bank AB (publ). The current method is used when translating the financial statements of foreign entities into

EUR from their functional currency. The assets and liabilities of foreign entities have been translated at the closing rates, while items in the income statements and statements of comprehensive income are translated at the average exchange rate for the year. Translation differences are accounted for in other comprehensive income and are accumulated in the translation reserve in equity.

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

Information on the most important exchange rates is disclosed in the separate section 29 "Exchange rates".

6. Recognition of operating income and impairment

Net interest income

Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Interest income and interest expense related to all balance sheet items in Markets and Life are recognised in the income statement on the line "Net result from items at fair value". Interest income and expense connected to internal placements by and internal funding of Markets are replaced with the related Group external interest income and interest expense.

Net fee and commission income

Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan, as well as other fees received as payments for certain acts, are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

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

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

Net result from items at fair value

Realised and unrealised gains and losses, including net interest in Markets and Life on financial instruments measured at fair value, are recognised in the item "Net result from items at fair value".

Realised and unrealised gains and losses derive from:

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

"Net result from items at fair value" includes also losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale financial assets. Impairment losses from instruments within other categories are recognised in the items "Net loan losses" or "Impairment of securities held as financial non-current assets" (see also the sub-sections "Net loan losses" and "Impairment of securities held as financial non-current assets" below).

Income recognition and explanations to the lines relating to life insurance are described in section 7 "Income recognition life insurance" below.

Dividends

Dividends received are recognised in the income statement as "Net result from items at fair value" and classified as "Shares/participations and other share-related instruments" in the note. Income is recognised in the period in which the right to receive payment is established.

Profit from companies accounted for under the equity method

The profit from companies accounted for under the equity method is defined as the post-acquisition change in Nordea's share of net assets in the associated companies. Nordea's share of items accounted for in other comprehensive income in the associated companies is accounted for in other comprehensive income in Nordea. Profits from companies accounted for under the equity method are, as stated in section 5 "Principles of consolidation" reported in the income statement post-taxes. Consequently, tax expense related to these profits is excluded from the income tax expense for Nordea.

Fair values are, at acquisition, allocated to the associated company's identifiable assets, liabilities and contingent liabilities. Any difference between Nordea's share of the fair values of the acquired identifiable net assets and the purchase price is goodwill or negative goodwill. Goodwill is included in the carrying amount of the associated company. Subsequently the investment in the associated company increases/decreases with Nordea's share of the post-acquisition change in net assets in the associated company and decreases through received dividends and impairment. An impairment charge can be reversed in a subsequent period.

The change in Nordea's share of the net assets is based on monthly reporting from the associated companies. For some associated companies not individually significant the change in Nordea's share of the net assets is based on the external reporting of the associated companies and affects the financial statements of Nordea in the period in which the information is available. The reporting from the associated companies is, if applicable, adjusted to comply with Nordea's accounting policies.

Other operating income

Net gains from divestments of shares in subsidiaries and associated companies as well as other operating income, not related to any other income line, are generally recognised when it is probable that the benefits associated with the transaction will flow to Nordea and if the significant risks and rewards have been transferred to the buyer (generally when the transactions are finalised).

Net loan losses

Impairment losses from financial assets classified into the category Loans and receivables (see section 13 "Financial instruments"), in the items "Loans to credit institutions" and "Loans to the public" in the balance sheet, are reported as

”Net loan losses”, together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. Nordea's accounting policies for the calculation of impairment losses on loans can be found in section 14 “Loans to the public/credit institutions”.

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

Impairment of securities held as financial non-current assets

Impairment on investments in interest-bearings securities, classified into the category Held to maturity, and on investments in associated companies are classified as “Impairment of securities held as financial non-current assets” in the income statement. The policies covering impairment of financial assets classified into the category Held to maturity are disclosed in section 13 “Financial instruments”. Investments in associated companies are assessed for impairment annually. If observable indicators (loss events) indicate that an associated company is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associate is compared with the recoverable amount (higher of value in use and fair value less cost to sell) and the carrying amount is written down to the recoverable amount if required.

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

7. Income recognition life insurance

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

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

- Cost result
- Insurance risk result
- Risk & performance margin
- Investment return on additional capital in Life insurance

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

The cost result is the result of expense loading from policyholders and is included in the item “Fee and commission income”. The related expenses are included in the items “Fee and commission expense” and “Operating expenses”. The policyholder's part of a positive or negative cost result (profit sharing) is included in the note line “Change in technical provisions, Life” within “Net result from items at fair value”.

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

Gains and losses derived from investments in Life are split on the related lines in the note “Net result from items at fair value” as for any other investments in Nordea. The lines include investment return on assets held to cover liabilities to policyholders and return on the additional capital allocated to Life (Shareholders capital in the Life group).

The note line “Change in technical provisions, Life” includes:

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

The note line “Change in collective bonus potential, Life” relates only to traditional Life insurance contracts. The line includes policyholders' share of investment returns not yet individualised. The line includes also additional bonus (discretionary participation feature) and amounts needed to cover a periodical deficit between the investment result and any minimum benefits to the policyholders.

8. Recognition and derecognition of financial instruments in the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards from the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are reclassified to the item “Financial instruments pledged as collateral” in the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when Nordea performs, for example when Nordea repays a deposit to the counterpart, i.e. on settlement date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within 13 "Financial instruments", as well as Note 49 "Obtained collaterals which are permitted to be sold or repledged".

9. Translation of assets and liabilities denominated in foreign currencies

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

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

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

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

10. Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so-called hedge accounting. All derivatives are measured at fair value. Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities. The EU carve out macro hedging enables a group of derivatives (or proportions thereof) to be viewed in combination and designated as the hedging instrument and removes some of the limitations in fair value hedge accounting relating to hedging core deposits and under-hedging strategies.

The hedge accounting policy within Nordea has been developed to fulfil the requirements set out in IAS 39. Nordea uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments and in order to hedge the exposure to variability in cash flows and net investments in foreign operations. The overall purpose is to have a true and fair presentation of Nordea's economical hedges in the financial statements. The overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

According to IAS 39 there are three forms of hedge accounting:

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

Fair value hedge accounting

Fair value hedge accounting is used when derivatives are hedging changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged will be recognised separately in the income statement in the item "Net result from items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in "Fair value changes of the hedged items in portfolio hedge of interest rate risk" in accordance with IAS 39.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. The effectiveness of the hedging relationships is consequently measured and evaluated so that any ineffectiveness is affecting the income statement under the item "Net result from items at fair value".

Cash flow hedge accounting

Cash flow hedge accounting is used for the hedging of exposure to variations in future interest payments on asset or liabilities with variable interest rates. The portion of the gain or loss on the hedging instrument, that is determined to be an effective hedge, is recognised directly in other comprehensive income and accumulated in the hedge reserve in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in the item "Net result from items at fair value" in the income statement.

Gains or losses on hedging instruments recognised directly in the hedge reserve in equity are recognised in the income statement in the same period as interest income or interest expense from the hedged asset or liability.

Hedges of net investments

See separate section 9 "Translation of assets and liabilities denominated in foreign currencies".

Hedging instruments

The hedging instruments used in Nordea are predominantly interest rate swaps and currency interest rate swaps. Cash instruments are only used in a few transactions as hedging instruments when hedging currency risk.

Hedged items

According to IAS 39 a hedged item can be a single asset or liability as well as a group of assets or liabilities with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets or liabilities.

Hedge effectiveness

The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life it can be expected that changes in fair value of the hedged item as regards the hedged risk can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent.

When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will, prospectively from the last time it was last proven effective, be accounted for in the income statement at fair value through profit or loss. For fair value hedges, the change in the fair value on the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item. In cash flow hedges, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to "Net result from items at fair value" in the income statement if the hedged item is derecognised, cancelled or the expected transaction no longer is expected to occur. If the expected transaction no longer is highly probable, but is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective remains in other comprehensive income until the transaction occurs or is no longer expected to occur.

11. Determination of fair value of financial instruments

Financial assets and liabilities classified into the categories Financial assets/liabilities at fair value through profit or loss (including derivative instruments) are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement in the item "Net result from items at fair value".

Fair value is defined by IAS 32 and IAS 39 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Treasury bills
- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)
- Debt securities in issue (issued mortgage bonds in Nordea Kredit Realkreditaktieselskab)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:

- Treasury bills (when quoted prices in an active market are not available)
- Loans to the public (mortgage loans in the Danish subsidiary Nordea Kredit Realkreditaktieselskab)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

Fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counterparty credit risk and liquidity risk. An important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

The portfolio adjustment for model risk comprises two components (The calculation principles are defined as part of the internal approval process for valuation models):

- Benchmarking of the model output (market values) against market information or against results from alternative models, where available
- Sensitivity calculations where unobservable parameters are varied to take other reasonable values

The portfolio adjustment for counterparty risk in OTC-derivatives is based on the current exposure towards each counterpart, the estimated potential future exposure as well as an estimate of the cost of hedging the counterparty risk. This cost of hedging is either based directly on market prices (where available) or on a theoretical calculation based on the internal credit rating of the counterpart.

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. By data from observable markets, Nordea considers data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the instrument. The deferred upfront gains are subsequently released to income if the non-observable data becomes observable.

A breakdown of fair values of financial instruments measured on the basis of quoted prices in active market for the same instrument (level 1), valuation techniques using observable data (level 2), and valuation techniques using non-observable data (level 3) is provided in Note 47 "Assets and liabilities at fair value".

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

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

For further information, see Note 47 "Assets and liabilities at fair value".

12. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:

- The central bank is domiciled in a country where Nordea is operating under a banking licence
- The balance is readily available at any time

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

Loans to credit institutions payable on demand are also recognised as "Cash and cash equivalents" in the cash flow statement.

13. Financial instruments

Classification of financial instruments

Each financial instrument within the scope of IAS 39 has been classified into one of the following categories:

Financial assets:

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

Financial liabilities:

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

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured in the balance sheet and how changes in its value are recognised. In Note 46 "Classification of financial instruments" the classification of the financial instruments in Nordea's balance sheet, into the different categories in IAS 39, is presented.

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

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

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

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

The major parts of the financial assets/liabilities classified into the category Designated at fair value through profit or loss are mortgage loans and related issued bonds in the Danish subsidiary Nordea Kredit Realkreditaktieselskab and interest-bearing securities, shares and investment contracts in Life. Assets and liabilities in Nordea Kredit Realkreditaktieselskab are classified into the category Designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. Interest-bearing securities, shares and investment contracts in Life also belong to this category, as a consequence of that these assets and liabilities are managed on a fair value basis.

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

Loans and receivables

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

Held to maturity investments

Held-to-maturity investments are initially recognised in the balance sheet at the acquisition price, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

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

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

Available for sale financial assets

Available for sale financial assets are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised in the revaluation reserves in equity through other comprehensive income. Interest is recognised in the item "Interest income" and foreign exchange effects and impairment losses in the item "Net result from items at fair value".

When an available for sale financial assets is disposed of, the accumulated fair value changes that previously have been recognised in other comprehensive income are removed from equity and recognised in the income statement in the item "Net result from items at fair value".

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

Other financial liabilities

Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interest from Other financial liabilities is recognised in the item "Interest expense" in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Group Treasury are considered to be part of the funding activities. The zero coupon bond, is measured at amortised cost. The embedded derivatives in those instruments are separated from the host contract and accounted for as stand-alone derivatives at fair value, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the embedded derivative actually meets the definition of a derivative instrument. Changes in fair values, of the embedded derivatives, are recognised in the income statement in the item "Net result from items at fair value".

Index-linked bonds issued by Markets as part of the trading portfolio are classified into the category Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item "Net result from items at fair value".

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not recognised on or derecognised from the balance sheet. In the cases where the counterpart is entitled to resell or repledge the securities, the securities are recognised on the balance sheet as "Financial instruments pledged as collateral".

Securities in securities lending transactions are recognised off balance sheet in the item "Assets pledged as security for own liabilities".

Cash collateral advanced to the counterparts is recognised on the balance sheet as "Loans to credit institutions" or as "Loans to the public". Cash collateral received from the counterparts is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public".

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are recognised on the balance sheet as "Financial instruments pledged as collateral".

Securities delivered under repurchase agreements are recognised off-balance sheet in the item "Assets pledged as security for own liabilities".

Cash received under repurchase agreements is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public". Cash delivered under reverse repurchase agreements is recognised on the balance sheet as "Loans to credit institutions" or as "Loans to the public".

Additionally, the sale of securities received in reverse repurchase agreements trigger the recognition of a trading liability (short sale).

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item "Derivatives". Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item "Derivatives".

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item "Net result from items at fair value".

14. Loans to the public/credit institutions
Financial instruments classified as "Loans to the public/credit institutions" in the balance sheet and into the category Loans and receivables are measured at amortised cost (see also the separate section 8 "Recognition and derecognition of financial instruments in the balance sheet" as well as Note 46 "Classification of financial instruments").

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

Also interest-bearings securities classified into the category Held to maturity are held at amortised cost and the description below is valid also for the identification and measurement of impairment on these assets. Possible impairment losses on financial assets classified into the category Held to maturity are recognised as "Impairment of securities held as non-current financial assets" in the income statement.

Impairment test of individually assessed loans
Nordea tests significant loans for impairment on an individual basis. The purpose of the impairment tests is to find out if the loans have become impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators for impairment (loss event) and whether these represent objective evidence of impairment. More information on the identification of loss events can be found in the Risk, Liquidity and Capital Management section.

In the process to conclude whether there is objective evidence of impairment, an assessment is performed to estimate the most probable future cash flows generated by the customer. These cash flows are then discounted by the effective interest rate giving the net present value. Collaterals received to mitigate the credit risk will be assessed at fair value. If the carrying amount of the loan is higher than the net present value of the estimated future cash flows, including the fair value of the collaterals, the loan is impaired.

Loans that are not individually impaired will be transferred to a group of loans with similar risk characteristics for a collective impairment test.

Impairment test of collectively assessed loans
All loans not impaired on an individual basis are collectively assessed for impairment. The loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors´ ability to pay all amounts due according to the contractual terms. Nordea monitors its portfolio through rating migrations, the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes Nordea identifies loss events indicating incurred losses in a group. A loss event is an event resulting in a deterioration of the expected future cash flows. Only loss events incurred up to the reporting date are included when performing the assessment of the group.

The objective for the group assessment process is to evaluate if there is a need to make a provision due to the fact that a loss event has occurred, which has not yet been identified on an individual basis. This period between the date when the loss event occurred and the date when it is identified on an individual basis is called "Emergence period". The impairment remains related to the group of loans until the losses have been identified on an individual basis. The identification of the loss is made through a default of the engagement or by other indicators.

For corporate customers and bank counterparts, Nordea uses the existing rating system as a basis when assessing the credit risk. Nordea uses historical data on probability of default to estimate the risk for a default in a rating class. These loans are rated and grouped mostly based on type of industry and/or sensitivity to certain macro parameters, e.g. dependency to oil prices etc. Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on Risk, Liquidity and Capital management.

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

Impairment loss

If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows, including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses will be recorded as changes in the allowance account and as "Net loan losses" in the income statement (see also section 6 "Recognition of operating income and impairment").

If the impairment loss is regarded as final, it is reported as a realised loss. A realised loss is recognised and the value of the loan and the related allowance for impairment loss are derecognised with a corresponding gain or loss recognised in the line item "Net loan losses" in the income statement. An impairment loss is regarded as final when the obligor is filed for bankruptcy and the administrator has declared the economic outcome of the bankruptcy procedure, or when Nordea forgives its claims either through a legal based or voluntary reconstruction or when Nordea, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate

The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans.

Restructured loans

In this context a restructured loan is defined as a loan where Nordea has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for Nordea. After a reconstruction the loan is normally regarded as not impaired if it performs according to the new conditions. Concessions made in reconstructions are regarded as final losses unless Nordea retains the possibility to regain the realised loan losses incurred. This is, in the event of a recovery, reported as recoveries of realised loan losses.

Assets taken over for protection of claims

In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea's own use, is reported together with other investment properties. At initial recognition, all assets taken over for protection of claims are recognised at fair value. The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified into the categories Available for sale or Designated at fair value through profit or loss (Fair Value Option) (see section 13 "Financial instruments") and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line "Net result from items at fair value".

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

15. Leasing

Nordea as lessor

Finance leases

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

Operating leases

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

Nordea as lessee

Finance leases

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

Operating leases
For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of the user's benefit. The original lease terms range between 3 to 25 years.

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

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

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

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

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is not recognised as a separate asset, but included in "Investments in associated undertakings". Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill can not be reversed in subsequent periods. Goodwill related to associated companies is not tested for impairment separately, but included in the total carrying amount of the associated company. The policies covering impairment testing of associated companies is disclosed in section 6 "Recognition of operating income and impairment".

As part of its transition to IFRS, Nordea elected to restate only those business combinations that occurred on or after 1 January 2004. In respect to acquisitions prior to that date, goodwill represents the amount recognised under Nordea's previous accounting framework (Swedish generally accepted accounting principles) less any impairment losses.

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

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

Customer related intangible assets
In business combinations a portion of the purchase price is normally allocated to a customer related intangible asset, if the asset is identifiable and under Nordea's control. An intangible asset is identifiable if it arises from contractual or legal rights, or is separable. The asset is amortised over it's useful life.

Other intangible assets
Expenditure on acquired patents, trademarks and licenses is capitalised and amortised using the straight-line method over their useful lives, generally 5 years.

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

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

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash generating units are defined as the operating segments. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at the Group's defined post tax average cost of equity. If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See note 24 "Intangible assets" for more information on the impairment testing.

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

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

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

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

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

18. Investment property

Investment properties are primarily properties held to earn rent and capital appreciation. The majority of the properties in Nordea are attributable to Life. Investment properties are measured at fair value. The best evidence of a fair value is normally given by quoted prices in an active market for similar property in the same location and condition. As these prices are rarely available discounted cash flow projections based on reliable estimates of future cash flows are used.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as "Net result from items at fair value".

19. Liabilities to policyholders

Liabilities to policyholders include obligations according to insurance contracts and investment contracts with policyholders.

An insurance contract is defined as "a contract under which one party (the insurer) accepts significant insurance risks from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder".

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

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

The contracts can be divided into the following classes:

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

Insurance contracts

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

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

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

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

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

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

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

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

Investment contracts

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

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

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

Discretionary participating features (DPF)

Some traditional life insurance contracts and investment contracts include a contractual right for the policyholder to receive significant benefits in addition to guaranteed benefits. Nordea has discretion to pay these additional benefits as bonus on risk result, expense result and interest rate. These DPF-features (Collective bonus potential) are classified as liabilities in the balance sheet.

Collective bonus potential includes amounts allocated but not attributed to the policyholders. In Finland, collective bonus potential includes the policyholder's part of the total unrealised investment gains and bonus potential on paid policies and future premiums (the difference between retrospective and market consistent prospective measurement principles of the insurance contracts). In Norway, collective bonus potential includes the policyholder's part of both the total unrealised investment gains and additional reserves. In Sweden and Denmark, the main valuation principle is fair value (insurance contracts). The policyholder's part of both realised and unrealised investment gains is therefore included in the balance sheet representing either Change in technical provisions, Life and/or Change in collective bonus potentials, Life, depending on whether the investment result is allocated or not. Both the mentioned lines are included in the balance sheet line "Liabilities to policyholders".

Liability adequacy test

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

20. Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement, except to the extent that the tax effect relates to items recognised in other comprehensive income or directly in equity, in which case the tax effect is recognised in other comprehensive income or in equity respectively.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associated companies to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

21. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of Nordea Bank AB by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, consisting of rights to performance shares in the long term incentive programmes.

The potential ordinary shares are only considered to be dilutive, on the balance sheet date, if all performance conditions are fulfilled and if a conversion to ordinary shares would decrease earnings per share. The rights are furthermore considered dilutive only when the exercise price, with the addition of future services that are accounted for in accordance with IFRS 2, is lower than the period's average share price.

22. Employee benefits

All forms of consideration given by Nordea to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed. Post-employment benefits are benefits payable after the termination of the employment. Post-employment benefits in Nordea consist only of pensions.

Short-term benefits

Short term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees have performed services to Nordea. Nordea has also issued share-based payment programmes, which are further described in section 25 "Share-based payment".

More information can be found in Note 8 "Staff costs".

Post-employment benefits

Pension plans

The companies within Nordea have various pension plans, consisting of both defined benefit plans and defined contribution plans, reflecting national practices and conditions in the countries where Nordea operates. Defined benefit plans are predominantly sponsored in Sweden, Norway and Finland. The major defined benefit plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation, the net amount is, after adjusting for unrecognised actuarial gains/losses, recognised as a liability (defined benefit obligation). If not, the net amount is recognised as an asset (defined benefit asset). Non-funded pension plans are recognised as defined benefit obligations.

Most pensions in Denmark, but also certain Finnish plans, are based on defined contribution arrangements that hold no pension liability for Nordea. Nordea also contributes to public pension systems.

Pension costs

The pension calculations are carried out by country and by pension plan in accordance with IAS 19.

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. Nordea's net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised prior service cost and the fair value of any plan assets are deducted. Actuarial calculations, performed annually, are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note 37 "Retirement benefit obligations").

When establishing the present value of the obligation and the fair value of any plan assets, actuarial gains and losses may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The actuarial gains and losses are not recognised immediately in the income statement. Rather, only when the net cumulative unrecognised actuarial gain or loss exceeds a "corridor" equal to 10 percent of the greater of either the present value of the defined benefit obligation or the fair value of the plan assets, the excess is recognised in the income statement over the expected average remaining service period of the employees participating in the plan. Otherwise, actuarial gains and losses are not recognised.

When the calculation results in a benefit to the Nordea entity, the recognised asset is limited to the net total of any unrecognised actuarial losses, unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan.

Discount rate in Defined Benefit Plans

The discount rate is determined by reference to high quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context generally considered to be corporate bonds. In countries where no such market exists the discount rate is determined by reference to government bond yields. In Finland and Denmark the discount rate is determined with reference to corporate bonds and in Sweden and Norway with reference to government bonds.

23. Equity

Non-controlling interests

Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank AB (publ).

Share premium reserve

The share premium reserve consists of the difference between the subscription price and the quota value of the shares in Nordea's rights issue. Transaction costs in connection to the rights issue have been deducted.

Other reserves

Other reserves comprise income and expenses, net after tax effects, that are reported in equity in accordance with IFRS. These reserves include reserves for cash flow hedges and for financial assets classified into the category Available for sale, in accordance with IAS 39, as well as translation differences in accordance with IAS 21.

Retained earnings

Apart from undistributed profits from previous years, retained earnings include the equity portion of untaxed reserves.

Untaxed reserves according to national rules are recorded as equity net of deferred tax at prevailing tax rates in respective country.

In addition, Nordea's share of the earnings in associated companies, after the acquisition date, that have not been distributed is included in retained earnings.

Treasury shares

Treasury shares are not accounted for as assets. Acquisition of treasury shares is recorded as a deduction of retained earnings. Also own shares in trading portfolios are classified as treasury shares.

Contracts on Nordea shares that can be settled net in cash are either a financial asset or financial liability.

24. Financial guarantee contracts and credit commitments

Upon initial recognition, premiums received in issued financial guarantee contracts and credit commitments are recognised as deferred income on the balance sheet. The guarantees and irrevocable credit commitments are subsequently measured, and recognised on the balance sheet, at the higher of either the received fee less amortisation, or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Changes in provisions are recognised in the income statement in the item "Net loan losses".

Premiums received for financial guarantees are, as stated in section 6 "Recognition of operating income and impairment", amortised over the guarantee period and recognised as "Fee and commission income" in the income statement. Premiums received on credit commitments are amortised over the loan commitment period. The contractual amounts are recognised off-balance sheet, financial guarantees in the item "Contingent liabilities" and irrevocable credit commitments in the item "Commitments".

25. Share-based payment

Nordea has annually issued Long Term Incentive Programmes from 2007 through 2010. Employees participating in these programmes are granted share-based and equity-settled rights, i.e. rights to receive shares for free or to acquire shares in Nordea at a significant discount to the share price at grant date. According to IFRS 2, the value of such rights is to be expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date, and is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

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

For more information see Note 8 "Staff costs".

26. Related party transactions

Nordea defines related parties as:

- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Key management personnel
- Other related parties

Shareholders with significant influence

Shareholders with significant influence are shareholders that, by any means, have a significant influence over Nordea.

Group undertakings
For the definition of Group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the Nordea Group is found in Note 22 "Investments in group undertakings".

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

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

Further information on the associated undertakings included in the Nordea Group is found in Note 23 "Investments in associated undertakings".

Key management personnel
Key management personnel includes the following positions:

- The Board of Directors
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM)

For information about compensation, pensions and other transactions with key management personnel, see Note 8 "Staff costs".

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

Information concerning transactions between Nordea and other related parties is found in Note 52 "Related-party transactions".

27. Segment reporting

Segment reporting structure
Within Nordea, customer responsibility is fundamental. Nordea's total business relations with customers are reported in the customer responsible unit's income statement and balance sheet. The operating segments have been identified based on Nordea's operating model and internal reporting structure.

Financial results are presented for the four operating segments Nordic Banking, New European Markets, Financial Institutions and Shipping, Oil Services & International. The customer operations not included in these segments are included in Other operating segments (International Private Banking & Funds, Group Corporate Centre, the customer operations within Life and the result in Capital Market Products which is not allocated to the main operating segments). Group Functions, eliminations as well as the result that is not fully allocated to any of the operating segments, are shown separately as reconciling items.

Allocation principles
Costs are allocated from Group Functions and Product Areas to operating segments based on internal principles, aiming at the highest possible degree of cost transparency. Income is allocated with the underlying business transactions as driver combined with the identification of the customer responsible unit. Assets, liabilities and economic capital are allocated to the operating segments.

Transfer pricing
Funds transfer pricing is based on current market interest rates and applied to all assets and liabilities allocated to or accounted for in the operating segments or Group Functions.

Group internal transactions between legal entities are performed according to arm's length principles. The financial result of such transactions is reported in the relevant operating segment based on assigned product and customer responsibilities.

28. Parent company

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). Under RFR 2, the parent company shall apply all standards and interpretations issued by the IASB and IFRIC 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.

Changed accounting policies and presentation
The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2009 Annual Report, except for the classification of lending commissions and pension expenses in the income statement. More information on the classification of lending commissions can be found in section 3 "Changed accounting policies and presentation". The impact, from the change in classification of lending commissions, on the parent company 2010 is a reclassification from "Net interest income" to "Net fee and commission income" of EUR 4m. The impact on the comparative figures in the income statement for the parent company is not significant and the comparative information has therefore not been restated. More information on the classification of pension expenses follows below

More information on other changes in IFRSs implemented in 2010, which have not had any significant impact on the parent company, as well as on forthcoming changes in IFRSs not yet implemented by Nordea, can also be found in section 3 "Changed accounting policies and presentation". The conclusions in section 3 are, where applicable, relevant also for the parent company.

Classification of pension expenses
The classification of pension expenses in the income statement has been changed. All components within pension expenses are classified as "Staff costs". Previously only the change in recognised pension provisions, including special wage tax, was classified as "Staff costs", while the other components were classified as "Appropriations". The comparable figures have been restated accordingly and the impact is, together with the impact on 2010, disclosed in the below table.

	2010		2009	
EURm	Restated	Pre policy change	Restated	Reported
Staff costs	–745	–669	–644	–595
Appropriations	0	–76	–3	–52

Accounting policies applicable to the parent company only

Investments in group undertakings and associated undertakings

The parent company's investments in subsidiaries and associated companies are recognised under the cost model. Impairment tests are performed according to IAS 36 "Impairment of Assets". At each balance sheet date, all shares in subsidiaries and associated companies are reviewed for indications of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of each holding of shares is fully recoverable. The recoverable amount is the higher of fair value less costs to sell and the value in use. Any impairment charge is calculated as the difference between the carrying amount and the recoverable amount and classified as "Impairment of securities held as financial non-current assets".

Dividends

Dividends paid to the shareholders of Nordea Bank AB (publ) are recorded as a liability following the approval of the Annual General Meeting.

Dividends paid by group undertakings to the parent company are anticipated if the parent alone can decide on the size of the dividend, if the formal decision has been made before the financial report is published. Dividends from group- and associated undertakings are recognised on the separate income line "Dividends".

Differences compared to IFRS

The accounting principles applied differ from IFRS mainly in the following aspects:

Amortisation of goodwill

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

Functional currency

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

Pensions

The accounting principle for defined benefit obligations follows the Swedish rules ("Tryggandelagen") and the regulations of the Swedish Financial Supervisory Authority as this is the condition for tax deductibility. The significant differences compared with IAS 19 consist of how the discount rate is determined, that the calculation of the defined benefit obligation is based on current salary level without assumptions about future salary increases and that all actuarial gains and losses are recognised when they occur.

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

Group contributions

Group contributions paid or received between Swedish companies for the purpose of optimising Nordea's tax expense are in the legal entity reported as a decrease/increase of unrestricted equity (after adjustment for tax), through other comprehensive income, in accordance with UFR 2 "Group contributions and shareholders' contributions", issued by the Swedish Financial Reporting Board. Group contributions that can be regarded as substitutes for dividends are accounted for as income by the receiving entity.

Untaxed reserves

The parent company reports untaxed reserves, comprising accelerated depreciation under tax regulations, including the deferred tax component. In the consolidated financial statements, untaxed reserves are reported split into the components equity (retained earnings) and deferred tax liability.

29. Exchange rates

EUR 1 = SEK	Jan–Dec 2010	Jan–Dec 2009
Income statement (average)	9,5463	10,6101
Balance sheet (at end of period)	8,9655	10,2701
EUR 1 = DKK		
Income statement (average)	7,4472	7,4460
Balance sheet (at end of period)	7,4535	7,4410
EUR 1 = NOK		
Income statement (average)	8,0080	8,7283
Balance sheet (at end of period)	7,8000	8,3022
EUR 1 = PLN		
Income statement (average)	3,9957	4,3189
Balance sheet (at end of period)	3,9750	4,1268
EUR 1 = RUB		
Income statement (average)	40,2749	44,0882
Balance sheet (at end of period)	40,8200	43,3452

Note 2 Segment reporting

Operating segments
Group

Income statement, EURm	Nordic Banking 2010	Nordic Banking 2009	New European Markets 2010	New European Markets 2009	Financial Institutions 2010	Financial Institutions 2009	Shipping, Oil Services & International 2010	Shipping, Oil Services & International 2009	Other Operating segments 2010	Other Operating segments 2009	Total operating segments 2010	Total operating segments 2009	Reconciliation 2010	Reconciliation 2009	Total Group 2010	Total Group 2009
Net interest income	3,922	3,958	502	420	64	69	325	281	200	482	5,013	5,210	146	71	5,159	5,281
Net fee and commission income	1,913	1,491	85	64	164	148	63	49	11	10	2,236	1,762	–80	–69	2,156	1,693
Net result from items at fair value	720	561	68	64	163	178	31	48	870	1,236	1,852	2,087	–15	–141	1,837	1,946
Profit from companies accounted for under the equity method	28	33	0	0	0	0	0	0	18	0	46	33	20	15	66	48
Other income	21	19	9	5	31	51	0	1	0	28	61	104	55	1	116	105
Total operating income	**6,604**	**6,062**	**664**	**553**	**422**	**446**	**419**	**379**	**1,099**	**1,756**	**9,208**	**9,196**	**126**	**–123**	**9,334**	**9,073**
Staff costs	–1,244	–1,233	–139	–118	–34	–32	–43	–40	–597	–571	–2,057	–1,994	–727	–730	–2,784	–2,724
Other expenses	–2,239	–1,927	–143	–121	–156	–160	–15	–11	–137	–146	–2,690	–2,365	828	726	–1,862	–1,639
Depreciation, amortisation and impairment charges of tangible and intangible assets	–54	–56	–14	–10	0	0	–1	–1	–10	–11	–79	–78	–91	–71	–170	–149
Total operating expenses	**–3,537**	**–3,216**	**–296**	**–249**	**–190**	**–192**	**–59**	**–52**	**–744**	**–728**	**–4,826**	**–4,437**	**10**	**–75**	**–4,816**	**–4,512**
Profit before loan losses	**3,067**	**2,846**	**368**	**304**	**232**	**254**	**360**	**327**	**355**	**1,028**	**4,382**	**4,759**	**136**	**–198**	**4,518**	**4,561**
Net loan losses	–752	–1,151	–85	–216	3	15	–44	–96	0	0	–878	–1,448	–1	-38	–879	–1,486
Operating profit	**2,315**	**1,695**	**283**	**88**	**235**	**269**	**316**	**231**	**355**	**1,028**	**3,504**	**3,311**	**135**	**–236**	**3,639**	**3,075**
Income tax expense	–602	–441	–74	–23	-61	–70	–82	–60	–92	–267	–911	–861	–65	104	–976	–757
Net profit for the year	**1,713**	**1,254**	**209**	**65**	**174**	**199**	**234**	**171**	**263**	**761**	**2,593**	**2,450**	**70**	**–132**	**2,663**	**2,318**
Balance sheet, EURbn																
Loans to the public	253	227	18	16	3	4	14	13	18	23	306	283	8	–1	314	282
Deposits and borrowings from the public	137	125	5	5	12	9	6	4	12	12	172	155	4	–1	176	154

Reconciliation between total operating segments and financial statements

	Total operating income, EURm 2010	Total operating income, EURm 2009	Operating profit, EURm 2010	Operating profit, EURm 2009	Loans to the public, EURbn 31 Dec 2010	Loans to the public, EURbn 31 Dec 2009	Deposits and borrowings from the public, EURbn 31 Dec 2010	Deposits and borrowings from the public, EURbn 31 Dec 2009
Total Operating segments	9,208	9,196	3,504	3,311	306	283	172	155
Group functions[1]	126	106	–98	–152	—	—	—	—
Unallocated items	97	–71	68	–179	8	–1	4	–1
Eliminations	–97	–158	—	—	—	—	—	—
Differences in accounting policies[2]	—	—	165	95	—	—	—	—
Total	**9,334**	**9,073**	**3,639**	**3,075**	**314**	**282**	**176**	**154**

1) Consists of Executive Management, Group Internal Audit, Group Credit and Risk Control, Human Resources and Group Identity and Communications.
2) Internally developed and bought software is expensed as incurred in the operating segments, but capitalised as required by IAS 38 in the entity's balance sheet.

Note 2 Segment reporting, cont.

Reportable operating segments

Nordea's operating model defines four areas in the organisation reflecting different responsibilities; Customer areas, Product areas, Group operations and Support areas. The Operating segments have been identified based on the Customer areas in the operating model and on the internal reporting structure. The Customer areas are responsible for the overall business relation with a customer or customer group.

Nordic Banking conducts a full service banking operation. It is Nordea's largest customer area and serves household customers and corporate customers in the Nordic markets. The branches within Nordea's banking activities in the New European Markets offer full banking services for local and Nordic corporate and personal customers in Estonia, Latvia, Lithuania, Poland and Russia. Customers within Nordic Banking and New European Markets are offered a complete range of banking products and services including accounts products, transactions products, markets products and insurance products. The Financial Institutions segment is responsible for Nordea's customers within the financial institution industry. Nordea's financial institution services include single products such as funds, equity products etcetera as well as consulting services within asset allocation and fund sales. The segment Shipping, Oil Services & International is responsible for Nordea's customers within the shipping, offshore and oil services industries. Within this area Nordea provides tailor-made solutions and syndicated loan transactions.

Total operating income split on product groups
Group

EURm	2010	2009
Banking products	5,163	5,072
Capital Markets products	2,010	2,254
Savings Products & Asset Management	675	517
Life & Pensions	367	271
Other	1,119	959
Total	**9,334**	**9,073**

Banking products consists of three product responsible divisions. Account products is responsible for developing and delivering account based products such as lending, deposits and cards and Netbank services. Transaction products provides and develops cash management, trade and project finance services. Nordea Finance is responsible for asset based financing through leasing, hire purchase and factoring as well as offering sales to finance partners such as dealers, vendors and retailers. Capital Markets products includes financial instruments, or arrangement for a financial instrument, that are available in the financial marketplace, including currencies, commodities, stocks, bonds, and existing arrangements. Asset Management includes Investment funds, Discretionary Management, Portfolio Advice, Equity Trading and Pension Accounts. Investment Funds is a bundled product where the fund company invests in stocks, bonds, derivatives or other standardised products on behalf of the fund's shareholders. Discretionary Management is a service providing the management of an investment portfolio on behalf of the customer and Portfolio Advise is a service provided to support the customers investment decision. Nordea Life & Pensions provides life insurance and pension products and services.

Geographical information

	Total operating income, EURm		Assets, EURbn	
Group	2010	2009	31 Dec 2010	31 Dec 2009
Sweden	1,968	1,729	133	116
Finland	1,363	1,679	94	38
Norway	1,753	1,572	71	72
Denmark	3,245	3,189	220	221
Baltic countries	158	158	8	8
Poland	218	158	7	5
Russia	223	210	4	3
Other	406	378	44	45
Total	**9,334**	**9,073**	**581**	**508**

Nordea's main geographical market comprises the Nordic countries, the Baltic countries, Poland and Russia. Revenues and assets are distributed to geographical areas based on the location of the legal entities. Goodwill is allocated to different countries based on the location of the business activities of the acquired entities.

Operating segments

Parent Company Income statement	Nordic Banking		Group Corporate Centre		Other Operating segments		Total operating segments		Reconciliation		Total	
EURm	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income	695	672	–75	10	61	48	681	730	–97	–64	584	666
Net fee and commission income	698	518	0	–2	87	96	785	612	–214	–156	571	456
Net result from items at fair value	187	133	84	47	–78	–18	193	162	–36	–10	157	152
Dividends/Other income	3	3	2,216	989	0	5	2,219	997	107	99	2,326	1,096
Total operating income	**1,583**	**1,326**	**2,225**	**1,044**	**70**	**131**	**3,878**	**2,501**	**–240**	**–131**	**3,638**	**2,370**

Geographical information

	Sweden		Finland		Norway		Denmark		Others		Total	
EURm	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income	584	666	—	—	—	—	—	—	—	—	584	666
Net fee and commission income	571	456	—	—	—	—	—	—	—	—	571	456
Net result from items at fair value	157	152	—	—	—	—	—	—	—	—	157	152
Dividends/Other income	593	157	717	612	503	180	456	106	57	41	2,326	1,096
Total operating income	**1,905**	**1,431**	**717**	**612**	**503**	**180**	**456**	**106**	**57**	**41**	**3,638**	**2,370**

Note 3 Net interest income

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Interest income				
Loans to credit institutions	231	356	430	534
Loans to the public	7,961	8,995	721	771
Interest-bearing securities	1,107	1,519	456	487
Other interest income	388	103	34	1
Interest income	**9,687**	**10,973**	**1,641**	**1,793**
Interest expense				
Deposits by credit institutions	–166	–258	–161	–267
Deposits and borrowings from the public	–1,437	–2,166	–155	–242
Debt securities in issue	–3,040	–3,092	–576	–421
Subordinated liabilities	–285	–275	–272	–238
Other interest expenses[1]	400	99	107	41
Interest expense	**–4,528**	**–5,692**	**–1,057**	**–1,127**
Net interest income	**5,159**	**5,281**	**584**	**666**

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

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 6,955m (EUR 7,471m) for the Group and EUR 1,300m (EUR 1,402m) for the parent company. Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR –3,387m (EUR –3,855m) for the Group and EUR –1,167m (EUR –1,181m) for the parent company.

Net interest income EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Interest income	9,429	10,676	1,641	1,793
Leasing income, net	258	297	—	—
Interest expense	–4,528	–5,692	–1,057	–1,127
Total	**5,159**	**5,281**	**584**	**666**

Note 4 Net fee and commission income

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Asset Management commissions	698	492	89	59
Life insurance	305	271	10	8
Brokerage	198	188	88	107
Custody	77	77	8	9
Deposits	45	43	27	27
Total savings related commissions	**1,323**	**1,071**	**222**	**210**
Payments	412	392	118	109
Cards	397	337	182	158
Total payment commissions	**809**	**729**	**300**	**267**
Lending	323	283	97	69
Guarantees and documentary payment	209	183	20	23
Total lending related to commissions	**532**	**466**	**117**	**92**
Other commission income	291	202	96	45
Fee and commission income	**2,955**	**2,468**	**735**	**614**
Life insurance	–62	–64	—	—
Payment expenses	–300	–280	–120	–109
State guarantee fees	–162	–201	–16	–20
Other commission expenses	–275	–230	–28	–29
Fee and commission expense	**–799**	**–775**	**–164**	**–158**
Net fee and commission income	**2,156**	**1,693**	**571**	**456**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounts to EUR 345m (EUR 308m) for the Group and EUR 123m (EUR 96m) for the parent company.

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amount to EUR 1,202m (EUR 951m) for the Group and EUR 182m (EUR 174m) for the parent company. The corresponding amount for fee expenses is EUR –62m (EUR –64m) for the Group.

Note 5 Net result from items at fair value

	Group		Parent company	
EURm	2010	2009	2010	2009
Shares/participations and other share-related instruments	2,394	1,762	72	44
Interest-bearing securities and other interest-related instruments[1]	2,051	2,537	59	122
Other financial instruments	–230	–117	10	49
Foreign exchange gains/losses	–20	329	16	–63
Investment properties	161	117	0	—
Change in technical provisions, Life[3]	–2,423	–1,870	—	—
Change in collective bonus potential, Life	–160	–865	—	—
Insurance risk income, Life	312	297	—	—
Insurance risk expense, Life	–248	–244	—	—
Total	**1,837**	**1,946**	**157**	**152**

Net result from categories of financial instruments[2]	Group		Parent company	
EURm	2010	2009	2010	2009
Available for sale assets, realised	49	2	—	—
Financial instruments designated at fair value through profit or loss	153	20	32	0
Financial instruments held for trading[4]	1,305	1,764	110	146
Financial instruments under hedge accounting	24	–52	15	6
– of which net losses on hedging instruments	–330	–212	38	–147
– of which net gains on hedged items	354	160	–23	153
Other	1	3	0	0
Financial risk income, net Life[3]	241	157	—	—
Insurance risk income, net Life	64	52	—	—
Total	**1,837**	**1,946**	**157**	**152**

1) Of which EUR 21m related to financial assets held at amortised cost.
2) The figures disclosed for Life (financial risk income and insurance risk income) are disclosed on gross basis, ie before eliminations of intra-group transactions.
3) Premium income amounts to EUR 1,733m (EUR 1,667m).
4) Of which deferred day one profits amounts to EUR 16m (EUR 112m) for the Group and EUR 0m (EUR 9m) for the parent company.

Note 6 Dividends

	Parent company	
EURm	2010	2009
Investments in group undertakings	2,203	973
Total	**2,203**	**973**

Note 7 Other operating income

	Group		Parent company	
EURm	2010	2009	2010	2009
Sale of global custody operations	30	50	2	5
Divestment of shares	0	5	—	5
Income from real estate	8	7	0	0
Disposal of tangible and intangible assets	2	—	0	0
Other	76	43	121	113
Total	**116**	**105**	**123**	**123**

Note 8 Staff costs

	Group		Parent company	
EURm	2010	2009	2010	2009
Salaries and remuneration (specification below)	–2,111	–1,932	–426	–370
Pension costs (specification below)	–272	–340	–120	–86
Social insurance contributions	–323	–292	–167	–139
Allocation to profit sharing[1]	–19	–98	–5	–27
Other staff costs	–59	–62	–27	–22
Total	**–2,784**	**–2,724**	**–745**	**–644**

1) Allocation to profit-sharing foundation 2010 EUR 19m consists of a new allocation of EUR 24m and a release related to prior years of EUR 5m.

Salaries and remuneration				
To executives[1]				
– Fixed compensation and benefits	–16	–15	–5	–4
– Performance-related compensation	–5	–4	–1	—
Total	**–21**	**–19**	**–6**	**–4**
To other employees	–2,090	–1,913	–420	–366
Total	**–2,111**	**–1,932**	**–426**	**–370**

1) Executives include the Board of Directors (including deputies), CEO, deputy CEO, executive vice presidents and Group Executive Management in the parent company as well as the Board of Directors (including deputies), managing directors and executive vice presidents in operating subsidiaries. Former board members (including deputies), CEOs, deputy CEOs, managing directors and executive vice presidents, in the parent company and operating subsidiaries, are included. Executives amount to 223 (230) positions in the Group and to 20 (19) positions in the parent company.

	Group		Parent company	
EURm	2010	2009	2010	2009
Pension costs				
Defined benefits plans (Note 37)	–37	–175	—	—
Actuarial pension costs (parent company only)	—	—	–83	–54
Defined contribution plans[1]	–235	–165	–37	–32
Total	**–272**	**–340**	**–120**	**–86**

1) See Note 37 for more information of the increase in the Group.

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

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

Note 8 Staff costs, cont.

Salaries and remuneration to the Board of Directors, CEO and Group Executive Management

The remuneration for the Board was resolved to be unchanged by the AGM 2010. Remuneration was; The Chairman EUR 252,000, Vice Chairman EUR 97,650 and members EUR 75,600. Remuneration for committee meetings was EUR 2,370 for the chairman of the committee and EUR 1,840 for other members per meeting. The remuneration is accounted for in SEK and translated into EUR based on the average exchange rate each year. Board members employed by Nordea do not receive separate compensation for their Board membership. There are no commitments for severance pay, pension or other compensation to the members of the Board, except for pension commitments to one board member previously employed by Nordea.

Hans Dalborg, Chairman of the Board, former CEO of Nordea, receives a pension amounting to a maximum of 65% of 180 Swedish "price base amounts" 2001, equal to SEK 36,900, and 32.5% of the remaining part of pensionable income. The pension is covered by an external insurance institute and paid in full by Nordea. Hence Nordea does not have any pension obligation towards Hans Dalborg.

The fixed salary, variable salary part and contract terms for the CEO are proposed by the Board Remuneration Committee (BRC) and approved by the Board. Variable salary part, which is based on agreed, specific targets, can amount to a maximum of 35% of the fixed salary. The fixed salary has been unchanged since April 2008. The increase in fixed salary 2010 is due to exchange rate effects. For 2009 and 2010 the CEO has earned no variable salary part due to Nordea's agreement with the Swedish National Debt Office in connection with the Swedish state subscribing for shares in the rights issue 2009. The CEO, in addition, takes part of the Long-Term Incentive Programmes as described in the separate section on remuneration in the Board of Directors' report and below. Benefits for the CEO include primarily car and housing benefits.

The retirement age for the CEO is 60 and his pension amounts to 50% of the pensionable income for life. The pen-

	Fixed salary/ Board fee[1]		Variable salary part[2]		Long Term Incentive Programmes[3]		Benefits		Total	
EUR	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Chairman of the Board:										
Hans Dalborg	–275,427	–290,700	—	—	—	—	—	—	–275,427	–290,700
Vice Chairman of the Board:										
Björn Wahlroos	–103,998	–103,178	—	—	—	—	—	—	–103,998	–103,178
Other Board members:[4]										
Marie Ehrling	–91,244	–94,000	—	—	—	—	—	—	–91,244	–94,000
Tom Knutzen	–85,890	–97,680	—	—	—	—	—	—	–85,890	–97,680
Lars G Nordström	–83,927	–88,480	—	—	—	—	—	—	–83,927	–88,480
Björn Savén	–85,890	–95,840	—	—	—	—	—	—	–85,890	–95,840
Svein Jacobsen	–95,960	–97,710	—	—	—	—	—	—	–95,960	–97,710
Stine Bosse	–80,286	–90,320	—	—	—	—	—	—	–80,286	–90,320
Sarah Russell[5]	–60,030	—	—	—	—	—	—	—	–60,030	—
Kari Stadigh[5]	–66,305	—	—	—	—	—	—	—	–66,305	—
Timo Peltola[6]	–26,818	–110,553	—	—	—	—	—	—	–26,818	–110,553
Heidi M Petersen[6]	–23,043	–88,480	—	—	—	—	—	—	–23,043	–88,480
Ursula Ranin[6]	—	–26,260	—	—	—	—	—	—	—	–26,260
CEO:										
Christian Clausen[7]	–860,564	–798,434	—	—	–232,178	–237,915	–30,817	–54,805	–1,123,559	–1,091,154
Group Executive Management:										
6 (6) individuals excluding CEO[8]	–3,663,331	–3,527,414	–588,563	—	–734,778	–588,814	–273,739	–157,233	–5,260,411	–4,273,461
Total	**–5,602,713**	**–5,509,049**	**–588,563**	**—**	**–966,956**	**–826,729**	**–304,556**	**–212,038**	**–7,462,788**	**–6,547,816**

1) The Board fee includes fixed remuneration and meeting fees which have been unchanged since 2009. These are accounted for in SEK and translated into EUR based on the average exchange rate each year.
2) In the beginning of 2009 CEO and four persons in GEM voluntarily waived fixed salary increases and variable salary part for the first four months of the year. This voluntary waiver was thereafter extended and widened through Nordea's agreement with the Swedish National Debt Office in connection with the Swedish state subscribing for shares in the rights issue and includes the whole calendar years 2009 and 2010. The other members of GEM waived variable salary part for 2009. Two members of GEM have earned variable salary part in 2010. In addition, variable salary part 2010 includes a guaranteed variable salary part for one new GEM member.
3) CEO and members of GEM hold 68,141 A-rights, 68,141 B-rights, 0 C-rights and 27,256 D-rights in LTIP 2009 (no C–rights can be exercised due to that performance conditions were not fulfilled) and 67,222 matching shares, 134,444 performance shares I and 67,222 performance shares II in LTIP 2010 (performance shares I and II are conditional). For more information on the valuation of the Long-Term Incentive Programmes, please see below. Disclosed expense is calculated in accordance with IFRS 2 "Share-based Payment".
4) Employee representatives excluded.
5) New members as from the Annual General Meeting 2010.
6) Resigned as board member during 2009 or 2010.
7) The fixed salary has been unchanged since 1 April 2008. The increase in 2010 is only due to exchange rate effects.
8) GEM members included for the period they have been appointed.

Note 8 Staff costs, cont.

sionable income is maximised to 190 Swedish "income base amounts". For the CEO, fixed salary and variable salary part are included in pensionable income. Since all funds are transferred to the employee when retiring, Nordea will have no obligations towards the CEO after retirement.

The BRC prepares alterations in salary levels and outcome of variable salary part as well as other changes in the compensation package for GEM, for resolution by the Board. Variable salary part, which is based on agreed, specific targets, can be a maximum of 35% of the fixed salary. For 2010 only two members of GEM have earned variable salary part due to Nordea's agreement with the Swedish National Debt Office in connection with the Swedish state subscribing for shares in the rights issue 2009. As for the CEO, GEM takes part of the Long-Term Incentive Programmes. Benefits include primarily car and/or housing benefits.

GEM members are entitled to retire with pension at the age of 60 or 62. Pension agreements are either Defined Benefit Plans (DBP) or Defined Contribution Plans (DCP), or a combination of the two. The pension agreements vary due to local practise in each country where the GEM members are employed. Three members have DBPs not based on collective agreements. Two of these DBPs provide retirement pension amounting to 50% of pensionable income for life from age 62. One of these two DBPs includes national pension benefits, and the other is fully earned and followed by a DCP covering future earnings. The third DBP not based on collective agreements provides a retirement pension (including both national pension benefits and previously earned paid-up policies) amounting to 70% of pensionable income for life from age 60. Two members have DBPs in accordance with the Swedish collective agreement and complementing DCPs. One member has a DCP only. Fixed salary is pensionable income for all GEM-members. Variable salary part is included for two members.

In accordance with their employment contracts CEO and one GEM member have a notice period of 12 months and a severance pay equal to 12 months' salary to be reduced by the salary that the executive receives as a result of any other employment during these 12 months. Four GEM members are entitled to 6 months' salary during the notice period, and with regard to severance pay 18 months' salary to be reduced by the salary that they receive as a result of any other employment during these 18 months. For one GEM member the notice period is 6 months.

Pension cost for executives, amounted to EUR 5m (EUR 4m) and pension obligations to EUR 54m (EUR 46m). Executives include the Board of Directors (including deputies), CEO, deputy CEO, executive vice presidents and Group Executive Management in the parent company as well as the Board of Directors (including deputies), managing directors and executive vice presidents in operating subsidiaries.

Pension costs and obligations to the Board of Directors, CEO and Group Executive Management

	2010		2009	
EUR	Pension cost[5]	Pension obligation[6]	Pension cost[5]	Pension obligation[6]
Board members[1]:				
Lars G Nordström	—	419,686	—	348,923
CEO:				
Christian Clausen[2]	–652,473	8,805,485	–556,281	7,227,314
Group Executive Management:				
6 (6) individuals excluding CEO[3]	–1,762,232	13,813,359	–1,762,336	11,632,955
Former Chairman of the board and CEOs:				
Vesa Vainio and Thorleif Krarup[4]	—	17,382,662	—	18,442,847
Total	**–2,414,705**	**40,421,192**	**–2,318,617**	**37,652,039**

1) Employee representatives excluded.
2) The CEO's pension agreement is unchanged. The main reason behind the increase in pension obligation and pension cost is the exchange rate effects (approximately 10%) and new pension rights earned in 2010. Nordea will have no obligation towards the CEO after retirement.
3) Members of GEM included for the period they have been appointed. The disclosed pension obligation is the obligation towards the members of GEM as of 31 December.
4) The pension obligation for Vesa Vainio and Thorleif Krarup is mainly due to pension rights earned in, and funded by, banks forming Nordea.
5) Pension costs for management is related to pension premiums paid in DCP agreements and pension rights earned during the year in DBP agreements (Service cost, Past service cost and Curtailments and settlements as defined in IAS 19). The increase in pension costs 2010 is mainly due to exchange rate effects, approximately 10% SEK to EUR and approximately 8% NOK to EUR.
6) Pension obligations calculated in accordance with IAS 19. These obligations are dependent of changes in actuarial assumptions and inter annual variations can therefore be significant. IAS 19 includes an assumption about future increases in salary, which leads to that the pension obligations disclosed are the earned pension rights calculated using the expected salary levels at retirement. The management pension plans are funded, meaning that these obligations are backed with plan assets with fair value generally on a similar level as the obligations. The main reason behind the increase in pension obligation is the exchange rate effect (approximately 10% SEK to EUR and approximately 8% NOK to EUR) and new pension rights earned in 2010.

Loans to key management personnel

Loans to key management personnel amounts to EUR 5m (EUR 2m) in the Group and EUR 0m (EUR 0m) in the parent company. Interest income on these loans amounts to EUR 0m (EUR 0m) in the Group and EUR 0m (EUR 0m) in the parent company.

For key management personnel who are employed by Nordea the same credit terms apply as for other employees, except for key management personnel in Denmark whose loans are granted on the same term as for external customers. In Norway the employee interest rate for loans is 100 basis points lower than the best corresponding interest rate for external customers, with a cap on the loan amount of 3 times salary grade 55 plus NOK 100,000. In Finland the employee interest rate for loans corresponds to Nordea's funding cost with a margin of 10 basis points up to EUR 400,000, and 30 basis points for loans over EUR 400,000. In Sweden the employee interest rate on fixed- and variable interest rate loans is 215 basis points lower than the corresponding interest rate for external customers (with a lower limit of 50 basis points for variable interest rate loans and 150 basis points for fixed interest rate loans). There is currently a cap of 57 Swedish price base amounts both on fixed- and variable interest rate loans. Interest on loans above the defined caps are set on market terms. Loans to family members of key management personnel are granted on normal market terms, as well as loans to key management personnel who are not employed by Nordea.

Note 8 Staff costs, cont.

Share-based payment

Conditional Rights LTIP 2010	2010 Matching Share	2010 Performance Share I	2010 Performance Share II
Granted	903,490	1,806,980	903,490
Forfeited	–6,845	–13,690	–6,845
Outstanding at end of year	**896,645**	**1,793,290**	**896,645**
– of which currently exercisable	—	—	—

Conditional Rights LTIP 2009	2010 A-rights	2010 B-C-rights	2010 D-rights	2009 A-rights	2009 B-C-rights	2009 D-rights
Outstanding at the beginning of year	981,332	1,962,664	981,332	—	—	—
Granted	—	—	—	990,097	1,980,194	990,097
Forfeited	–22,326	–1,003,658	–597,730	–8,765	–17,530	–8,765
Outstanding at end of year	**959,006**	**959,006**	**383,602**	**981,332**	**1,962,664**	**981,332**
– of which currently exercisable	—	—	—	—	—	—

Conditional Rights LTIP 2008	2010 A-rights	2010 B-C-rights	2010 D-rights	2009 A-rights	2009 B-C-rights	2009 D-rights
Outstanding at the beginning of year	485,466	485,466	388,373	501,771	501,771	501,771
Forfeited	–4,461	–4,461	–3,569	–16,305	–16,305	–113,398
Exercised	–382,750	–380,622	–304,109	—	—	—
Outstanding at end of year	**98,255**	**100,383**	**80,695**	**485,466**	**485,466**	**388,373**
– of which currently exercisable	98,255	100,383	80,695	—	—	—

Conditional Rights LTIP 2007	2010 A-rights	2010 B-C-rights	2010 D-rights	2009 A-rights	2009 B-C-rights	2009 D-rights
Outstanding at the beginning of year	141,575	134,139	160,390	452,246	441,663	452,246
Forfeited	—	—	—	–3,361	–3,286	–3,361
Exercised	–90,033	–101,812	–112,411	–307,310	–304,238	–288,495
Outstanding at end of year	**51,542**	**32,327**	**47,979**	**141,575**	**134,139**	**160,390**
– of which currently exercisable	51,542	32,327	47,979	141,575	134,139	160,390

Long Term Incentive Programmes

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

	LTIP 2010 Matching Share	LTIP 2010 Performance Share I	LTIP 2010 Performance Share II	LTIP 2009 A-rights	LTIP 2009 B-C-rights	LTIP 2009 D-rights
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price	—	—	—	EUR 0.77	EUR 0.38	EUR 0.38
Grant date	13 May 2010	13 May 2010	13 May 2010	14 May 2009	14 May 2009	14 May 2009
Vesting period	36 months	36 months	36 months	24 months	24 months	24 months
Contractual life	36 months	36 months	36 months	48 months	48 months	48 months
First day of exercise	April/May 2013	April/May 2013	April/May 2013	29 April 2011	29 April 2011	29 April 2011
Fair value at grant date	EUR 6.75	EUR 6.75	EUR 2.45	EUR 4.66	EUR 5.01	EUR 1.75

	LTIP 2008[1] A-rights	LTIP 2008[1] B-C-rights	LTIP 2008[1] D-rights	LTIP 2007[1] A-rights	LTIP 2007[1] B-C-rights	LTIP 2007[1] D-rights
Ordinary share per right	1.30	1.30	1.30	1.30	1.30	1.30
Exercise price	EUR 2.30	EUR 1.53	EUR 1.53	EUR 2.53	EUR 1.00	EUR 1.00
Grant date	13 May 2008	13 May 2008	13 May 2008	17 May 2007	17 May 2007	17 May 2007
Vesting period	24 months	24 months	24 months	24 months	24 months	24 months
Contractual life	48 months	48 months	48 months	48 months	48 months	48 months
First day of exercise	29 April 2010	29 April 2010	29 April 2010	30 April 2009	30 April 2009	30 April 2009
Fair value at grant date	EUR 7.53	EUR 8.45	EUR 4.14	EUR 8.76	EUR 10.49	EUR 7.76

1) The new rights issue, which was resolved on an extra ordinary general meeting on 12 March 2009, triggered recalculations of some of the parameters in LTIP 2007 and LTIP 2008, in accordance with the agreements of the programmes. The recalculations were performed with the purpose of putting the participants in an equivalent financial position as the one being at hand immediately prior to the new rights issue.

Note 8 Staff costs, cont.

Conditions and requirements

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

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

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

	LTIP 2010	LTIP 2009[1]	LTIP 2008[1]	LTIP 2007
Service condition, A-D-rights/Matching Share / Performance Share I and II	Employed within the Nordea Group during the three year vesting period.	Employed within the Nordea Group during the two year vesting period.	Employed within the Nordea Group during the two year vesting period.	Employed within the Nordea Group during the two year vesting period.
Performance condition, B-rights/Performance Share I	Compound Annual Growth Rate in RAPPS from year 2009 (base year) to and including year 2012. Full right to exercise will be obtained if the Compound Annual Growth Rate amount to or exceed 9 %.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2007 compared to 2006. Full right to exercise was obtained if RAPPS increased by 15% or more.
EPS knock out, B-rights/ Performance Share I	Average reported EPS for 2010–2012 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.26.	Reported EPS for 2008 lower than EUR 0.80.	Reported EPS for 2007 lower than EUR 0.80.
Performance condition, C-rights	—	Increase in RAPPS 2010 compared to 2009. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 12% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.
EPS knock out, C-rights	—	Reported EPS for 2010 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.52.	Reported EPS for 2008 lower than EUR 0.80.
Performance conditions, D-rights/Performance Share II	TSR during 2010–2012 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1–5.	TSR during 2009–2010 in comparison with a peer group. Full right to exercise was obtained if Nordea was ranked number 1.	TSR during 2008–2009 in comparison with a peer group. Full right to exercise was obtained if Nordea was ranked number 1.	TSR during 2007–2008 in comparison with a peer group. Full right to exercise was obtained if Nordea's TSR exceeded peer group index by 10 percentage points or more.
Cap	The market value of the alloted shares is capped to the participant´s annual salary for year-end 2009.	The profit per A-D-right is capped to EUR 9.59 per right.	The profit per A-D-right is capped to EUR 21.87 per right.	The profi t per A-D-right is capped to EUR 19.18 per right.
Exercise price adjustments	—	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the vesting period and the exercise period, however never adjusted below EUR 0.10.

1) RAPPS for the financial year 2008 used for LTIP 2008 (C-rights) and LTIP 2009 (B-rights), RAPPS for the financial year 2009 used for LTIP 2009 (C-rights), EPS knock out in LTIP 2008 (C-rights) and LTIP 2009 (B- and C-rights) and the cap in LTIP 2009, LTIP 2008 and LTIP 2007 has been adjusted due to the financial effects of the new rights issue.

Note 8 Staff costs, cont.

Fair value calculations

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

	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Weighted average share price	EUR 6.88	EUR 5.79	EUR 11.08	EUR 12.33
Right life	3.0 years	2.5 years	2.5 years	3.0 years
Deduction of expected dividends	No	Yes	Yes	Yes
Risk free rate	1.99%	1.84%	3.83%	4.20%
Expected volatility	40%	29%	21%	20%

Expected volatility is based on historical values. As the exercise price (zero for LTIP 2010) is significantly below the share price at grant date, the value has a limited sensitivity to expected volatility and risk-free interest. The fair value calculations are also based on estimated early exercise behaviour during the programmes' exercise windows, however not applicable for LTIP 2010.

The value of the D-rights/Performance Share II are based on market related conditions and fulfilment of the TSR targets have been taken into consideration when calculating the rights' fair value at grant date. When calculating the impact from the TSR targets it has been assumed that all possible outcomes have equal possibilities.

Expenses[1]

	Group				Parent company			
EURm	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Expected expense	–18	–11	–10	–12	–6	–4	–3	–4
Maximum expense	–20	–11	–10	–12	–6	–4	–3	–4
Total expense 2010	–2	–6	–3	—	–1	–3	–2	—
Total expense 2009	—	–2	–5	–2	—	–1	–1	–1

1) All amounts excluding social charges.

When calculating the expected expense an expected annual employee turnover of 5% has been used in LTIP 2010. The expected expense is recognised over the vesting period of 36 months (LTIP 2010) and 24 months (LTIP 2009, 2008 and 2007).

Average number of employees

	Total		Men		Women	
Group	2010	2009	2010	2009	2010	2009
Full-time equivalents						
Denmark	8,881	8,143	4,042	3,939	4,839	4,204
Finland	7,957	8,033	1,913	1,839	6,044	6,194
Sweden	7,675	7,902	3,353	3,394	4,322	4,508
Norway	3,548	3,578	1,905	1,936	1,643	1,642
Poland	2,099	1,949	725	714	1,374	1,235
Russia	1,659	1,569	692	719	967	850
Latvia	504	512	127	135	377	377
Estonia	452	440	106	102	346	338
Luxembourg	399	411	249	255	150	156
Lithuania	368	363	106	114	262	249
United States	81	74	44	41	37	33
United Kingdom	67	54	40	34	27	20
Singapore	58	53	24	19	34	34
Germany	43	37	22	19	21	18
Total average	**33,791**	**33,118**	**13,348**	**13,260**	**20,443**	**19,858**
Total number of employees (FTEs), end of period	**33,809**	**33,347**				

	Total		Men		Women	
Parent company	2010	2009	2010	2009	2010	2009
Full-time equivalents						
Sweden	7,429	7,798	3,266	3,343	4,163	4,455
Other countries	65	62	47	46	18	16
Total average	**7,494**	**7,860**	**3,313**	**3,389**	**4,181**	**4,471**

Note 8 Staff costs, cont.

Salaries and renumeration per country

Group, EURm	2010 Executives	2010 Other employees	2009 Executives	2009 Other employees
Denmark	–4	–747	–4	–707
Finland	–2	–403	–2	–402
Sweden	–4	–442	–4	–358
Norway	–3	–307	–2	–280
Poland	–2	–45	–2	–35
Russia	–1	–48	–1	–38
Latvia	0	–10	—	–10
Estonia	0	–10	—	–9
Luxembourg	–2	–48	–2	–44
Lithuania	–1	–6	–1	–6
United States	–1	–14	–1	–12
United Kingdom	0	–5	—	–5
Singapore	—	–2	—	–4
Germany	–1	–3	—	–3
Total	**–21**	**–2,090**	**–19**	**–1,913**

Parent company, EURm	2010 Executives	2010 Other employees	2009 Executives	2009 Other employees
Sweden	–4	–408	–3	–356
Other countries	–2	–12	–1	–10
Total	**–6**	**–420**	**–4**	**–366**

Gender distribution, executives

Per cent	31 Dec 2010	31 Dec 2009
Nordea Bank AB (publ)		
Board of Directors		
– Men	70	70
– Women	30	30
Other executives		
– Men	86	86
– Women	14	14

In the Board of Directors of the Nordea Group companies, 84% (88%) were men and 16% (12%) were women. The corresponding numbers for Other executives were 85% (88%) men and 15% (12%) women. Internal Boards consist mainly of management in Nordea.

Sick leave[1]

Parent company	Sick leave as a percentage of ordinary working hours 2010	2009	Proportion of long-term sick leave in per cent 2010	2009
Total	**3.0**	**3.4**	**33**	**34**
Men	1.6	1.9	25	27
Women	4.0	4.4	35	36
18–29	2.5	2.8		
30–49	2.4	2.6		
50–65	4.1	4.6		

1) Ordinary working hours refer to the number of hours agreed in the employment contract, excluding overtime. Long-term sick leave refers to a continuous period of absence of 60 days or more. The sick leave of each category is stated as a percentage of the category's ordinary working hours.

Note 9 Other expenses

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Information technology	–639	–593	–207	–168
Marketing and entertainment[1]	–144	–105	–35	–20
Postage, transportation, telephone and office expenses	–227	–218	–74	–71
Rents, premises and real estate	–400	–367	–102	–93
Other[1,2]	–452	–356	–108	–91
Total	**–1,862**	**–1,639**	**–526**	**–443**

1) Comparative figures have been restated to reflect the new catogories used during 2010.
2) Including fees and remuneration to auditors distributed as follows.

Auditors' fee

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
KPMG				
Auditing assignments	–4	–4	–1	–1
Audit-related services	–4	–2	–1	–1
Tax advisory services	–1	–1	0	0
Other assignments	–2	–1	–2	–1
PriceWaterhouseCoopers				
Auditing assignments	0	0	—	—
Audit-related services	0	0	—	0
Other assignments	0	0	—	0
Total	**–11**	**–8**	**–4**	**–3**

Note 10 Depreciation, amortisation and impairment charges of tangible and intangible assets

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Depreciation/amortisation				
Property and equipment (Note 25)				
Equipment	–98	–93	–25	–20
Buildings	–1	–1	0	0
Intangible assets (Note 24)				
Goodwill	—	—	–72	–72
Computer software	–43	–31	–9	–8
Other intangible assets	–24	–15	–6	–4
Total	**–166**	**–140**	**–112**	**–104**
Impairment charges/Reversed impairment charges				
Property and equipment (Note 25)				
Equipment	—	–9	—	–2
Intangible assets (Note 24)				
Other intangible assets	–4	—	—	—
Total	**–4**	**–9**	**—**	**–2**
Total	**–170**	**–149**	**–112**	**–106**

Note 11 Net loan losses

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Divided by class				
Loans to credit institutions	0	–14	0	–2
– of which provisions	–1	–18	–1	–4
– of which write-offs	–3	0	–3	—
– of which allowances used for covering write-offs	3	0	3	—
– of which reversals	1	4	1	2
Loans to the public	–738	–1,337	–33	–159
– of which provisions	–1,185	–1,448	–69	–126
– of which write-offs	–535	–478	–70	–95
– of which allowances used for covering write-offs	378	277	43	30
– of which reversals	531	238	42	14
– of which recoveries	73	74	21	18
Off-balance sheet items[1]	–141	–135	0	–4
– of which provisions	–156	–177	–3	–5
– of which write-offs	–52	—	—	—
– of which allowances to cover write-offs	52	—	—	—
– of which reversals	15	42	3	1
– of which recoveries	0	—	—	—
Total	**–879**	**–1,486**	**–33**	**–165**

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Specification				
Changes of allowance accounts in the balance sheet	–795	–1,359	–27	–118
– of which Loans, individually assessed[2]	–720	–819	–32	–80
– of which Loans, collectively assessed[2]	66	–405	4	–34
– of which Off-balance sheet items, individually assessed[1]	–143	–166	1	–1
– of which Off-balance sheet items, collectively assessed[1]	2	31	0	–3
Changes directly recognised in the income statement	–84	–127	–6	–47
– of which realised loan losses, individually assessed	–157	–200	–27	–65
– of which realised recoveries, individually assessed	73	73	21	18
Total	**–879**	**–1,486**	**–33**	**–165**

1) Included in Note 36 Provisions as "Transfer risk, off-balance", "Individually assessed, off-balance sheet".
2) Included in Note 16 Loans and their impairment.

Key ratios

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Loan loss ratio, basis points[1]	31	56	12	57
– of which individual	33	42	13	45
– of which collective	–2	14	–1	12

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

Note 12 Appropriations

EURm	Parent company 2010	Parent company 2009
Change in depreciation in excess of plan, equipment	0	–3
Total	**0**	**–3**

Note 13 Taxes

Income tax expense

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Current tax[1]	–1,022	–926	–101	–17
Deferred tax	46	169	–14	–7
Total	**–976**	**–757**	**–115**	**–24**
1) Of which relating to prior years	–38	–36	–1	5

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate of Sweden as follows:

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Profit before tax	3,639	3,075	2,117	1,009
Tax calculated at a tax rate of 26.3%	–957	–809	–557	–265
Effect of different tax rates in other countries	11	10	—	—
Tax not related to profit	–10	97	–14	13
Income from associated undertakings	12	11	—	—
Tax-exempt income	86	59	505	253
Non-deductible expenses	–79	–79	–48	–20
Adjustments relating to prior years	–38	–36	–1	–5
Income tax due to tax assets previously not recognised	0	1	—	—
Not creditable foreign taxes	–1	–11	—	—
Tax charge	**–976**	**–757**	**–115**	**–24**
Average effective tax rate	27%	25%	5%	2%

Deferred tax

EURm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Deferred tax expense (–)/income (+)				
Deferred tax due to temporary differences, including tax losses carry-forward	46	168	–14	–7
Deferred tax due to tax assets previously not recognised	0	1	—	—
Income tax expense, net	**46**	**169**	**–14**	**–7**
Deferred tax assets				
Deferred tax assets due to tax losses carry-forward	22	64	—	—
Deferred tax assets due to temporary differences	256	61	8	20
Total	**278**	**125**	**8**	**20**
– of which expected to be settled after more than 1 year	111	96	7	18
Deferred tax liabilities				
Deferred tax liabilities due to untaxed reserves	122	148	—	—
Deferred tax liabilities due to temporary differences	763	722	0	0
Total	**885**	**870**	**0**	**0**
– of which expected to be settled after more than 1 year	746	605	—	—

Note 13 Taxes, cont.

	Group		Parent company	
EURm	2010	2009	2010	2009
Deferred tax assets (+)/liabilities (–), net				
Deferred tax assets due to tax losses carry-forward	22	64	—	—
Deferred tax liabilities due to untaxed reserves	–122	–148	—	—
Deferred tax assets/liabilities in loans to the public	–316	–318	—	—
Deferred tax assets/liabilities in derivatives	123	–27	0	0
Deferred tax assets/liabilities in intangible assets	–71	–29	—	—
Deferred tax assets/liabilities in property and equipment	–14	–13	—	—
Deferred tax assets/liabilities in investment property	–192	–103	—	—
Deferred tax assets/liabilities in retirement benefit obligations	18	27	—	—
Deferred tax asset/liability due to hedge of net investments in foreign operations	11	–43	—	—
Deferred tax assets/liabilities in liabilities/provisions	–66	–155	8	20
Deferred tax assets/liabilities, net	**–607**	**–745**	**8**	**20**
Movements in deferred tax assets/liabilities, net are as follows:				
Deferred tax relating to items recognised in other comprehensive income	106	131	0	–2
Reclassification to current tax asset	—	–75	—	—
Translation differences	–31	–34	2	1
Acquisitions and others	17	53	—	—
Deferred tax in the income statement	46	169	–14	–7
Total change	**138**	**244**	**–12**	**–8**
Current and deferred tax recognised in other comprehensive income				
Deferred tax liabilitiy due to hedge of net investments in foreign operations	107	133	—	—
Deferred tax relating to available-for-sale investments	–1	0	0	0
Deferred tax relating to cash flow hedges	0	–2	0	–2
Current tax relating to group contribution	—	—	29	–40
Total	**106**	**131**	**29**	**–42**
Current tax assets	**262**	**329**	**1**	**0**
– of which expected to be settled after more than 1 year	19	—	—	—
Current tax liabilities	**502**	**565**	**110**	**34**
– of which expected to be settled after more than 1 year	34	56	—	—
Unrecognised deferred tax assets				
Unused tax losses carry-forward	54	68	—	—
Unused tax credits	48	49	—	—
Total	**102**	**117**	**—**	**—**
Expire date 2010	—	0	—	—
Expire date 2011	1	1	—	—
Expire date 2012	1	1	—	—
Expire date 2013	28	28	—	—
Expire date 2014	18	19	—	—
No expiry date	54	68	—	—
Total	**102**	**117**	**—**	**—**

Note 14 Earnings per share

Group

	2010	2009
Earnings:		
Profit attributable to shareholders of Nordea Bank AB (publ) (EURm)	2,657	2,314
Number of shares (in millions):		
Number of shares outstanding at beginning of year	4,037	2,600
Average number of issued C-shares[1]	3	5
Average number of repurchased own C-shares[1]	–3	–5
Average number of own shares in trading portfolio	–16	–10
Basic weighted average number of shares outstanding before bonus element and new issue of shares	**4,021**	**2,590**
Bonus element[2]	—	201
Basic weighted average number of shares outstanding before new issue of shares	**4,021**	**2,791**
Average number shares related to the rights issue	—	1,054
Basic weighted average number of shares outstanding	**4,021**	**3,845**
Adjustment for diluted weighted average number of additional ordinary shares outstanding[1, 3]	1	1
Diluted weighted average number of shares outstanding	**4,022**	**3,846**
Basic earnings per share, EUR	0.66	0.60
Diluted earnings per share, EUR	0.66	0.60

1) Relates to the Long-Term Incentive Programmes (LTIP).
2) The number of ordinary shares in issue in prior years have been adjusted retrospectively for the bonus element of the rights issue completed in April/May 2009.
3) Contingently issuable shares not included, that can potentially dilute basic earnings per share in future periods, exist in the Long Term Incentive Programmes.

Note 15 Treasury bills

	Group		Parent company[1]	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
State and sovereigns	18,140	12,895	10,946	4,947
Municipalities and other public bodies	25	97	15	4
Total	**18,165**	**12,992**	**10,961**	**4,951**

1) Of which EUR 630m (EUR 550m) held at amortised cost with a nominal amount of EUR 630m (EUR 550m)

All treasury bills are subject to variable interest rate risk.

– of which Financial instruments pledged as collateral (Note 18)	5,053	48	6,103	1,295
Total	**13,112**	**12,944**	**4,858**	**3,656**

Note 16 Loans and their impairment

Group **EURm**	Credit institutions 31 Dec 2010	 31 Dec 2009	The public[1] 31 Dec 2010	 31 Dec 2009[2]	Total 31 Dec 2010	 31 Dec 2009[2]
Loans, not impaired	15,791	18,558	311,893	280,391	327,684	298,949
Impaired loans	33	35	4,816	4,205	4,849	4,240
– of which performing	4	4	2,834	2,368	2,838	2,372
– of which non-performing	29	31	1,982	1,837	2,011	1,868
Loans before allowances	**15,824**	**18,593**	**316,709**	**284,596**	**332,533**	**303,189**
Allowances for individually assessed impaired loans	–33	–35	–1,719	–1,350	–1,752	–1,385
– of which performing	–4	–4	–965	–729	–969	–733
– of which non-performing	–29	–31	–754	–621	–783	–652
Allowances for collectively assessed impaired loans	–3	–3	–779	–835	–782	–838
Allowances	**–36**	**–38**	**–2,498**	**–2,185**	**–2,534**	**–2,223**
Loans, carrying amount	**15,788**	**18,555**	**314,211**	**282,411**	**329,999**	**300,966**

Parent company **EURm**	Credit institutions 31 Dec 2010	 31 Dec 2009	The public[1] 31 Dec 2010	 31 Dec 2009	Total 31 Dec 2010	 31 Dec 2009
Loans, not impaired	48,153	43,503	33,742	28,756	81,895	72,259
Impaired loans	6	8	282	315	288	323
– of which performing	4	4	240	177	244	181
– of which non-performing	2	4	42	138	44	142
Loans before allowances	**48,159**	**43,511**	**34,024**	**29,071**	**82,183**	**72,582**
Allowances for individually assessed impaired loans	–6	–8	–136	–132	–142	–140
– of which performing	–4	–4	–99	–67	–103	–71
– of which non-performing	–2	–4	–37	–65	–39	–69
Allowances for collectively assessed impaired loans	–2	–2	–88	–79	–90	–81
Allowances	**–8**	**–10**	**–224**	**–211**	**–232**	**–221**
Loans, carrying amount	**48,151**	**43,501**	**33,800**	**28,860**	**81,951**	**72,361**

1) Finance leases, where Nordea Group is a lessor, are included in Loans to the public, see Note 26 Leasing.
2) Comparative figures have been restated as a consequence of the acquisition of Fionia Bank.

Reconciliation of allowance accounts for impaired loans[1]

Group **EURm**	Credit institutions Individually assessed	 Collectively assessed	 Total	The public Individually assessed[2]	 Collectively assessed[2]	 Total[2]	Total Individually assessed[2]	 Collectively assessed[2]	 Total[2]
Opening balance at 1 Jan 2010	**–35**	**–3**	**–38**	**–1,350**	**–835**	**–2,185**	**–1,385**	**–838**	**–2,223**
Provisions	0	0	0	–966	–220	–1,186	–966	–220	–1,186
Reversals	0	1	1	246	285	531	246	286	532
Changes through the income statement	**0**	**1**	**1**	**–720**	**65**	**–655**	**–720**	**66**	**–654**
Allowances used to cover write-offs	3	—	3	378	—	378	381	—	381
Reclassification	—	—	—	12	—	12	12	—	12
Translation differences	–1	–1	–2	–39	–9	–48	–40	–10	–50
Closing balance at 31 Dec 2010	**–33**	**–3**	**–36**	**–1,719**	**–779**	**–2,498**	**–1,752**	**–782**	**–2,534**
Opening balance at 1 Jan 2009	**–20**	**–3**	**–23**	**–742**	**–405**	**–1,147**	**–762**	**–408**	**–1,170**
Provisions	–17	–1	–18	–954	–493	–1,447	–971	–494	–1,465
Reversals	2	2	4	150	87	237	152	89	241
Changes through the income statement	**–15**	**1**	**–14**	**–804**	**–406**	**–1,210**	**–819**	**–405**	**–1,224**
Allowances used to cover write-offs	0	0	0	278	—	278	278	0	278
Reclassification	—	—	—	–54	–13	–67	–54	–13	–67
Translation differences	0	–1	–1	–28	–11	–39	–28	–12	–40
Closing balance at 31 Dec 2009	**–35**	**–3**	**–38**	**–1,350**	**–835**	**–2,185**	**–1,385**	**–838**	**–2,223**

1) See Note 11 Net loan losses.
2) Comparative figures have been restated as a consequence of the acquisition of Fionia Bank.

Note 16 Loans and their impairment, cont.

Reconciliation of allowance accounts for impaired loans[1]

Parent company

EURm	Credit institutions Individually assessed	Credit institutions Collectively assessed	Credit institutions Total	The public Individually assessed	The public Collectively assessed	The public Total	Total Individually assessed	Total Collectively assessed	Total Total
Opening balance at 1 Jan 2010	**–8**	**–2**	**–10**	**–132**	**–79**	**–211**	**–140**	**–81**	**–221**
Provisions	0	–1	–1	–71	1	–70	–71	0	–71
Reversals	0	1	1	39	3	42	39	4	43
Changes through the income statement	**0**	**0**	**0**	**–32**	**4**	**–28**	**–32**	**4**	**–28**
Allowances used to cover write-offs	3	—	3	43	—	43	46	0	46
Translation differences	–1	—	–1	–15	–13	–28	–16	–13	–29
Closing balance at 31 Dec 2010	**–6**	**–2**	**–8**	**–136**	**–88**	**–224**	**–142**	**–90**	**–232**
Opening balance at 1 Jan 2009	**–6**	**–2**	**–8**	**–76**	**–42**	**–118**	**–82**	**–44**	**–126**
Provisions	–4	—	–4	–91	–35	–126	–95	–35	–130
Reversals	2	—	2	13	1	14	15	1	16
Changes through the income statement	**–2**	**0**	**–2**	**–78**	**–34**	**–112**	**–80**	**–34**	**–114**
Allowances used to cover write-offs	—	—	—	30	—	30	30	—	30
Translation differences	—	—	—	–8	–3	–11	–8	–3	–11
Closing balance at 31 Dec 2009	**–8**	**–2**	**–10**	**–132**	**–79**	**–211**	**–140**	**–81**	**–221**

1) See Note 11 Net loan losses.

Allowances and provisions

Group EURm	Credit institutions 31 Dec 2010	Credit institutions 31 Dec 2009	The public 31 Dec 2010	The public 31 Dec 2009[1]	Total 31 Dec 2010	Total 31 Dec 2009[1]
Allowances for items in the balance sheet	–36	–38	–2,498	–2,185	–2,534	–2,223
Provisions for off balance sheet items	–20	–19	–311	–217	–331	–236
Total allowances and provisions	**–56**	**–57**	**–2,809**	**–2,402**	**–2,865**	**–2,459**
Parent company						
Allowances for items in the balance sheet	–8	–10	–224	–211	–232	–221
Provisions for off balance sheet items	–5	–1	–4	–6	–9	–7
Total allowances and provisions	**–13**	**–11**	**–228**	**–217**	**–241**	**–228**

Key ratios

	Group 31 Dec 2010	Group 31 Dec 2009[1]	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Impairment rate, gross[2], basis points	146	140	35	45
Impairment rate, net[3], basis points	93	94	18	25
Total allowance rate[4], basis points	76	73	28	30
Allowances in relation to impaired loans[5], %	36	33	49	43
Total allowances in relation to impaired loans[6], %	52	52	81	68
Non-performing loans, not impaired[7], EURm	316	296	—	—

1) Comparative figures have been restated as a consequence of the acquisition of Fionia Bank.
2) Individually assessed impaired loans before allowances divided by total loans before allowances.
3) Individually assessed impaired loans after allowances divided by total loans before allowances.
4) Total allowances divided by total loans before allowances.
5) Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.
6) Total allowances divided by total impaired loans before allowances.
7) Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 17 Interest-bearing securities

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company[1] 31 Dec 2010	Parent company[1] 31 Dec 2009
Issued by public bodies	11,118	8,349	0	—
Issued by other borrowers	61,940	58,915	15,905	18,000
Total	**73,058**	**67,264**	**15,905**	**18,000**
Listed securities	55,797	62,755	12,625	14,131
Unlisted securities	17,261	4,509	3,280	3,869
Total	**73,058**	**67,264**	**15,905**	**18,000**

1) Of which EUR 4,212m (EUR 4,692m) held at amortised cost with a nominal amount of EUR 4,170m (EUR 4,628m).

– of which Financial instruments pledged as collateral (Note 18)	3,921	11,109	57	981
Total	**69,137**	**56,155**	**15,848**	**17,019**

Note 18 Financial instruments pledged as collateral

Financial instruments pledged as collateral

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

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Repurchase agreements	9,006	11,169	6,160	2,276
Securities lending agreements	488	71	—	—
Total	**9,494**	**11,240**	**6,160**	**2,276**

Transferred assets that are still recognised in the balance sheet and associated liabilities

The types of assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since Nordea is still exposed to changes in the fair value of the assets. Therefore, these assets and its associated liabilities are included in the tables below.

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Repurchase agreements				
Treasury bills	5,053	48	6,103	1,295
Interest-bearing securities	3,921	11,109	57	981
Shares	32	12	—	—
Securities lending agreements				
Shares	488	71	—	—
Total	**9,494**	**11,240**	**6,160**	**2,276**

Note 18 Financial instruments pledged as collateral, cont.

Liabilities associated with the assets

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Repurchase agreements				
Deposits by credit institutions	7,421	8,297	6,276	2,313
Deposits and borrowings from the public	1,661	2,445	—	—
Total	**9,082**	**10,742**	**6,276**	**2,313**

Note 19 Shares

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Shares held for trading	4,496	4,316	262	660
Shares designated at fair value through profit or loss	13,311	9,464	58	22
– of which shares taken over for protection of claims	18	2	18	2
Shares available for sale	6	6	—	—
Total	**17,813**	**13,786**	**320**	**682**
Listed shares	13,413	9,668	277	659
Unlisted shares	4,400	4,118	43	23
Total	**17,813**	**13,786**	**320**	**682**
– of which Financial instruments pledged as collateral (Note 18)	520	83	—	—
Total	**17,293**	**13,703**	**320**	**682**
– of which expected to be settled after more than 1 year	588	399	58	23

Note 20 Derivatives and Hedge accounting

31 Dec 2010, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	70,576	69,121	2,951,621	918	893	104,677
FRAs	574	605	1,192,366	64	65	15,949
Futures and forwards	495	87	69,145	3	2	800
Options	8,034	7,993	525,945	17	19	1,587
Other	4	4	22,102	4	4	22,698
Total	**79,683**	**77,810**	**4,761,179**	**1,006**	**983**	**145,711**
Equity derivatives						
Equity swaps	9	31	253	27	34	67
Futures and forwards	39	31	1,407	15	2	47
Options	724	742	20,343	76	48	1,456
Other	7	—	—	—	—	—
Total	**779**	**804**	**22,003**	**118**	**84**	**1,570**
Foreign exchange derivatives						
Currency and interest rate swaps	5,797	6,092	326,883	681	638	17,507
Currency forwards	6,743	7,108	489,883	9	126	13,699
Options	629	648	41,924	0	0	0
Other	1	7	1,608	—	—	—
Total	**13,170**	**13,855**	**860,298**	**690**	**764**	**31,206**
Credit derivatives						
Credit default swaps	908	929	51,224	50	47	6,451
Total	**908**	**929**	**51,224**	**50**	**47**	**6,451**
Commodity derivatives						
Swaps	1,385	1,395	13,725	—	—	—
Futures and forwards	82	67	706	—	—	—
Options	67	63	1,392	—	—	—
Total	**1,534**	**1,525**	**15,823**	—	—	—
Other derivatives						
Swaps	21	276	750	—	—	—
Futures and forwards	0	—	—	0	0	—
Options	4	2	100	0	0	0
Other	0	25	2,054	0	25	2,054
Total	**25**	**303**	**2,904**	**0**	**25**	**2,054**
Total derivatives held for trading	**96,099**	**95,226**	**5,713,431**	**1,864**	**1,903**	**186,992**

Note 20 Derivatives and Hedge accounting, cont.

31 Dec 2010, EURm	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
	Positive	Negative	amount	Positive	Negative	amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	461	417	29,001	488	156	19,131
Options	0	5	642	0	0	0
Total	**461**	**422**	**29,643**	**488**	**156**	**19,131**
Equity derivatives						
Options	0	1	9	1	1	17
Total	**0**	**1**	**9**	**1**	**1**	**17**
Foreign exchange derivatives						
Currency and interest rate swaps	265	238	4,526	258	114	3,893
Currency forwards	—	—	—	—	0	107
Total	**265**	**238**	**4,526**	**258**	**114**	**4,000**
Total derivatives used for hedge accounting	**726**	**661**	**34,178**	**747**	**271**	**23,148**
– of which fair value hedges	726	661	34,178	747	271	23,148
– of which cash flow hedges	—	—	—	—	—	—
Total derivatives	**96,825**	**95,887**	**5,747,609**	**2,611**	**2,174**	**210,140**

Note 20 Derivatives and Hedge accounting, cont.

31 Dec 2009, EURm	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	54,155	52,632	2,344,711	813	868	56,291
FRAs	780	754	942,168	51	60	60,184
Futures and forwards	296	230	62,159	1	—	116
Options	5,822	5,797	238,734	21	21	1,346
Other	0	0	30	—	1	11,442
Total	**61,053**	**59,413**	**3,587,802**	**886**	**950**	**129,379**
Equity derivatives						
Equity swaps	34	3	317	34	7	26
Futures and forwards	65	126	949	1	2	45
Options	812	945	18,103	60	15	1,049
Other	3	0	497	—	—	—
Total	**914**	**1,074**	**19,866**	**95**	**24**	**1,120**
Foreign exchange derivatives						
Currency and interest rate swaps	4,533	3,443	250,470	974	888	17,205
Currency forwards	5,791	5,630	418,676	79	8	4,288
Options	607	683	47,085	—	—	—
Other	22	5	183	—	—	—
Total	**10,953**	**9,761**	**716,414**	**1,053**	**896**	**21,493**
Credit derivatives						
Credit default swaps	1,224	1,238	78,669	—	20	400
Total	**1,224**	**1,238**	**78,669**	**—**	**20**	**400**
Commodity derivatives						
Swaps	719	631	8,991	—	—	—
Futures and forwards	50	64	549	—	—	—
Options	46	45	1,585	—	—	—
Total	**815**	**740**	**11,125**	**—**	**—**	**—**
Other derivatives						
Swaps	56	113	3,799	—	—	—
Options	17	17	93	—	—	—
Other	0	27	1,930	—	27	1,930
Total	**73**	**157**	**5,822**	**—**	**27**	**1,930**
Total derivatives held for trading	**75,032**	**72,383**	**4,419,698**	**2,034**	**1,917**	**154,322**

Note 20 Derivatives and Hedge accounting, cont.

31 Dec 2009, EURm	Group			Parent company		
	Fair value			Fair value		
	Positive	Negative	Total nom amount	Positive	Negative	Total nom amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	267	276	22,034	245	50	11,665
Options	0	2	252	—	—	—
Total	**267**	**278**	**22,286**	**245**	**50**	**11,665**
Equity derivatives						
Options	1	2	34	2	2	47
Total	**1**	**2**	**34**	**2**	**2**	**47**
Foreign exchange derivatives						
Currency and interest rate swaps	122	380	5,253	140	182	3,388
Currency forwards	—	—	—	—	22	350
Total	**122**	**380**	**5,253**	**140**	**204**	**3,738**
Total derivatives used for hedge accounting	**390**	**660**	**27,573**	**387**	**256**	**15,450**
– of which fair value hedges	368	530	25,979	334	125	13,383
– of which cash flow hedges	22	130	1,594	53	131	2,067
Total derivatives	**75,422**	**73,043**	**4,447,271**	**2,421**	**2,173**	**169,772**

Note 21 Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Carrying amount at beginning of year	763	413	332	27
Changes during the year				
Revaluation of hedged items	335	331	463	305
Translation differences	29	19	—	—
Carrying amount at end of year	**1,127**	**763**	**795**	**332**

Liabilities EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Carrying amount at beginning of year	874	532	285	42
Changes during the year				
Revaluation of hedged items	–33	308	464	243
Translation differences	57	34	—	—
Carrying amount at end of year	**898**	**874**	**749**	**285**

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

Note 22 Investments in Group undertakings

Parent company

EURm	31 Dec 2010	31 Dec 2009
Acquisition value at beginning of year	16,659	16,360
Acquisitions/capital contributions during the year	535	294
Sales during the year	—	0
IFRS 2 expenses[1]	9	5
Acquisition value at end of year	**17,203**	**16,659**
Accumulated impairment charges at beginning of year	–494	–494
Impairment charges during the year	–105	0
Reclassification	3	—
Translation differences	—	0
Accumulated impairment charges at end of year	**–596**	**–494**
Total	**16,607**	**16,165**

1) Allocation of IFRS 2 expenses for LTIP 2007–2010 related to the subsidiaries. For more information, see Note 8.

– of which, listed shares	—	—

The total amount is expected to be settled after more than 1 year.

Note 22 Investments in group undertakings, cont.

Specification

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

Parent company

31 Dec 2010	Number of shares	Carrying amount 2010, EURm	Carrying amount 2009, EURm	Voting power of holding %	Domicile	Registration number
Nordea Bank Finland Plc	1,030,800,000	5,954	5,951	100.0	Helsinki	1680235-8
Nordea Finance Finland Ltd				100.0	Espoo	0112305-3
Nordea Bank Danmark A/S	50,000,000	3,507	3,505	100.0	Copenhagen	13522197
Nordea Finans Danmark A/S				100.0	Høje Taastrup	89805910
Nordea Kredit Realkreditaktieselskab				100.0	Copenhagen	15134275
Fionia Asset Company A/S[1]				100.0	Copenhagen	31934745
Nordea Bank Norge ASA	551,358,576	2,405	2,403	100.0	Oslo	911044110
Nordea Eiendomskreditt AS				100.0	Oslo	971227222
Nordea Finans Norge AS				100.0	Oslo	924507500
Privatmegleren AS				67.0	Oslo	986386661
Nordea Bank Polska S.A.	55,061,403	362	262	99.0	Gdynia	KRS0000021828
OOO Promyshlennaya Companiya Vestkon	4,601,942,680[2]	659	658	100.0	Moscow	1027700034185
OJSC Nordea Bank				100.0[4]	Moscow	1027739436955
Nordea Life Holding AB	1,000	626	301	100.0	Stockholm	556742-3305
Nordea Liv & Pension, Livforsikrings-selskab A/S				100.0	Ballerup	24260577
Nordea Liv Holding Norge AS				100.0	Bergen	984739303
Livforsikringsselskapet Nordea Liv Norge AS				100.0	Bergen	959922659
Nordea Livförsäkring Sverige AB (publ)				100.0	Stockholm	516401-8508
Nordea Life Holding Finland Ltd				100.0	Helsinki	1737788-3
Nordea Life Assurance Finland Ltd				100.0	Helsinki	0927072-8
Nordea Hypotek AB (publ)	100,000	1,898	1,898	100.0	Stockholm	556091-5448
Nordea Fonder AB	15,000	229	679	100.0	Stockholm	556020-4694
Nordea Bank S.A.	999,999	453	323	100.0	Luxembourg	B14157
Nordea Finans Sverige AB (publ)	1,000,000	77	77	100.0	Stockholm	556021-1475
Nordea Fondene Norge AS	1,200	29	29	100.0	Oslo	930954616
Nordea Investment Management AB	12,600	223	64	100.0	Stockholm	556060-2301
Nordea Investment Fund Company Finland Ltd	3,350	138	4	100.0	Helsinki	1737785-9
Nordea Ejendomsinvestering A/S	1,000	29	1	100.0	Copenhagen	26640172
Nordea Investment Fund Management A/S	25,000	8	—	100.0	Copenhagen	13917396
Nordea Investment Funds I Company SA	39,996	0	0	100.0	Luxembourg	B30550
PK Properties Int'l Corp	100,000	0	0	100.0	Atlanta, USA	601624718
Nordea Hästen Fastighetsförvaltning AB	1,000	0	0	100.0	Stockholm	556653-6800
Nordea Putten Fastighetsförvaltning AB	1,000	0	0	100.0	Stockholm	556653-5257
Nordea North America Inc.	1,000	0	0	100.0	Delaware, USA	51-0276195
Nordea Do Brasil Representações LTDA	1,162,149	0	0	100.0	Sao Paulo, Brasil	51-696.268/0001-40
Nordic Baltic Holding (NBH) AB[3]	1,000	9	9	100.0	Stockholm	556592-7950
Nordea Fastigheter AB[3]	3,380,000	1	1	100.0	Stockholm	556021-4917
Total		**16,607**	**16,165**			

1) Preiously named Fionia Bank A/S.
2) Nominal value expressed in RUB, representing Nordea's participation in Vestkon.
3) Dormant.
4) Combined ownership, Nordea Bank AB (publ) directly 7.2% and indirectly 92,8% through OOO Promyshlennaya Companiya Vestkon.

Note 22 Investments in group undertakings, cont.

Group

Special Purpose Entities (SPEs) – Consolidated

SPEs that have been set up for enabling investments in structured credit products and for acquiring assets from customers.

EURm	Purpose	Duration	Nordea's investment	Total assets
Viking ABCP Conduit[1]	Factoring	<5 years	948	1,000
CMO Denmark A/S[2]	Collateralised Mortgage Obligation	>5 years	11	26
Kalmar Structured Finance A/S[3]	Credit Linked Note	>5 years	25	91
Kirkas Northern Lights Ltd[4]	Collateralised Mortgage Obligation	>5 years	5,014	5,014
Total			**5,998**	**6,131**

1) The Viking ABCP Conduit (Viking) has been established with the purpose of supporting trade receivable or accounts payable securitisations to core Nordic customers. The SPEs purchase trade receivables from the approved sellers and fund the purchases either by issuing Commercial Papers (CP) via the established Asset Backed Commercial Papers programme or by drawing funds on the liquidity facilities available. Nordea has provided liquidity facilities of maximum EUR 1,300m and at year end 2010 EUR 948m were utilised. There is no outstanding CP issue at year end 2010. These SPEs are consolidated as they are closely linked to the activities within Nordea. Also, Nordea is exposed to credit risk through the liquidity facility. There are no significant restriction on repayment of loans from Viking apart from that the payments are dependant on the pace in which Viking realises its assets.

2) Collateralised Mortgage Obligations Denmark A/S (CMO Denmark A/S) was established with the purpose to issue CMOs in order to meet specific customer preferences in terms of credit risk, interest rate risk, prepayment risk, maturity etc. The SPE purchased a pool of mortgage bonds and reallocated the risks through tranching a similar bond issue (CMOs). At year end 2010 the total notional of outstanding bonds were EUR 26m available to investors. Nordea holds bonds issued by CMO Denmark A/S as part of offering a secondary market for the bonds. The investment amounted to EUR 11m as of year end 2010.

3) Kalmar Structured Finance A/S was established to allow customers to invest in structured products in the global credit markets. The SPE enters into Credit Default Swaps (CDS) and hereby acquires a credit risk on an underlying portfolio of names (like corporate names) and at the same time the SPE issues Credit Linked Notes (CLN) with a similar credit risk that reflects the terms in the CDSs. Nordea is the counterpart in the derivative transactions. The total notional of outstanding CLNs in this category was EUR 91m at year end 2010. Nordea holds CLNs issued by the SPE as part of offering a secondary market for the notes. The investment amounted to EUR 25m at year end 2010.

4) Kirkas Northern Lights Ltd (Kirkas) was established in 2008. Assets have been sold from Nordea's ordinary lending portfolio to Kirkas. Kirkas has used the assets as collateral for bonds issued. The total notional of bonds and subordinated loans was EUR 5,014m at year end 2010, which are held in full by Nordea. Nordea still holds the majority of the residual- and ownership risks in the SPE, why the SPE is consolidated into the Nordea Group.

Note 23 Investments in associated undertakings

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Acquisition value at beginning of year	481	441	2	2
Acquisitions during the year[1]	18	8	2	—
Sales during the year	–10	–1	—	0
Share in earnings[2]	72	32	—	—
Dividend received	–51	–29	—	—
Reclassifications	42	—	—	—
Translation differences	12	30	—	—
Acquisition value at end of year	**564**	**481**	**4**	**2**
Accumulated impairment charges at beginning of year	–11	–10	—	—
Translation differences	1	–1	—	—
Accumulated impairment charges at end of year	**–10**	**–11**	**—**	**—**
Total	**554**	**470**	**4**	**2**
– of which, listed shares	—	—	—	—

1) Of which acqusition through business combinations EUR -m (EUR 4m).
2) Share in earnings

EURm	2010	2009
Profit from companies accounted for under the equity method	66	48
Portfolio hedge, Eksportfinans ASA	–5	–29
Associated undertakings in Life, reported as Net result from items at fair value	11	13
Share in earnings	**72**	**32**

The total amount is expected to be settled after more than 1 year.

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

EURm	31 Dec 2010	31 Dec 2009
Total assets	8,108	7,785
Total liabilities	7,506	7,320
Operating income	194	210
Operating profit	66	–59

Nordea has issued contingent liabilities of EUR 1,688m (EUR 1,527m) on behalf of associated undertakings.

Note 23 Investments in associated undertakings, cont.

Group

31 Dec 2010	Registration number	Domicile	Carrying amount, EURm	Voting power of holding %
Eksportfinans ASA	816521432	Oslo	133	23
Ejendomspartnerskabet af 1/7 2003	27134971	Ballerup	180	49
Luottokunta	0201646-0	Helsinki	42	26
LR Realkredit A/S	26045304	Copenhagen	12	39
Oy Realinvest Ab	0680035-9	Helsinki	5	49
Realia Holding Oy	2106796-8	Helsinki	5	41
Samajet Nymøllevej 59-91	24247961	Ballerup	21	25
E-nettet Holding A/S	28308019	Copenhagen	2	20
Hovedbanens Forretningscenter K/S	16301671	Ballerup	14	50
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	9	33
Axel IKU Invest A/S	24981800	Copenhagen	1	33
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	8	33
KIFU-AX II A/S	25893662	Copenhagen	3	25
Bankernas Kontantservice A/S	33077599	Copenhagen	3	20
Multidata Holding A/S	27226027	Ballerup	10	29
Samejet Lautruphøj I/S	50857859	Ballerup	6	50
Nets Holding A/S	27225993	Ballerup	79	21
NorVega SGR S.p.A.	1060050156	Milano	4	40
Upplysningscentralen UC AB	556137-5113	Stockholm	3	26
BAB Bankernas Automatbolag AB	556817-9716	Stockholm	2	20
Other			12	
Total			**554**	

Parent company

31 Dec 2010	Registration number	Domicile	Carrying amount, EURm	Voting power of holding %
BDB Bankernas Depå AB	556695-3567	Stockholm	1	40
Bankpension Sverige AB	556695-8194	Stockholm	1	20
BAB Bankernas Automatbolag AB	556817-9716	Stockholm	2	20
Other			0	
Total			**4**	

Note 24 Intangible assets

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Goodwill[1]				
Nordea Bank Danmark A/S	439	439	—	—
Nordea Bank Norge ASA	1,055	995	—	—
Nordea Bank Sverige AB (publ)	183	160	521	593
Nordea Bank Polska S.A.	68	65	—	—
OJSC Nordea Bank	274	258	—	—
Life insurance companies	311	309	—	—
Fionia Asset Company A/S	158	126	—	—
Other goodwill	97	94	—	—
Goodwill, total	**2,585**	**2,446**	**521**	**593**
Computer software	515	375	138	95
Other intangible assets	119	126	12	13
Total	**3,219**	**2,947**	**671**	**701**

1) Excluding goodwill in associated undertakings.

Note 24 Intangible assets, cont.

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Goodwill				
Acquisition value at beginning of year	2,447	2,144	1,059	1,059
Acquisitions during the year	3	126	—	—
Reclassifications	31	—	—	—
Translation differences	105	177	—	—
Acquisition value at end of year	**2,586**	**2,447**	**1,059**	**1,059**
Accumulated amortisation at beginning of year	—	—	–466	–394
Amortisation according to plan for the year	—	—	–72	–72
Accumulated amortisation at end of year	**—**	**—**	**–538**	**–466**
Accumulated impairment charges at beginning of year	–1	–1	—	—
Translation differences	0	0	—	—
Accumulated impairment charges at end of year	**–1**	**–1**	**—**	**—**
Total	**2,585**	**2,446**	**521**	**593**

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Computer software				
Acquisition value at beginning of year	476	379	123	102
Acquisitions during the year	163	90	52	23
Sales/disposals during the year	–5	0	0	—
Reclassifications	0	–10	0	–2
Translation differences	26	17	0	—
Acquisition value at end of year	**660**	**476**	**175**	**123**
Accumulated amortisation at beginning of year	–95	–71	–28	–20
Amortisation according to plan for the year	–43	–31	–9	–8
Accumulated amortisation on sales/disposals during the year	4	—	—	—
Reclassifications	1	10	—	—
Translation differences	–7	–3	—	—
Accumulated amortisation at end of year	**–140**	**–95**	**–37**	**–28**
Accumulated impairment charges at beginning of year	–6	–5	0	–2
Impairment charges during the year	—	0	—	—
Reclassifications	—	—	—	2
Translation differences	1	–1	—	—
Accumulated impairment charges at end of year	**–5**	**–6**	**0**	**0**
Total	**515**	**375**	**138**	**95**

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Other intangible assets				
Acquisition value at beginning of year	208	157	50	45
Acquisitions during the year[1]	17	66	4	5
Sales/disposals during the year	–13	–9	–6	—
Reclassifications	0	–10	—	—
Translation differences	9	4	—	—
Acquisition value at end of year	**221**	**208**	**48**	**50**

1) Of which acquisitions through business combinations EUR 1m (EUR 51m).

Note 24 Intangible assets, cont.

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Accumulated amortisation at beginning of year	–82	–68	–37	–33
Amortisation according to plan for the year	–24	–15	–6	–4
Accumulated amortisation on sales/disposals during the year	13	1	7	—
Reclassifications	0	3	—	—
Translation differences	–5	–3	—	—
Accumulated amortisation at end of year	**–98**	**–82**	**–36**	**–37**
Accumulated impairment charges at beginning of year	—	—	—	—
Impairment charges during the year	–4	—	—	—
Accumulated impairment charges at end of year	**–4**	**—**	**—**	**—**
Total	**119**	**126**	**12**	**13**

The total amount is expected to be settled after more than 1 year.

Impairment test

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

Cash flows in the near future (between 2–5 years) are based on financial forecasts, derived from forecasted margins, volumes, sales and cost development. These input variables are based on historical data adjusted to reflect Nordea´s assumptions about the future. Longer term cash flows (up to 30 years) are based on estimated sector growth rates.

For impairment testing, a growth rate of 4% has been used for all cash generating units except in Russia, where a growth rate of 9% has been used, and the Life operations in Poland, where a growth rate of 6% has been used. Growth rates are based on historical data, updated to reflect the current situation.

Cash flows are risk adjusted using normalised loan losses.

The derived cash flows are discounted at the Group's defined post-tax average cost of equity of 9.5% (equal to what is used for internal performance management purposes), except for operations in Russia and Life operations in Poland where an additional risk premium of 250 basis points has been applied.

The impairment tests conducted in 2010 did not indicate any need for goodwill impairment. See Note 1 section 4 for more information.

Note 25 Property and equipment

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Property and equipment	454	452	77	79
– of which buildings for own use	70	89	0	0
Total	**454**	**452**	**77**	**79**
Equipment				
Acquisition value at beginning of year	857	866	183	206
Acquisitions during the year[1]	143	115	24	23
Sales/disposals during the year	–153	–110	–12	–43
Reclassifications	–7	–20	–2	–3
Translation differences	51	6	—	—
Acquisition value at end of year	**891**	**857**	**193**	**183**
Accumulated depreciation at beginning of year	–472	–498	–102	–125
Accumulated depreciation on sales/disposals during the year	90	95	8	43
Reclassifications	10	16	3	—
Depreciations according to plan for the year	–98	–93	–25	–20
Translation differences	–27	8	—	—
Accumulated depreciation at end of year	**–497**	**–472**	**–116**	**–102**
Accumulated impairment charges at beginning of year	–22	–13	–2	—
Accumulated impairment charges on sales/disposals during the year	13	—	—	—
Reclassifications	—	–2	2	—
Impairment charges during the year	—	–9	—	–2
Translation differences	–1	2	—	—
Accumulated impairment charges at end of year	**–10**	**–22**	**—**	**–2**
Total	**384**	**363**	**77**	**79**

1) Of which acquisitions through business combinations EUR 0m (EUR 2m).

Note 25 Property and equipment, cont.

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Land and buildings				
Acquisition value at beginning of year	97	27	0	0
Acquisitions during the year[1]	3	68	—	—
Sales/disposals during the year	0	–1	—	—
Reclassifications	–22	—	—	—
Translation differences	1	3	—	—
Acquisition value at end of year	**79**	**97**	**0**	**0**
Accumulated depreciation at beginning of year	–8	–7	0	0
Accumulated depreciation on sales/disposals during the year	0	0	—	—
Depreciation according to plan for the year	–1	–1	0	0
Translation differences	0	0	0	—
Accumulated depreciation at end of year	**–9**	**–8**	**0**	**0**
Accumulated impairment charges at beginning of year	—	0	—	—
Reclassifications	—	0	—	—
Accumulated impairment charges at end of year	**—**	**—**	**—**	**—**
Total	**70**	**89**	**0**	**—**

1) Of which acquisitions through business combinations EUR -m (EUR 34m).

The total amount is expected to be settled after more than 1 year.

Parent company

The parent company owns properties with a carrying amount of EUR 0.4m (EUR 0.4m). Tax value amounts to EUR 0.7m (EUR 0.6m) with an estimated market value of EUR 0.9m (EUR 0.8m).

Note 26 Leasing

Nordea as a lessor

Finance leases

Nordea owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans to the public" (see Note 16) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments:

EURm	Group 31 Dec 2010	Group 31 Dec 2009
Gross investments	6,946	6,417
Less unearned finance income	–444	–422
Net investments in finance leases	**6,502**	**5,995**
Less unguaranteed residual values accruing to the benefit of the lessor	–60	–64
Present value of future minimum lease payments receivable	**6,442**	**5,931**
Accumulated allowance for uncollectible minimum lease payments receivable	8	9

As of 31 December 2010 the gross investment and the net investment by remaining maturity was distributed as follows:

EURm	Group 31 Dec, 2010 Gross Investment	Group 31 Dec, 2010 Net Investment
2011	1,514	1,436
2012	1,340	1,277
2013	1,268	1,227
2014	752	718
2015	653	609
Later years	1,419	1,235
Total	**6,946**	**6,502**

Operating leases

Assets subject to operating leases mainly comprise real estate, vehicles, aeroplanes and other equipment. In the balance sheet they are reported as tangible assets.

Carrying amount of leased assets, EURm	Group 31 Dec 2010	Group 31 Dec 2009
Acquisition value	125	187
Accumulated depreciations	–43	–70
Accumulated impairment charges	—	–22
Carrying amount at end of year	**82**	**95**
– of which repossessed leased property, carrying amount	—	16

Carrying amount distributed on groups of assets, EURm	2010	2009
Equipment	82	95
Carrying amount at end of year	**82**	**95**

Depreciation for 2010 amounted to EUR 19m (EUR 26m).

Note 26 Leasing, cont.

Under non-cancellable operating leases, the future minimum lease payments receivable are distributed as follows:

EURm	Group 31 Dec 2010
2011	19
2012	12
2013	3
2014	2
2015	1
Later years	0
Total	**37**

Nordea as a lessee

Finance leases

Nordea has only to a minor extent entered into finance lease agreements. The carrying amount of assets subject to finance leases amounts to EUR 8m (EUR 2m).

Operating leases

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

	Group		Parent company	
Leasing expenses during the year, EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Leasing expenses during the year	–262	–243	–84	–78
– of which minimum lease payments	–259	–240	–84	–78
– of which contingent rents	–3	–3	—	—
Leasing income during the year regarding sublease payments	6	6	36	34

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

EURm	Group 31 Dec 2010	Parent company 31 Dec 2010
2011	317	300
2012	156	99
2013	119	87
2014	104	64
2015	60	22
Later years	291	168
Total	**1,047**	**740**

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 18m for the Group and EUR 305m for the parent company. For the parent company EUR 288m of the subleases are towards group undertakings.

Note 27 Investment property

Group

Movement in the balance sheet

EURm	31 Dec 2010	31 Dec 2009
Carrying amount at beginning of year	3,505	3,334
Acquisitions during the year	87	258
Sales/disposals during the year	–60	–146
Net gains or losses from fair value adjustments	62	–49
Transfers/reclassifications during the year	8	26
Translation differences	–34	82
Carrying amount at end of year	**3,568**	**3,505**

The total amount is expected to be settled after more than 1 year.

Tax value amount for Swedish properties	45	32

Amounts recognised in the income statement[1]

EURm	2010	2009
Rental income	241	236
Direct operating expenses that generate rental income	–65	–68
Direct operating expenses that did not generate rental income	–3	–1

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

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

Note 28 Other assets

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Claims on securities settlement proceeds	17,725	10,104	98	98
Reinsurance recoverables	4	5	—	—
Cash/margin receivables	3,130	2,384	—	—
Other	1,998	1,904	2,522	1,512
Total	**22,857**	**14,397**	**2,620**	**1,610**
– of which expected to be settled after more than 1 year	218	14	—	—

Note 29 Prepaid expenses and accrued income

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Accrued interest income	1,518	1,762	497	415
Other accrued income	315	260	21	20
Prepaid expenses	617	470	491	359
Total	**2,450**	**2,492**	**1,009**	**794**
– of which expected to be settled after more than 1 year	615	196	425	329

Note 30 Deposits by credit institutions

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Central banks	6,910	18,779	1,231	6,105
Other banks	32,221	30,364	25,645	23,573
Other credit institutions	1,605	3,047	1,768	509
Total	**40,736**	**52,190**	**28,644**	**30,187**

Note 31 Deposits and borrowings from the public

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Deposits from the public	163,870	148,377	39,499	34,558
Borrowings from the public	12,520	5,200	121	59
Total	**176,390**	**153,577**	**39,620**	**34,617**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included. Portfolio schemes in Nordea Bank Danmark A/S of EUR 3,868m (EUR 3,377m) are also included in Deposits.

Note 32 Liabilities to policyholders

EURm	31 Dec 2010	31 Dec 2009
Traditional life insurance provisions	21,819	21,166
– of which guaranteed provisions	21,708	21,161
– of which non-guaranteed provisions	111	5
Unit-linked insurance provisions	5,202	4,480
– of which guaranteed provisions	609	627
– of which non-guaranteed provisions	4,593	3,853
Insurance claims provision	434	394
Provisions, Health & personal accident	181	179
Total insurance contracts	**27,636**	**26,219**
Investment contracts	9,339	6,178
– of which guaranteed provisions	2,953	511
– of which non-guaranteed provisions	6,386	5,667
Collective bonus potential	1,791	1,434
Total	**38,766**	**33,831**

Group

Liabilities to policyholders are obligations related to insurance contracts. These contracts are divided into contracts containing insurance risk and contracts without insurance risk. The latter are pure investments contracts.

Insurance contracts consists of Life insurance provisions and other insurance related items.

Life insurance contracts are measured and recognised in accordance with IFRS 4, i.e. the measurement and recognition principle under previous GAAP has been maintained consequently resulting in non-uniform accounting policies method on consolidation. Each market represented by Nordic and European entities measure and recognises insurance contracts using local accounting policies.

31 Dec 2010, EURm	Traditional life insurance provisions	Unit– linked insurance provisions	Insurance claims provisions	Provisions, Health & personal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/ bonus potentials, beginning of year	**21,166**	**4,480**	**394**	**179**	**6,178**	**1,434**	**33,831**
Gross premiums written	1,493	656	—	—	2,898	—	5,047
Transfers	–60	60	—	—	–23	—	–23
Addition of interest/Investment return	715	578	—	—	806	—	2,099
Claims and benefits	–1,869	-444	36	–4	–836	—	–3,117
Expense loading including addition of expense bonus	–142	-47	—	—	–64	—	–253
Change in provisions/bonus potential	—	—	—	6	—	275	281
Other	271	–98	—	—	–34	24	163
Translation differences	245	17	4	0	414	58	738
Provisions/ bonus potentials, end of year	**21,819**	**5,202**	**434**	**181**	**9,339**	**1,791**	**38,766**
Provision relating to bonus chemes/ discretionary participation feature:	99%				24%		

Note 32 Liabilities to policyholders, cont.

31 Dec 2009, EURm	Traditional life insurance provisions	Unit– linked insurance provisions	Insurance claims provisions	Provisions, Health & per-sonal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/ bonus potentials, beginning of year	**20,286**	**3,611**	**363**	**173**	**4,022**	**783**	**29,238**
Gross premiums written	1,626	452	—	—	2,064	—	4,142
Transfers	–186	239	—	—	–173	—	–120
Addition of interest/Investment return	599	700	—	—	815	—	2,114
Claims and benefits	–1,626	–453	24	2	–670	—	–2,723
Expense loading including addition of expense bonus	–146	–38	—	—	–48	—	–232
Change in provisions/bonus potential	—	—	—	3	—	638	641
Other	–12	–66	—	—	–31	—	–109
Translation differences	625	35	7	1	199	13	880
Provisions/ bonus potentials, end of year	**21,166**	**4,480**	**394**	**179**	**6,178**	**1,434**	**33,831**
Provision relating to bonus chemes/ discretionary participation feature:	98%				30%		

Insurance risks

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

Life insurance risk and market risks in the Life insurance operations

	31 Dec 2010		31 Dec 2009	
Sensitivites EURm	Effect on policyholders	Effect on Nordea's own account	Effect on policyholders	Effect on Nordea's own account
Mortality – increased living with 1 year	–133.1	–73.4	–124.5	–21.3
Mortality – decreased living with 1 year	189.5	8.1	125.7	23.1
Disability – 10% increase	–27.7	–5.0	–24.2	–3.7
Disability – 10% decrease	27.5	5.0	24.0	3.7
50 bp increase in interest rates	–77.9	–0.2	–69.9	–0.4
50 bp decrease in interest rates	32.1	0.2	–19.6	0.3
12% decrease in all shareprices	–457.4	–5.7	–217.4	–8.3
8% decrease in property value	–262.7	–8.3	–235.8	–5.8
8% loss on counterparts	–458.2	–33.5	–153.7	–10.3

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

31 Dec 2010, EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	11,089	3,267	11,665	10,169	170	36,360

31 Dec 2009, EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	7,046	4,196	10,613	9,791	178	31,824

Note 32 Liabilities to policyholders, cont.

Risk profiles on insurance

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

Note 33 Debt securities in issue

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Certificates of deposit	43,265	40,636	11,516	7,687
Commercial papers	12,792	12,585	—	0
Bond loans	95,369	77,148	21,787	14,313
Other	152	150	121	119
Total	**151,578**	**130,519**	**33,424**	**22,119**

Note 34 Other liabilities

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Liabilities on securities settlement proceeds	17,516	13,484	2,620	3,076
Sold, not held, securities	14,048	8,593	604	1,699
Accounts payable	267	195	23	14
Cash/margin payable	2,896	2,101	—	—
Other	3,863	4,216	1,211	1,401
Total	**38,590**	**28,589**	**4,458**	**6,190**
– of which expected to be settled after more than 1 year	51	18	0	—

Note 35 Accrued expenses and prepaid income

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Accrued interest	1,993	2,006	361	205
Other accrued expenses	1,074	953	167	150
Prepaid income	323	219	193	98
Total	**3,390**	**3,178**	**721**	**453**
– of which expected to be settled after more than 1 year	3	9	0	—

Note 36 Provisions

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Reserve for restructuring costs	20	27	6	2
Transfer risk, off-balance	22	24	6	5
Individually assessed, off-balance sheet	309	165	3	3
Tax	111	0	—	—
Other	119	93	20	20
Total	**581**	**309**	**35**	**30**

Group	Restructuring	Transfer risk	Off-balance sheet	Tax	Other	Total
At beginning of year	27	24	165	0	93	309
New provisions made	5	3	168	103	101	380
Provisions utilised	–2	—	–6	—	–72	–80
Reversals	–10	–6	–23	—	–8	–47
Discount effect	—	—	6	—	—	6
Translation differences	0	1	–1	8	5	13
At end of year	**20**	**22**	**309**	**111**	**119**	**581**
– of which expected to be settled after more than 1 year	4	21	294	111	84	514

Reserve for restructuring costs amounts to EUR 20m and relates mainly to group initiatives.

Provision for Transfer risk is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 16. Provision for transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed off-balance sheet items (ie Gurantees and L/C's) amounted to EUR 309m.

Nordea has an on-going tax litigation related to the sales gain in respect of the divestment of Nordea's owner occupied properties in Sweden, which has been provided for with EUR 111m. Nordea is of the opinion that all tax rules and regulations have been complied with and is contesting the claim in court. The court procedures are expected to have a duration of several years.

Other provisions refers to the following provisions: Provision for premiums in Defined Contribution Plans EUR 53m (see Note 37 for more information), provision for state guarantee fees EUR 27m (expected to be settled 2011) and other provisions amounting to EUR 39m (EUR 8m expected to be settled 2011). The provision related to Defined Contribution Plans is expected to be settled as related premiums are paid.

Parent company	Restructuring	Transfer risk	Off-balance sheet	Other	Total
At beginning of year	2	5	3	20	30
New provisions made	6	3	1	20	30
Provisions utilised	–1	—	—	–19	–20
Reversals	–1	–3	–1	–3	–8
Translation differences	—	1	—	2	3
At end of year	**6**	**6**	**3**	**20**	**35**
– of which expected to be settled after more than 1 year	0	6	3	0	9

Provision for transfer risk is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in Note 16. Provision for transfer risk is depending on the volume of business with different countries. Other provision of EUR 20m relates to state guarantee fees.

Note 37 Retirement benefit obligations

Group

EURm	31 Dec 2010	31 Dec 2009
Defined benefit plans, net	150	260
Total	**150**	**260**

Nordea has pension obligations from defined benefit plans (DBP) in all Nordic countries with the predominant share in Sweden, Norway and Finland. The plans in Finland, and Norway as from 2011, are closed to new employees and pensions for new employees are instead based on defined contribution plan (DCP) arrangements as is also the case in Denmark. DCPs are not reflected on the balance sheet, except when earned pensions rights have not yet been paid for. Nordea also contributes to public pension plans.

IAS 19 secures that the market based value of pension obligations net of plan assets backing these obligations will be reflected in the Group's balance sheet. The major plans in each country are funded schemes covered by assets in pension funds/foundations.

Note 37 Retirement benefit obligations, cont.

Funded schemes	Swe	Nor	Fin	Den
2010				
Members	21,979	6,936	19,208	59
Average member age	56	56	61	73
2009				
Members	21,331	6,318	19,672	59
Average member age	54	55	60	72

Changes in pension plans 2010
During 2010 Nordea agreed with the employees in Norway to align the existing DBPs with the common practice in the Norwegian market. A new DCP was furthermore introduced. The existing employees have the option to stay in the DBPs with benefits reduced from 70% to 66% of the final salary for pension rights earned as from 2011, or to transfer to the new DCP. In addition the employees will not earn spouse pension or disability pensions as from 2011. A curtailment gain of EUR 42m excluding social charges (EUR 48m including social charges) has been recognised as a consequence of that the pension obligation, for old age pension, under IAS 19 before the change included 70% of future salary increases, and after the change only 66% of future salary increases. There is also an impact from that the spouse pension and disibility pension will be based on the final salary as of 31 December 2010, instead of on the salary at retirement.

A change has furthermore been made to the AFP (Avtalefestet Pensjon) plan in Norway as from 2011. The change gives rise to a new multiemployer DBP plan that cannot be calculated as a DBP, due to that information on Nordea's share of the whole plan is not available. This plan consequently has to be accounted for as a DCP. The existing obligation net of actuarial gains/losses has therefore been recognised as "Curtailments and settlements" amounting to EUR 39m excluding social charges (EUR 44m including social charges) in 2010. As the employees covered by the AFP plan have already rendered services qualifying for pension to Nordea, Nordea has recognised a provision and a corresponding DCP expense for contributions payable to the AFP plan of EUR 46m excluding social charges (EUR 53m including social charges).

IAS 19 pension calculations and assumptions
Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions fixed for each of the Group's pension plans.

Assumptions	Swe	Nor	Fin	Den
2010				
Discount rate	4.0%	4.0%	4.5%	4.0%
Salary increase	3.5%	3.5%	3.5%	3.5%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	5.0%	5.0%	5.5%	5.0%
2009				
Discount rate	4.0%	4.5%	4.5%	4.5%
Salary increase	3.5%	3.5%	3.5%	3.5%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	5.0%	5.5%	5.5%	5.5%

The expected return on assets is based on long-term expectations for return on the different asset classes. On bonds, this is linked to the discount rate while equities and real estate have an added risk premium.

The discount rate has the most significant impact on the obligation and pension cost. If the discount rate is reduced the pension obligation will increase and vice versa. A one percentage point increase in the discount rate would lead to a decrease in pension obligation of 14% and in service cost of 21%. A one percentage point decrease in the discount rate would lead to an increase in pension obligation of 16% and in service cost of 26%.

Asset composition
The combined return on assets in 2010 was 8.0% (8.5%) mainly reflecting the general positive development in the market. At the end of the year, the equity exposure in pension funds/foundations represented 19% (17%) of total assets.

Asset composition in funded schemes	Swe 2010	Nor 2010	Fin 2010	Den 2010	Total 2010	Total 2009
Equity	20%	14%	21%	12%	19%	17%
Bonds	79%	69%	73%	65%	74%	76%
Real estate	—	17%	6%	—	5%	5%
– of which Nordea real estate	—	—	2%	—	1%	1%
Other plan assets	1%	—	—	23%	2%	2%

Amounts recognised in the balance sheet

EURm	Swe 2010	Nor 2010	Fin 2010	Den 2010	Total 2010	Total 2009
PBO	1,463	941	785	116	3,305	3,087
Plan assets	1,155	614	872	125	2,766	2,397
Total surplus/deficit (–)	**–308**	**–327**	**87**	**9**	**–539**	**–690**
– of which unrecognised actuarial gains/losses (–)	–241	–149	10	–9	–389	–430
Of which recognised in the balance sheet	**–67**	**–178**	**77**	**18**	**–150**	**–260**
– of which retirement benefit assets	57	1	106	23	187	134
– of which retirement benefit obligations	124	179	29	5	337	394
– of which related to unfunded plans (PBO)	133	188	20	5	346	326

Note 37 Retirement benefit obligations, cont.

Overview of surplus or deficit in the plans

EURm	Total 2010	Total 2009	Total 2008	Total 2007	Total 2006
PBO	3,305	3,087	2,830	2,775	3,004
Plan Assets	2,766	2,397	2,099	2,407	2,367
Surplus/deficit (–)	**–539**	**–690**	**–731**	**–368**	**–637**

Changes in the PBO

EURm	Swe 2010	Nor 2010	Fin 2010	Den 2010	Total 2010	Total 2009
PBO at 1 Jan[1]	1,300	881	796	110	3,087	2,837
Service cost	32	37	3	1	73	78
Interest cost	54	39	35	4	132	122
Pensions paid	–60	–36	–44	–8	–148	–135
Curtailments and settlements	—	–106	0	—	–106	–1
Past service cost	–4	6	1	—	3	25
Actuarial gains (–)/losses	–46	75	–8	9	30	–62
Translation differences	194	53	2	0	249	215
Change in provision for SWT/SSC[1]	–7	–8	—	—	–15	8
PBO at 31 Dec	**1,463**	**941**	**785**	**116**	**3,305**	**3,087**

1) Change in provision for special wage tax (SWT) and the social security contribution (SSC) in Sweden and Norway calculated on recognised amounts in the balance sheet.

Changes in the fair value of plan assets

EURm	Swe 2010	Nor 2010	Fin 2010	Den 2010	Total 2010	Total 2009
Assets at 1 Jan	920	526	832	119	2,397	2,099
Expected return on assets	42	30	43	5	120	106
Pensions paid	—	–36	–41	–6	–83	–78
Contributions	28	48	9	2	87	61
Actuarial gains/losses (–)	27	12	27	5	71	73
Translation differences	138	34	2	0	174	136
Plan assets at 31 Dec	**1,155**	**614**	**872**	**125**	**2,766**	**2,397**
Actual return on plan assets	**69**	**42**	**70**	**10**	**191**	**179**

Overview of actuarial gains/losses

EURm	Total 2010	Total 2009	Total 2008	Total 2007	Total 2006
Effects of changes in actuarial assumptions	–44	51	–337	230	–15
Experience adjustments	85	84	–268	–41	10
– of which on plan assets	71	73	–225	–34	9
– of which on plan liabilities	14	11	–43	–7	1
Actuarial gains/losses	**41**	**135**	**–605**	**189**	**–5**

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year is EUR 37m (EUR 175m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 8.)

Recognised net defined benefit cost, EURm	Swe 2010	Nor 2010	Fin 2010	Den 2010	Total 2010	Total 2009
Service cost	32	37	3	1	73	78
Interest cost	54	39	35	4	132	122
Expected return on assets	–42	–30	–43	–5	–120	–106
Curtailments and settlements[1]	—	–81	0	—	–81	–1
Recognised past service cost	–4	6	1	—	3	25
Recognised actuarial gains (–)/losses	17	2	1	—	20	33
SWT/SSC[2]	14	–4	—	—	10	24
Pension cost on defined benefit plans	**71**	**–31**	**–3**	**0**	**37**	**175**

1) Includes recognised actuarial losses of EUR 25m related to the curtailment.
2) Cost related to special wage tax (SWT) in Sweden and the social security contribution (SSC) in Norway.

Note 37 Retirement benefit obligations, cont.

The pension cost is lower than expected in the beginning of the year, mainly due to the curtailments in Norway described above. The net pension cost on defined benefit plans is expected to increase in 2011, mainly as a consequence of that curtailments are expected to decrease.

The Group expects to contribute EUR 44m to its defined benefit plans in 2011.

Key management personnel

The Group's total pension obligations relating to key management personnel amounted to EUR 40m (EUR 38m) at the end of the year. These obligations are to a high degree covered by plan assets. Defined benefit pension costs (Service cost, Past service cost and Curtailments and settlements as defined in IAS 19) relating to key management personnel in 2010 were EUR 2m (EUR 2m). Complete information concerning key management personnel is disclosed in Note 8.

Pension provisions

Parent company

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

The provisions in the balance sheet pertain almost exclusively to former employees of Postgirot Bank. EUR 125m (EUR 105m) of the provisions are covered by "Tryggandelagen".

A small percentage of the pension obligations are covered by insurance policies.

The following figures are based on calculations in accordance with Swedish rules ("Tryggandelagen").

Specification of amounts recognised in the balance sheet

	31 Dec 2010	31 Dec 2009
Present value of commitments relating to in whole or in part funded pension plans	–996	–864
Fair value at the end of the period relating to specifically separated assets	1,081	881
Surplus in the pension foundation	**85**	**17**
Present value of commitments relating to unfunded pension plans	–149	–128
Unrecognised surplus in the pension foundation	–85	–17
Reported liability net in the balance sheet	**–149**	**–128**

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

	31 Dec 2010	31 Dec 2009
Balance at 1 Jan recognised as pension commitments	128	118
Pensions paid related to former employees of Postgirot Bank	–5	–5
Actuarial pension calculations	12	6
Effect of exchange rate changes	14	9
Balance at 31 Dec	**149**	**128**

Specification of cost and income in respect of pensions

	2010	2009
Pensions paid related to former employees of Postgirot Bank	–5	–5
Pensions paid related to the pension foundation	–54	–48
Payment to pension fund	–17	—
Actuarial pension calculation	–7	–1
Pensions under own management excluding taxes	**–83**	**–54**
Defined contribution plan	–37	–32
Pension costs[1]	**–120**	**–86**
Return on specifically separated assets, %	4.3	4.3

1) See Note 8 Staff costs.

Actual value of holdings in pension foundations

EURm	31 Dec 2010	31 Dec 2009
Shares	219	175
Interest-bearing securities	820	671
Other assets	42	35
Total	**1,081**	**881**

Assumptions for benefit-determined obligations

	2010	2009
Discount rate	3.1%	3.0%
The calculation is based on pay and pension levels on the accounting date	Yes	Yes

Next year's expected payment to defined benefit plans amounts to EUR 63m.

Note 38 Subordinated liabilities

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Dated subordinated debenture loans	5,173	4,773	5,173	4,773
Undated subordinated debenture loans	626	580	—	—
Hybrid capital loans	1,962	1,832	1,962	1,832
Total	**7,761**	**7,185**	**7,135**	**6,605**

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

Parent company
At 31 December two loans – with terms specified below – exceeded 10% of the total outstanding volume.

EURm	Nominal value	Carrying amount	Interest rate (coupon)
Nordea Bank AB (publ)[1]	1,000	995	Fixed
Nordea Bank AB (publ)[2]	750	745	Fixed

1) Call date 26 March 2020.
2) Call date 29 March 2021.

Note 39 Untaxed reserves

	Parent company	
EURm	31 Dec 2010	31 Dec 2009
Accumulated excess depreciation		
Equipment	6	5
Total	**6**	**5**

Note 40 Assets pledged as security for own liabilities

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Assets pledged for own liabilities				
Lease agreements[1]	128	120	—	—
Securities etc[2]	38,705	34,190	6,843	2,564
Loans to the public	103,453	83,812	—	—
Other pledged assets	21,659	20,465	—	—
Total	**163,945**	**138,587**	**6,843**	**2,564**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	18,520	20,446	6,700	2,542
Deposits and borrowings from the public	12,585	7,192	290	180
Debt securities in issue	67,756	64,662	—	—
Other liabilities and commitments	13,294	9,878	—	—
Total	**112,155**	**102,178**	**6,990**	**2,722**

1) The agreements are financial lease agreements where Nordea is the lessor. The associated assets are Loans to the public.
2) Of which EUR 21,844m relates to securities not recognised in the balance sheet.

Assets pledged for own liabilities contain securities pledged as security in repurchase agreement and in securities lending. The transactions are conducted under standard agreements employed by financial markets participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months. Loans to the public have been registered as collateral for issued covered bonds and mortgage bonds. In the event of the company's insolvency, the holders of these bonds have priority to the assets registered as collateral. Other relates to a certificate of deposits pledged by Nordea to comply with authority requirements and assets funded by finance lease agreements.

Note 41 Other assets pledged

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Other assets pledged[1]				
Lease agreements	0	0	—	—
Securities etc	5,951	6,615	7,259	6,963
Other assets pledged	21	20	—	—
Total	**5,972**	**6,635**	**7,259**	**6,963**
The above pledges[2] **pertain to the following liability and commitment items**				
Deposits by credit institutions	5,718	6,602	5,718	6,602
Other liabilities and commitments	233	14	1,541	361
Total	**5,951**	**6,616**	**7,259**	**6,963**

1) Collaterals pledged on behalf of other items other than the company's own liabilities, eg, on behalf of a third party or on behalf of the company's own contingent liabilities are accounted for under this item.
2) For undertakings of the company itself or for a third party.

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

Note 42 Contingent liabilities

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Guarantees				
– Loan guarantees	5,644	4,289	8,367	4,318
– Other guarantees	15,646	14,569	15,531	14,180
Documentary credits	2,515	3,201	—	—
Other contingent liabilities	158	208	5	5
Total	**23,963**	**22,267**	**23,903**	**18,503**

In the normal business of Nordea, the bank issues various forms of guarantees in favour of the bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are off-balance sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

Nordea Bank AB (publ) has issued a guarantee covering all commitments in Nordea Investment Management AB, org no 556060-2301 and Nordea Fastigheter AB, org no 556021-4917.

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

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age. For further disclosures, see Note 8.

Legal proceedings

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

Note 43 Commitments

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Future payment obligations	1,848	950	—	—
Credit commitments[1]	88,740	77,619	29,485	27,667
Other commitments	2,161	1,228	1,453	793
Total	**92,749**	**79,797**	**30,938**	**28,460**

1) Including unutilised portion of approved overdraft facilities of EUR 50,522m (EUR 46,462m) for the Group and EUR 13,972m (EUR 10,095m) for the parent company.

For information about derivatives see Note 20.

Note 44 Insurance activities[1]

Group

Operating profit, insurance

EURm	2010	2009
Operating income[1]		
Fee and commission income	336	290
Fee and commission expense	–126	–124
Net fee and commission income	**210**	**166**
Net result on items at fair value	305	209
Operating income	**515**	**375**
Operating expenses		
Staff costs	–124	–118
Other expenses	–81	–68
Depreciation, amortisation and impairment charges of tangible and intangible assets	–6	–5
Total operating expenses	**–211**	**–191**
Operating profit, insurance	**304**	**184**

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

Reconcilation between legal and product result for the insurance business

EURm	2010	2009
Operating profit for the insurance sub-group	304	184
Reversal of interest expense on internal funding	37	61
Reversal of internal sales commissions paid	23	24
Calculated cost for distribution	–13	–13
Other adjustments	16	15
Product result before tax	**367**	**271**

Operating profit, insurance

EURm	2010	2009
Technical result		
Premiums written	5,113	4,188
Investment income, investment contracts	806	815
Investment income, insurance contracts	1,984	1,978
Other technical income	–20	–31
Claims paid	–3,163	–2,739
Change in technical provisions, investment contracts	–2,778	–1,954
Change in technical provisions, insurance contracts	–1,180	–995
Change in collective bonus potential	–159	–853
Operating expenses	–333	–314
Technical result	**270**	**95**
Non-technical investment income	34	89
Operating profit	**304**	**184**

Balance sheet

EURm	31 Dec 2010	31 Dec 2009
Assets		
Cash and balances with central banks	66	89
Treasury bills	—	2,715
Loans to the public	2,152	1,856
Interest bearing securities	25,591	21,569
Shares and participations	13,184	9,381
Derivatives	313	66
Participating interests	223	215
Intangible assets	341	336
Tangible assets	28	26
Investment property	3,506	3,486
Deferred tax assets	12	3
Current tax assets	3	73
Other assets	426	578
Prepaid expenses and accrued income	404	286
Total assets	**46,249**	**40,679**
– of which intra-group transactions	–3,455	–2,926
Liabilities		
Deposits by credit institutions and central banks	0	0
Deposits and borrowings from the public	4,013	3,563
Liabilities to Life insurance policyholders	38,766	33,831
Derivatives	356	89
Current tax liabilities	24	77
Other liabilities	680	918
Accrued expenses and deferred income	160	169
Deferred tax liabilities	266	239
Retirement benefit obligation	7	11
Subordinated liabilities	522	877
Total liabilities	**44,794**	**39,774**
Equity	**1,455**	**905**
Total liabilities and equity	**46,249**	**40,679**
– of which intra-group transactions	–4,182	–3,540

Note 45 Capital adequacy

Reconciliation of exposure types to the balance sheet

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Calculation of total capital base				
Equity	24,538	22,420	16,527	15,506
Proposed/actual dividend	–1,168	–1,006	–1,168	–1,006
Hybrid capital loans	1,946	1,811	1,946	1,811
Deferred tax assets	–266	–122	–8	–20
Intangible assets	–2,878	–2,612	–691	–704
IRB provisions excess (+)/shortfall (–)	–234	–211	–31	–24
Deduction for investments in credit institutions (50%)	–106	–98	—	—
Other items, net	–783	–605	—	—
Tier 1 capital (net after deduction)	**21,049**	**19,577**	**16,575**	**15,563**
– of which hybrid capital	1,946	1,811	1,946	1,811
Tier 2 capital	**5,305**	**4,933**	**4,594**	**4,251**
– of which perpetual subordinated loans	710	682	—	—
IRB provisions excess (+)/shortfall (–)	–234	–211	–31	–24
Deduction for investments in credit institutions (50%)	–106	–98	—	—
Other deduction	–1,280	–1,275	0	0
Total	**24,734**	**22,926**	**21,138**	**19,790**

Capital requirements and RWA

Group EURm	31 Dec 2010 Capital requirement	31 Dec 2010 Basel II RWA	31 Dec 2009 Capital requirement	31 Dec 2009 Basel II RWA
Credit risk	**13,173**	**164,662**	**12,250**	**153,123**
IRB foundation	10,028	125,346	9,655	120,692
– of which corporate	7,204	90,047	7,060	88,249
– of which institutions	722	9,021	821	10,262
– of which retail	1,964	24,556	1,673	20,912
– of which other	138	1,722	101	1,269
Standardised	3,145	39,316	2,595	32,431
– of which sovereign	35	434	70	871
– of which retail	781	9,760	711	8,887
– of which other	2,329	29,122	1,814	22,673
Market risk	461	5,765	431	5,386
– of which trading book, VaR	105	1,317	107	1,335
– of which trading book, non–VaR	278	3,469	267	3,341
– of which FX, non–VaR	78	979	57	710
Operational risk	1,176	14,704	1,057	13,215
– of which standardised	1,176	14,704	1,057	13,215
Sub total	**14,810**	**185,131**	**13,738**	**171,724**
Adjustment for transition rules				
Additional capital requirement according to transition rules	2,370	29,629	1,611	20,134
Total	**17,180**	**214,760**	**15,349**	**191,858**

Parent company EURm	31 Dec 2010 Capital requirement	31 Dec 2010 Basel II RWA	31 Dec 2009 Capital requirement	31 Dec 2009 Basel II RWA
Credit risk	**4,622**	**57,778**	**4,183**	**52,283**
IRB foundation	2,390	29,869	2,004	25,049
– of which corporate	2,003	25,043	1,614	20,175
– of which institutions	147	1,834	169	2,116
– of which retail	209	2,609	167	2,089
– of which other	31	383	54	669
Standardised	2,232	27,909	2,179	27,234
– of which sovereign	0	0	0	0
– of which retail	—	—	—	—
– of which other	2,232	27,909	2,179	27,234
Market risk	**111**	**1,392**	**91**	**1,138**
– of which trading book, VaR	13	163	10	126
– of which trading book, non–VaR	18	221	25	314
– of which FX, non–VaR	80	1,008	56	698
Operational risk	**175**	**2,185**	**551**	**6,893**
– of which standardised	175	2,185	551	6,893
Sub total	**4,908**	**61,355**	**4,825**	**60,314**
Adjustment for transition rules				
Additional capital requirement according to transition rules	—	—	—	—
Total	**4,908**	**61,355**	**4,825**	**60,314**

More Capital Adequacy information for the Group can be found in the Risk, Liquidity and Capital management section page 57. The qualitative disclosures in the Risk, Liquidity and Capital management section covers also the parent company where applicable.

Generally, Nordea Group has the ability to transfer capital within its legal entities without material restrictions. International transfers of capital between legal entities are normally possible after approval by of the local regulator and are of importance when governing the capital position within the Group. The guarantee schemes introduced within EU during 2008 has under certain circumstances limited the transferability of capital with impact on crossborder financial groups. There are no such restrictions directly affecting Nordea as per end of 2010.

Note 46 Classification of financial instruments

Group

31 Dec 2010, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	10,023	—	—	—	—	—	—	10,023
Treasury bills	—	638	9,776	2,698	—	—	—	13,112
Loans to credit institutions	7,619	—	7,413	756	—	—	—	15,788
Loans to the public	251,090	—	17,256	45,865	—	—	—	314,211
Interest-bearing securities	—	15,417	28,536	19,425	—	5,759	—	69,137
Financial instruments pledged as collateral	—	—	9,494	—	—	—	—	9,494
Shares	—	—	3,976	13,311	—	6	—	17,293
Derivatives	—	—	96,099	—	726	—	—	96,825
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,127	—	—	—	—	—	—	1,127
Investments in associated undertakings	—	—	—	—	—	—	554	554
Intangible assets	—	—	—	—	—	—	3,219	3,219
Property and equipment	—	—	—	—	—	—	454	454
Investment property	—	—	—	—	—	—	3,568	3,568
Deferred tax assets	—	—	—	—	—	—	278	278
Current tax assets	—	—	—	—	—	—	262	262
Retirement benefit assets	—	—	—	—	—	—	187	187
Other assets	19,208	—	55	3,573	—	—	21	22,857
Prepaid expenses and accrued income	2,086	—	8	41	—	—	315	2,450
Total	**291,153**	**16,055**	**172,613**	**85,669**	**726**	**5,765**	**8,858**	**580,839**

Group

31 Dec 2010, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	11,827	7,545	—	21,364	—	40,736
Deposits and borrowings from the public	12,180	6,064	—	158,146	—	176,390
Liabilities to policyholders		9,339	—	—	29,427	38,766
Debt securities in issue	5,907	30,963	—	114,708	—	151,578
Derivatives	95,226	—	661	—	—	95,887
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	898	—	898
Current tax liabilities	—	—	—	—	502	502
Other liabilities	14,048	3,510	—	20,954	78	38,590
Accrued expenses and prepaid income	—	546	—	1,770	1,074	3,390
Deferred tax liabilities	—	—	—	—	885	885
Provisions	—	—	—	—	581	581
Retirement benefit obligations	—	—	—	—	337	337
Subordinated liabilities	—	—	—	7,761	—	7,761
Total	**139,188**	**57,967**	**661**	**325,601**	**32,884**	**556,301**

Note 46 Classification of financial instruments, cont.

Group

31 Dec 2009, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	11,500	—	—	—	—	—	—	11,500
Treasury bills	—	571	12,373	—	—	—	—	12,944
Loans to credit institutions	12,474	—	6,081	—	—	—	—	18,555
Loans to the public	224,035	—	16,035	42,341	—	—	—	282,411
Interest-bearing securities	—	17,382	21,331	17,437	—	5	—	56,155
Financial instruments pledged as collateral	—	—	11,240	—	—	—	—	11,240
Shares	—	—	4,233	9,464	—	6	—	13,703
Derivatives	—	—	75,032	—	390	—	—	75,422
Fair value changes of the hedged items in portfolio hedge of interest rate risk	763	—	—	—	—	—	—	763
Investments in associated undertakings	—	—	—	—	—	—	470	470
Intangible assets	—	—	—	—	—	—	2,947	2,947
Property and equipment	—	—	—	—	—	—	452	452
Investment property	—	—	—	—	—	—	3,505	3,505
Deferred tax assets	—	—	—	—	—	—	125	125
Current tax assets	—	—	—	—	—	—	329	329
Retirement benefit assets	—	—	—	—	—	—	134	134
Other assets	10,991	—	22	3,368	—	—	16	14,397
Prepaid expenses and accrued income	1,835	—	368	29	—	—	260	2,492
Total	**261,598**	**17,953**	**146,715**	**72,639**	**390**	**11**	**8,238**	**507,544**

Group

31 Dec 2009, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	13,461	10,667	—	28,062	—	52,190
Deposits and borrowings from the public	4,906	5,719	—	142,952	—	153,577
Liabilities to policyholders	—	6,178	—	—	27,653	33,831
Debt securities in issue	6,147	29,422	—	94,950	—	130,519
Derivatives	72,383	—	660	—	—	73,043
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	874	—	874
Current tax liabilities	—	—	—	—	565	565
Other liabilities	8,630	3,357	—	16,460	142	28,589
Accrued expenses and prepaid income	639	115	—	1,471	953	3,178
Deferred tax liabilities	—	—	—	—	870	870
Provisions	—	—	—	—	309	309
Retirement benefit obligations	—	—	—	—	394	394
Subordinated liabilities	—	—	—	7,185	—	7,185
Total	**106,166**	**55,458**	**660**	**291,954**	**30,886**	**485,124**

Note 46 Classification of financial instruments, cont.

Parent company

31 Dec 2010, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	182	—	—	—	—	—	—	182
Treasury bills	—	630	4,228	—	—	—	—	4,858
Loans to credit institutions	43,699	—	2,522	1,930	—	—	—	48,151
Loans to the public	30,858	—		2,942	—	—	—	33,800
Interest-bearing securities	—	4,212	6,397	3,052	—	2,187	—	15,848
Financial instruments pledged as collateral	—	—	6,160	—	—	—	—	6,160
Shares	—	—	262	58	—	—	—	320
Derivatives	—	—	1,864	—	747	—	—	2,611
Fair value changes of the hedged items in portfolio hedge of interest rate risk	795	—	—	—	—	—	—	795
Investments in group undertakings	—	—	—	—	—	—	16,607	16,607
Investments in associated undertakings	—	—	—	—	—	—	4	4
Intangible assets	—	—	—	—	—	—	671	671
Property and equipment	—	—	—	—	—	—	77	77
Deferred tax assets	—	—	—	—	—	—	8	8
Current tax assets	—	—	—	—	—	—	1	1
Other assets	2,535	—	55	30	—	—	—	2,620
Prepaid expenses and accrued income	980	—	—	8	—	—	21	1,009
Total	**79,049**	**4,842**	**21,488**	**8,020**	**747**	**2,187**	**17,389**	**133,722**

Parent company

31 Dec 2010, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	6,276	156	—	22,212	—	28,644
Deposits and borrowings from the public	—	307	—	39,313	—	39,620
Debt securities in issue		—	—	33,424	—	33,424
Derivatives	1,903	—	271	—	—	2,174
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	749	—	749
Current tax liabilities	—	—	—	—	110	110
Other liabilities	604	109	—	3,711	34	4,458
Accrued expenses and prepaid income	—	0	—	554	167	721
Deferred tax liabilities	—	—	—	—	0	0
Provisions	—	—	—	—	35	35
Retirement benefit obligations	—	—	—	—	149	149
Subordinated liabilities	—	—	—	7,135	—	7,135
Total	**8,783**	**572**	**271**	**107,098**	**495**	**117,219**

Note 46 Classification of financial instruments, cont.

Parent company

31 Dec 2009, EURm	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	208	—	—	—	—	—	—	208
Treasury bills	—	550	3,106	—	—	—	—	3,656
Loans to credit institutions	40,383	—	2,629	489	—	—	—	43,501
Loans to the public	26,492	—	—	2,368	—	—	—	28,860
Interest-bearing securities	—	4,692	7,986	4,341	—	—	—	17,019
Financial instruments pledged as collateral	—	—	2,276	—	—	—	—	2,276
Shares	—	—	660	22	—	—	—	682
Derivatives	—	—	2,034	—	387	—	—	2,421
Fair value changes of the hedged items in portfolio hedge of interest rate risk	332	—	—	—	—	—	—	332
Investments in group undertakings	—	—	—	—	—	—	16,165	16,165
Investments in associated undertakings	—	—	—	—	—	—	2	2
Intangible assets	—	—	—	—	—	—	701	701
Property and equipment	—	—	—	—	—	—	79	79
Deferred tax assets	—	—	—	—	—	—	20	20
Current tax assets	—	—	—	—	—	—	0	0
Other assets	1,265	—	—	345	—	—	—	1,610
Prepaid expenses and accrued income	767	—	—	7	—	—	20	794
Total	**69,447**	**5,242**	**18,691**	**7,572**	**387**	**—**	**16,987**	**118,326**

Parent company

31 Dec 2009, EURm	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	2,313	233	—	27,641	—	30,187
Deposits and borrowings from the public	—	443	—	34,174	—	34,617
Debt securities in issue	—	—	—	22,119	—	22,119
Derivatives	1,917	—	256	—	—	2,173
Fair value changes of the hedged items in portfolio hedge of interest rate risk	—	—	—	285	—	285
Current tax liabilities	—	—	—	—	34	34
Other liabilities	1,699	388	—	4,076	27	6,190
Accrued expenses and prepaid income	—	1	—	303	149	453
Deferred tax liabilities	—	—	—	—	0	0
Provisions	—	—	—	—	30	30
Retirement benefit obligations	—	—	—	—	128	128
Subordinated liabilities	—	—	—	6,605	—	6,605
Total	**5,929**	**1,065**	**256**	**95,203**	**368**	**102,821**

Note 46 Classification of financial instruments, cont.

Loans designated at fair value through profit or loss

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Carrying amount	46,621	42,341	4,872	2,857
Maximum exposure to credit risk	46,621	42,341	4,872	2,857
Carrying amount of credit derivatives used to mitigate the credit risk	–	–	–	–

Financial liabilities designated at fair value through profit or loss

Changes in fair values attributable to changes in credit risk

Issued mortgage bonds in the wholly owned Danish subsidiary Nordea Kredit Realkreditaktieselskab are measured at fair value. Deposits made by Markets as well as the funding of Markets operations are measured at fair value and classified into the category "Fair value through profit or loss".

The change in fair value attributable to credit risk of the liabilities is for 2010 EUR 652m (EUR –512m). The cumulative change since designation is EUR 433m (EUR –219m). The calculation method of the fair value changes attributable to changes in market conditions is based on relevant benchmark interest rates, which is the average yield on Danish and German (EUR) government bonds. For the issued mortgage bonds a change in the liability's credit risk and price will have a corresponding effect on the value of the loan. The reason is that a change in the price of the bonds will be offset by the opposite change in the value of the prepayment option of the loan.

The change in the fair value of loans attributable to changes in credit risk is for 2010 EUR 6.6m (EUR 67.0m). The cumulative change since designation is EUR 65.0m (EUR 58.4m).

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

	Group		Parent company	
2010, EURm	Carrying amount	Amount to be paid at maturity	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	57,967	57,954	572	572

	Group		Parent company	
2009, EURm	Carrying amount	Amount to be paid at maturity	Carrying amount	Amount to be paid at maturity
Financial liabilities designated at fair value through profit or loss	55,458	56,430	1,065	1,065

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

Note 47 Assets and liabilities at fair value

Group

	31 Dec 2010		31 Dec 2009	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	10,023	10,023	11,500	11,500
Treasury bills	13,112	13,109	12,944	12,944
Loans to credit institutions	15,788	15,827	18,555	18,573
Loans to the public	314,211	314,212	282,411	282,521
Interest-bearing securities	69,137	69,119	56,155	56,233
Financial instruments pledged as collateral	9,494	9,494	11,240	11,240
Shares	17,293	17,293	13,703	13,703
Derivatives	96,825	96,825	75,422	75,422
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,127	1,127	763	763
Investments in associated undertakings	554	554	470	470
Intangible assets	3,219	3,219	2,947	2,947
Property and equipment	454	454	452	452
Investment property	3,568	3,568	3,505	3,505
Deferred tax assets	278	278	125	125
Current tax assets	262	262	329	329
Retirement benefit assets	187	187	134	134
Other assets	22,857	22,857	14,397	14,397
Prepaid expenses and accrued income	2,450	2,450	2,492	2,492
Total assets	**580,839**	**580,858**	**507,544**	**507,750**
Liabilities				
Deposits by credit institutions	40,736	40,729	52,190	52,178
Deposits and borrowings from the public	176,390	176,418	153,577	153,607
Liabilities to policyholders	38,766	38,766	33,831	33,831
Debt securities in issue	151,578	152,088	130,519	130,721
Derivatives	95,887	95,887	73,043	73,043
Fair value changes of the hedged items in portfolio hedge of interest rate risk	898	898	874	874
Current tax liabilities	502	502	565	565
Other liabilities	38,590	38,590	28,589	28,589
Accrued expenses and prepaid income	3,390	3,390	3,178	3,178
Deferred tax liabilities	885	885	870	870
Provisions	581	581	309	309
Retirement benefit obligations	337	337	394	394
Subordinated liabilities	7,761	7,760	7,185	7,183
Total liabilities	**556,301**	**556,831**	**485,124**	**485,342**

Note 47 Assets and liabilities at fair value, cont.

Parent company

EURm	31 Dec 2010 Carrying amount	31 Dec 2010 Fair value	31 Dec 2009 Carrying amount	31 Dec 2009 Fair value
Assets				
Cash and balances with central banks	182	182	208	208
Treasury bills	4,858	4,855	3,656	3,656
Loans to credit institutions	48,151	48,185	43,501	43,516
Loans to the public	33,800	33,803	28,860	28,873
Interest-bearing securities	15,848	15,812	17,019	17,107
Financial instruments pledged as collateral	6,160	6,160	2,276	2,276
Shares	320	320	682	682
Derivatives	2,611	2,611	2,421	2,421
Fair value changes of the hedged items in portfolio hedge of interest rate risk	795	795	332	332
Investments in group undertakings	16,607	16,607	16,165	16,165
Investments in associated undertakings	4	4	2	2
Intangible assets	671	671	701	701
Property and equipment	77	77	79	79
Deferred tax assets	8	8	20	20
Current tax assets	1	1	0	0
Other assets	2,620	2,620	1,610	1,610
Prepaid expenses and accrued income	1,009	1,009	794	794
Total assets	**133,722**	**133,720**	**118,326**	**118,442**
Liabilities				
Deposits by credit institutions	28,644	28,644	30,187	30,184
Deposits and borrowings from the public	39,620	39,626	34,617	34,628
Debt securities in issue	33,424	33,735	22,119	22,143
Derivatives	2,174	2,174	2,173	2,173
Fair value changes of the hedged items in portfolio hedge of interest rate risk	749	749	285	285
Current tax liabilities	110	110	34	34
Other liabilities	4,458	4,458	6,190	6,190
Accrued expenses and prepaid income	721	721	453	453
Deferred tax liabilities	0	0	0	0
Provisions	35	35	30	30
Retirement benefit obligations	149	149	128	128
Subordinated liabilities	7,135	7,134	6,605	6,605
Total liabilities	**117,219**	**117,535**	**102,821**	**102,853**

Estimation of fair value for assets and liabilities

Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of loans, deposits and borrowings and issued securities.

The carrying amounts on loans, deposits and borrowings and issued securities are adjusted for the value of the fixed interest term, unless the interest risk is hedged, in order to estimate the fair values that are presented in the tables above. The value of the fixed interest term is a result of changes in the relevant market interest rates. The discount rates used are based on current market rates for each term. The fair value of the hedged interest rate risk is included in the balance sheet item "Fair value changes of the hedged items in portfolio hedge of interest rate risk".

Fair value is estimated to be equal to the carrying amount for short-term financial assets and financial liabilities. The carrying amount is a reasonable approximation of fair value due to limited credit risk and short time to maturity.

Fair value is set to carrying amount, in the tables above, for assets and liabilities for which no reliable fair value has been possible to estimate. This is valid for the line items investments in associated undertakings, investments in group undertakings, intangible assets, property and equipment and provisions.

Nordea holds very limited amounts of financial instruments with discretionary participating features in the Life business, which are recognised in the balance sheet in the line "Liabilities to policyholders". These instruments can not be reliably measured at fair value and consequently the fair value for these instruments are set to carrying amount.

Nordea holds very limited amounts of equity instruments measured at cost. Fair value is set to carrying amount for these instruments as the fair value can not be measured reliably.

For further information about valuation of items normally measured at fair value, see Note 1.

Deferred Day 1 profit or loss

In accordance with the Group's accounting policy as described in Note 1, if there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any trade date profit is deferred. The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of changes in the balance of this difference (movement of deferred Day 1 profit or loss).

EURm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Amount at beginning of year	44	104	0	9
Deferred profit/loss on new transactions	14	52	—	—
Recognised in the income statement during the year	–16	–112	0	–9
Amount at end of year	**42**	**44**	**0**	**0**

Note 47 Assets and liabilities at fair value, cont

Determination of fair value from quoted market prices or valuation techniques

Fair value measurements are categorised using a fair value hierarchy. The financial instruments carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy that reflects the significance of inputs. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. To categorise the instruments into the three levels, the relevant pricing models for each product is considered in combination with used input market data, the significance of derived input data, the complexity of the model and the accessible pricing data to verify model input. Although the complexity of the model is considered, a high complexity does not by default require that products are categorised into level 3. It is the use of model parameters and the extent of unobservability that defines the fair value hierarchy levels.

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

Valuation of Private Equity Funds (PEF) and unlisted equities will in nature be more uncertain than valuations of more actively traded equity instruments. Emphasis is put on using a consistent approach across all assets and over time. The methods are consistent with the guideline "International Private Equity and Venture Capital Valuation Guidelines" issued by EVCA (European Venture Capital Association). The EVCA guidelines are considered as best practice in the PEF industry. For US based funds, similar methods are applied.

Level 1 consist of financial assets and financial liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes listed derivatives, listed equities, government bonds in developed countries, and most liquid mortgage bonds and corporate bonds where direct tradable price quotes exists.

Level 2 consists of financial assets and financial liabilities which do not have directly quoted market prices available from an active market. The fair values are estimated using a valuation technique or valuation model based on market prices or rates prevailing at the balance sheet date and any unobservable inputs are insignificant in the fair values. This is the case for the majority of Nordea's OTC derivatives, securities purchased/sold under resale/repurchase agreements, securities borrowed/loaned and other instruments where an active market supplies the input to the valuation technique or model.

Level 3 consists of those types of financial instruments which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for investments in unlisted securities, private equity funds, hedge funds, and both more complex or less active markets supplying input to the technique or model for OTC derivatives, certain complex or structured financial instruments such as CLNs and CDOs, and illiquid bonds.

The following table presents the valuation methods used to determine fair values of financial instruments carried at fair value.

Group

31 Dec 2010, EURm	Quoted prices in active markets for 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							
Loans to credit institutions	—	—	8,169	—	—	—	8,169
Loans to the public	—	—	63,121	—	—	—	63,121
Debt securities[1]	54,916	17,502	18,404	2,835	1,848	1,787	75,168
Shares[2]	13,483	10,674	93	85	4,237	2,425	17,813
Derivatives	700	7	93,928	17	2,197	—	96,825
Other assets	—	—	3,628	—	—	—	3,628
Prepaid expenses and accrued income	—	—	49	—	—	—	49
Liabilities							
Deposits by credit institutions	—	—	19,372	—	—	—	19,372
Deposits and borrowings from the public	—	—	18,244	—	—	—	18,244
Liabilities to policy holders	—	—	9,339	9,339	—	—	9,339
Debt securities in issue	30,963	—	5,907	—	—	—	36,870
Derivatives	421	2	93,204	15	2,262	—	95,887
Other liabilities	7,501	—	10,057	—	—	—	17,558
Accrued expenses and prepaid income	—	—	546	—	—	—	546

1) Of which EUR 12,474m Treasury bills and EUR 53,720m Interest-bearing securities (the portion held at fair value in Note 46). EUR 8,974m relates to the balance sheet item Financial instruments pledged as collateral.
2) EUR 520m relates to the balance sheet item Financial instruments pledged as collateral.

Note 47 Assets and liabilities at fair value, cont

Group

31 Dec 2009, EURm	Quoted prices in active markets for 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							
Loans to credit institutions	37	—	6,044	—	—	—	6,081
Loans to the public	—	—	58,376	—	—	—	58,376
Debt securities[1]	47,052	17,000	13,695	2,703	1,556	1,436	62,303
Shares[2]	10,079	7,094	2	—	3,705	2,288	13,786
Derivatives	597	18	72,484	2	2,341	—	75,422
Other assets	—	—	3,390	—	—	—	3,390
Prepaid expenses and accrued income	—	—	397	—	—	—	397
Liabilities							
Deposits by credit institutions	—	—	24,128	—	—	—	24,128
Deposits and borrowings from the public	—	—	10,625	—	—	—	10,625
Liabilities to policy holders	—	—	6,178	6,178	—	—	6,178
Debt securities in issue	29,422	—	6,147	—	—	—	35,569
Derivatives	583	54	70,175	9	2,285	—	73,043
Other liabilities	15	—	11,972	—	—	—	11,987
Accrued expenses and prepaid income	—	—	754	—	—	—	754

1) Of which EUR 12,373m Treasury bills and EUR 38,773m Interest-bearing securities (the portion held at fair value in Note 46). EUR 11,157m relates to the balance sheet item Financial instruments pledged as collateral.
2) EUR 83m relates to the balance sheet item Financial instruments pledged as collateral.

Parent company

31 Dec 2010, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	—	4,452	—	4,452
Loans to the public	—	2,942	—	2,942
Debt securities[1]	18,059	3,958	7	22,024
Shares	271	6	43	320
Derivatives	105	2,506	—	2,611
Other assets	—	85	—	85
Prepaid expenses and accrued income	—	8	—	8
Liabilities				
Deposits by credit institutions	—	6,432	—	6,432
Deposits and borrowings from the public	—	307	—	307
Debt securities in issue	—	—	—	—
Derivatives	91	2,082	1	2,174
Other liabilities	—	713	—	713
Accrued expenses and prepaid income	—	—	—	—

1) Of which EUR 4,228m Treasury bills and EUR 11,636m Interest-bearing securities (the portion held at fair value in Note 46). EUR 6,160m relates to the balance sheet item Financial instruments pledged as collateral.

Note 47 Assets and liabilities at fair value, cont

Parent company

31 Dec 2009, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	—	3,118	—	3,118
Loans to the public	—	2,368	—	2,368
Debt securities[1]	12,729	4,973	7	17,709
Shares	657	2	23	682
Derivatives	78	2,343	0	2,421
Other assets	—	345	—	345
Prepaid expenses and accrued income	—	7	—	7
Liabilities				
Deposits by credit institutions	—	2,546	—	2,546
Deposits and borrowings from the public	—	443	—	443
Derivatives	73	2,096	4	2,173
Other liabilities	—	2,087	—	2,087
Accrued expenses and prepaid income	—	1	—	1

1) Of which EUR 3,106m Treasury bills and EUR 12,327m Interest-bearing securities (the portion held at fair value in Note 46). EUR 2,276m relates to the balance sheet item Financial instruments pledged as collateral.

Transfers between level 1 and 2

During the year, Nordea Group transferred debt securities of EUR 31m (EUS 1,586m) from level 1 to level 2 and EUR 949m (EUR 0m) from level 2 to level 1 of the fair value hierarchy for financial assets and liabilities at fair value. The reason for transfers from level 1 to level 2 was that the instruments ceased to be actively traded during the year and fair values have now been obtained using valuation techniques with observable market inputs. The reason for transfers from level 2 to level 1 was that the instruments have again been actively traded during the year and reliable qouted prices are obtained in the markets.

Movements in level 3

The following table shows a reconciliation of the opening and closing carrying amounts of level 3 financial assets and liabilities recognised at fair value.

Group

31 Dec 2010, EURm	1 Jan 2010	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales	Settle-ments	Net transfers into/ out of level 3	Translation differences	31 Dec 2010
Debt securities	1,556	42	145	997	–919	—	15	12	1,848
– of which Life	1,436	49	115	980	–821	—	29	–1	1,787
Shares	3,705	237	377	2,048	–2,139	—	—	9	4,237
– of which life	2,288	310	96	1,171	–1,450	—	—	10	2,425
Derivatives (net of assets and liabilities)	56	8	–121	—	—	–8	—	0	–65

1) Relates to those assets and liabilities held at the end of the reporting period.

31 Dec 2009, EURm	1 Jan 2009	Realised	Unrealised[1]	Purchases	Sales	Settle-ments	Net transfers into/ out of level 3	Translation differences	31 Dec 2009
Debt securities	16	13	45	264	–334	—	1,546	6	1,556
– of which Life	9	12	45	257	–334	—	1,442	5	1,436
Shares	2,139	–189	312	1,073	–1,206	–33	1,576	33	3,705
– of which life	1,385	–44	99	1,024	–722	–32	550	28	2,288
Derivatives (net of assets and liabilities)	–141	219	164	—	—	–237	51	0	56

1) Relates to those assets and liabilities held at the end of the reporting period.

Fair value gains/losses recognised in the income statement during the year are included in “Net result from items at fair value” (see Note 5).

Note 47 Assets and liabilities at fair value, cont

Parent Company

31 Dec 2010, EURm	1 Jan 2010	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]	Purchases	Sales	Settlements	Net transfers into/ out of level 3	Translation differences	31 Dec 2010
Debt securities	7	—	—	—	—	—	—	—	7
Shares	23	–4	21	3	—	—	—	—	43
Derivatives (net of assets and liabilities)	–4	3	—	—	—	—	—	—	–1

1) Relates to those assets and liabilities held at the end of the reporting period.

31 Dec 2009, EURm	1 Jan 2009	Realised	Unrealised[1]	Purchases	Sales	Settlements	Net transfers into/ out of level 3	Translation differences	31 Dec 2009
Debt securities	0	—	—	7	—	—	—	—	7
Shares	458	–146	134	—	–423	—	—	—	23
Derivatives (net of assets and liabilities)	149	143	–153	—	—	–143	—	—	–4

1) Relates to those assets and liabilities held at the end of the reporting period.

Sensitivity of level 3 financial instruments measured at fair value to changes in key assumptions

Included in the fair value of financial instruments carried at fair value on the balance sheet are those estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. Portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques (for further information see Note 1 section 11 "Determination of fair value of financial instruments").

This disclosure shows the potential impact from the relative uncertainty in the fair value of financial instruments for which the valuation is dependent on unobservable input parameters. The estimates disclosed below are likely to be greater than the true uncertainty in fair value of these instruments, as it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. The disclosure is neither predictive nor indicative of future movements in fair value.

The following table shows the sensitivity of the fair value of level 3 instruments to changes in key assumptions, by class of instruments. Where the exposure to an unobservable parameter is offset across different instruments only the net impact is disclosed in the table.

	Group			Parent company		
		Effect of reasonably possible alternative assumptions			Effect of reasonably possible alternative assumptions	
31 Dec 2010, EURm	Carrying amount	Favourable	Unfavourable	Carrying amount	Favourable	Unfavourable
Debt securities	1,848	92	–92	7	0	0
– of which Life	1,787	89	–89	—	—	—
Shares	4,237	389	–389	43	4	–4
– of which Life	2,425	242	–242	—	—	—
Derivatives	–65	22	–29	–1	0	0
31 Dec 2009, EURm						
Debt securities	1,556	230	–233	7	0	0
– of which Life	1,436	224	–224	—	—	—
Shares	3,705	207	–207	23	2	–2
– of which Life	2,288	103	–103	—	—	—
Derivatives	56	18	–31	–4	0	0

In order to calculate the effect on level 3 fair values, from altering the assumptions of the valuation technique or model, the sensitivity to unobservable input data is assessed. For the derivatives portfolio key inputs, that are based on pricing model assumptions or unobservability of market data inputs, are replaced by alternative estimates or assumptions and the impact on the valuation computed. The majority of the effect on the derivatives is related to various types of correlations or correlation related inputs in credit derivatives, in interest rate OTC derivatives or OTC structured equity derivatives. For the level 3 portfolios of shares and debt securities the fair value was increased and decreased within a range of 3–10 percentage units, which are assessed to be reasonable changes in market movements.

Note 48 Assets and liabilities in foreign currencies

Group

31 Dec 2010, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	8.3	3.5	0.0	0.7	0.6	0.0	13.1
Loans to credit institutions	4.6	2.5	4.6	0.3	3.0	0.8	15.8
Loans to the public	88.2	79.5	67.5	45.8	21.7	11.5	314.2
Interest-bearing securities	18.3	16.5	25.8	4.5	3.0	1.0	69.1
Other assets	86.0	17.0	30.7	12.7	15.1	7.1	168.6
Total assets	**205.4**	**119.0**	**128.6**	**64.0**	**43.4**	**20.4**	**580.8**
Liabilities and equity							
Deposits by credit institutions	13.0	5.2	1.2	3.9	12.1	5.3	40.7
Deposits and borrowings from the public	55,9	38.9	36.6	25.5	11.0	8.5	176.4
Debt securities in issue	35.0	29.5	31.7	2.4	42.9	10.1	151.6
Provisions	0.0	0.2	0.3	0.1	0.0	0.0	0.6
Subordinated liabilities	3.8	0.4	0.0	0.0	2.8	0.8	7.8
Other liabilities and equity	114.2	22.2	37.8	14.7	6.9	7.9	203.7
Total liabilities and equity	**221.9**	**96.4**	**107.6**	**46.6**	**75.7**	**32.6**	**580.8**

Group

31 Dec 2009, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	3.7	4.4	0.0	4.5	0.3	0.0	12.9
Loans to credit institutions	2.7	6.2	6.2	0.4	1.8	1.3	18.6
Loans to the public	79.7	66.5	64.4	40.3	20.4	11.1	282.4
Interest-bearing securities	20.5	7.5	21.2	4.1	2.2	0.7	56.2
Other assets	76.1	14.6	18.4	12.9	8.3	7.1	137.4
Total assets	**182.7**	**99.2**	**110.2**	**62.2**	**33.0**	**20.2**	**507.5**
Liabilities and equity							
Deposits by credit institutions	18.1	5.3	1.3	5.8	11.5	10.2	52.2
Deposits and borrowings from the public	47.6	34.4	34.0	22.6	8.8	6.2	153.6
Debt securities in issue	35.0	22.0	27.4	1.3	36.6	8.2	130.5
Provisions	0.1	0.0	0.2	0.0	0.0	0.0	0.3
Subordinated liabilities	2.8	0.5	0.0	0.0	2.6	1.3	7.2
Other liabilities and equity	92.6	17.3	29.0	11.4	6.2	7.2	163.7
Total liabilities and equity	**196.2**	**79.5**	**91.9**	**41.1**	**65.7**	**33.1**	**507.5**

Note 48 Assets and liabilities in foreign currencies, cont.

Parent company

31 Dec 2010, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	3.4	0.9	—	—	0.6	—	4.9
Loans to credit institutions	21.6	15.7	0.1	0.3	9.0	1.5	48.2
Loans to the public	5.9	20.9	2.2	0.6	3.3	0.9	33.8
Interest-bearing securities	3.6	7.8	3.6	0.1	0.7	—	15.8
Other assets	16.1	5.3	2.6	2.9	2.0	2.1	31.0
Total assets	**50.6**	**50.6**	**8.5**	**3.9**	**15.6**	**4.5**	**133.7**
Liabilities and equity							
Deposits by credit institutions	6.3	9.3	3.4	0.3	9.2	0.1	28.6
Deposits and borrowings from the public	2.9	35.2	0.3	0.2	0.7	0.3	39.6
Debt securities in issue	20.2	1.7	0.0	0.3	7.9	3.3	33.4
Provisions	0.0	—	—	—	—	—	0.0
Subordinated liabilities	3.8	0.4	—	—	2.6	0.3	7.1
Other liabilities and equity	19.7	0.6	3.7	0.1	0.7	0.2	25.0
Total liabilities and equity	**52.9**	**47.2**	**7.4**	**0.9**	**21.1**	**4.2**	**133.7**

Parent company

31 Dec 2009, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	1.2	2.0	—	0.2	0.3	—	3.7
Loans to credit institutions	15.9	19.3	0.3	0.9	5.7	1.4	43.5
Loans to the public	4.5	17.5	1.0	0.6	3.1	2.2	28.9
Interest-bearing securities	6.9	6.9	2.4	0.1	0.7	—	17.0
Other assets	16.4	5.6	0.2	2.6	0.3	0.1	25.2
Total assets	**44.9**	**51.3**	**3.9**	**4.4**	**10.1**	**3.7**	**118.3**
Liabilities and equity							
Deposits by credit institutions	8.1	12.3	1.4	0.4	6.3	1.7	30.2
Deposits and borrowings from the public	2.3	31.1	0.2	0.2	0.6	0.2	34.6
Debt securities in issue	16.8	1.4	0.0	0.1	1.9	1.9	22.1
Provisions	—	0.0	—	—	—	—	0.0
Subordinated liabilities	2.8	0.5	—	—	2.4	0.9	6.6
Other liabilities and equity	18.5	4.1	1.6	0.1	0.5	0.0	24.8
Total liabilities and equity	**48.5**	**49.4**	**3.2**	**0.8**	**11.7**	**4.7**	**118.3**

Note 49 Obtained collaterals which are permitted to be sold or repledged

Nordea obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under standard terms for most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions. The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements are disclosed below.

	Group		Parent company	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	29,229	24,669	2,495	2,575
– of which repledged or sold	21,844	11,892	17	1,019
Securities borrowing agreements				
Received collaterals which can be repledged or sold	1,493	634	1,453	793
– of which repledged or sold	1,501	634	1,453	793
Total	**30,722**	**25,303**	**3,948**	**3,368**

Note 50 Investments, customer bearing the risk

Life Group and Nordea Bank Danmark A/S have assets and liabilities included in their balance sheet where customers are bearing the risk. Since the assets and liabilities legally belong to the entities, these assets and liabilities are included in the Group's balance sheet.

	Group	
EURm	31 Dec 2010	31 Dec 2009
Assets		
Interest-bearing securities	1,860	1,575
Shares	13,766	10,139
Other assets	604	888
Total assets	**16,230**	**12,602**
Liabilities		
Deposits and borrowings from the public	3,868	3,377
Insurance contracts	5,202	4,480
Investment contracts	6,738	4,122
Other liabilities	422	623
Total liabilities	**16,230**	**12,602**

Note 51 Maturity analysis for assets and liabilities

Group

Remaining maturity

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		10,023	—	—	—	—	—	10,023
Treasury bills	15	—	533	1,127	8,057	3,395	—	13,112
Loans to credit institutions	16	3,683	9,685	974	1,380	66	—	15,788
Loans to the public	16	22,965	75,677	18,509	73,079	123,981	—	314,211
Interest-bearing securities	17	512	9,609	15,298	26,577	17,141	—	69,137
Financial instruments pledged as collateral	18	31	975	1,666	4,878	1,944	—	9,494
Derivatives	20	—	7,030	6,605	28,804	54,386	—	96,825
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	73	16	426	612	—	1,127
Total assets with fixed maturities		**37,214**	**103,582**	**44,195**	**143,201**	**201,525**	**—**	**529,717**
Other assets		—	—	—	—	—	51,122	51,122
Total assets		**37,214**	**103,582**	**44,195**	**143,201**	**201,525**	**51,122**	**580,839**
Deposits by credit institutions	30	10,462	27,199	2,176	255	644	—	40,736
Deposits and borrowings from the public	31	126,893	34,237	7,222	1,056	6,982	—	176,390
– of which Deposits		126,738	22,020	7,221	909	6,982	—	163,870
– of which Borrowings		155	12,217	1	147	0	—	12,520
Liabilities to policyholders	32	608	446	1,147	4,706	31,859	—	38,766
Debt securities in issue	33	2	54,608	17,355	48,178	31,435	—	151,578
– of which Debt securities in issue		—	54,486	17,327	48,178	31,435	—	151,426
– of which Other		2	122	28	—	—	—	152
Derivatives	20	—	7,255	6,944	29,858	51,830	—	95,887
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	5	58	341	494	—	898
Subordinated liabilities	38	—	—	598	2,545	4,618	—	7,761
Total liabilities with fixed maturities		**137,965**	**123,750**	**35,500**	**86,939**	**127,862**	**—**	**512,016**
Other liabilities		—	—	—	—	—	44,285	44,285
Equity		—	—	—	—	—	24,538	24,538
Total liabilities and equity		**137,965**	**123,750**	**35,500**	**89,939**	**127,862**	**68,823**	**580,839**

Remaining maturity

31 Dec 2009, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		11,500	—	—	—	—	—	11,500
Treasury bills	15	—	1,564	2,769	6,180	2,431	—	12,944
Loans to credit institutions	16	2,462	13,643	1,728	646	76	—	18,555
Loans to the public	16	14,466	69,107	19,990	62,436	116,412	—	282,411
Interest-bearing securities	17	371	9,354	9,355	18,422	18,653	—	56,155
Financial instruments pledged as collateral	18	12	3,602	2,251	1,274	4,101	—	11,240
Derivatives	20	—	5,782	7,369	26,859	35,412	—	75,422
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	20	55	542	146	—	763
Total assets with fixed maturities		**28,811**	**103,072**	**43,517**	**116,359**	**177,231**	**—**	**468,990**
Other assets		—	—	—	—	—	38,554	38,554
Total assets		**28,811**	**103,072**	**43,517**	**116,359**	**177,231**	**38,554**	**507,544**

Note 51 Maturity analysis for assets and liabilities, cont.

31 Dec 2009, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Deposits by credit institutions	30	8,147	32,076	9,198	457	2,312	—	52,190
Deposits and borrowings from the public	31	114,762	26,119	5,546	1,024	6,126	—	153,577
– of which Deposits		114,700	21,259	5,440	866	6,112	—	148,377
– of which Borrowings		62	4,860	106	158	14	—	5,200
Liabilities to policyholders	32	12	0	4	0	33,815	—	33,831
Debt securities in issue	33	—	52,935	16,058	38,360	23,166	—	130,519
– of which Debt securities in issue		—	52,811	16,056	38,336	23,166	—	130,369
– of which Other		—	124	2	24	—	—	150
Derivatives	20	—	5,408	7,161	26,471	34,003	—	73,043
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	5	89	681	99	—	874
Subordinated liabilities	38	—	—	—	585	6,600	—	7,185
Total liabilities with fixed maturities		**122,921**	**116,543**	**38,056**	**67,578**	**106,121**	**—**	**451,219**
Other liabilities		—	—	—	—	—	33,905	33,905
Equity		—	—	—	—	—	22,420	22,420
Total liabilities and equity		**122,921**	**116,543**	**38,056**	**67,578**	**106,121**	**56,325**	**507,544**

Parent company

Remaining maturity

31 Dec 2010, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		182	—	—	—	—	—	182
Treasury bills	15	—	91	430	2,561	1,776	—	4,858
Loans to credit institutions	16	5,317	25,438	14,734	2,145	517	—	48,151
Loans to the public	16	4,404	13,546	3,363	12,259	228	—	33,800
Interest-bearing securities	17	—	1,091	5,150	9,195	412	—	15,848
Financial instruments pledged as collateral	18	—	—	23	5,683	454	—	6,160
Derivatives	20	—	301	277	1,367	666	—	2,611
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	68	1	303	423	—	795
Total assets with fixed maturities		**9,903**	**40,535**	**23,978**	**33,513**	**4,476**	**—**	**112,405**
Other assets		—	—	—	—	—	21,317	21,317
Total assets		**9,903**	**40,535**	**23,978**	**33,513**	**4,476**	**21,317**	**133,722**
Deposits by credit institutions	30	1,168	24,906	2,359	211	—	—	28,644
Deposits and borrowings from the public	31	33,297	3,509	2,716	98	—	—	39,620
– of which Deposits		33,176	3,509	2,716	98	—	—	39,499
– of which Borrowings		121	0	—	—	—	—	121
Debt securities in issue	33	—	10,964	1,880	13,245	7,335	—	33,424
– of which Debt securities in issue		—	10,843	1,880	13,245	7,335	—	33,303
– of which Other		—	121	—	—	—	—	121
Derivatives	20	—	381	307	986	500	—	2,174
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	1	9	396	343	—	749
Subordinated liabilities	38	—	—	598	2,160	4,377	—	7,135
Total liabilities with fixed maturities		**34,465**	**39,761**	**7,869**	**17,096**	**12,555**	**—**	**111,746**
Other liabilities		—	—	—	—	—	5,479	5,479
Equity		—	—	—	—	—	16,497	16,497
Total liabilities and equity		**34,465**	**39,761**	**7,869**	**17,096**	**12,555**	**21,976**	**133,722**

Note 51 Maturity analysis for assets and liabilities, cont.

Remaining maturity

31 Dec 2009, EURm	Note	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		208	—	—	—	—	—	208
Treasury bills	15	—	1	—	2,898	757	—	3,656
Loans to credit institutions	16	5,671	24,556	11,516	1,480	278	—	43,501
Loans to the public	16	3,539	9,708	3,456	11,667	490	—	28,860
Interest-bearing securities	17	—	4,483	3,104	9,144	288	—	17,019
Financial instruments pledged as collateral	18	—	0	233	1,663	380	—	2,276
Derivatives	20	—	135	554	1,471	261	—	2,421
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	8	6	313	5	—	332
Total assets with fixed maturities		**9,418**	**38,891**	**18,869**	**28,636**	**2,459**	**—**	**98,273**
Other assets		—	—	—	—	—	20,053	20,053
Total assets		**9,418**	**38,891**	**18,869**	**28,636**	**2,459**	**20,053**	**118,326**
Deposits by credit institutions	30	4,566	16,604	7,888	1,129	—	—	30,187
Deposits and borrowings from the public	31	28,318	4,934	1,353	12	—	—	34,617
– of which Deposits		28,258	4,934	1,353	12	—	—	34,557
– of which Borrowings		60	—	—	—	—	—	60
Debt securities in issue	33	—	8,071	5,393	8,647	8	—	22,119
– of which Debt securities in issue		—	7,951	5,393	8,647	8	—	21,999
– of which Other		—	120	—	—	—	—	120
Derivatives	20	—	39	540	1,385	209	—	2,173
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	—	0	15	270	—	—	285
Subordinated liabilities	38	—	—	—	223	6,382	—	6,605
Total liabilities with fixed maturities		**32,884**	**29,648**	**15,189**	**11,666**	**6,599**	**—**	**95,986**
Other liabilities		—	—	—	—	—	6,840	6,840
Equity		—	—	—	—	—	15,500	15,500
Total liabilities and equity		**32,884**	**29,648**	**15,189**	**11,666**	**6,599**	**22,340**	**118,326**

Group
Cash flow analysis

31 Dec 2010, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	43,027	55,280	49,582	157,977	214,917	520,783
Non interest-bearing financial assets	—	—	—	—	149,593	149,593
Total financial assets	**43,027**	**55,280**	**49,582**	**157,977**	**364,510**	**670,376**
Interest-bearing financial liabilities	126,133	136,049	36,425	72,019	72,473	443,099
Non interest-bearing financial liabilities	—	—	—	—	204,374	204,374
Total financial liabilities	**126,133**	**136,049**	**36,425**	**72,019**	**276,847**	**647,473**
Derivatives, cash inflow	—	459,741	173,362	195,877	67,016	895,996
Derivatives, cash outflow	—	458,386	169,376	191,621	65,686	885,069
Net exposure	**—**	**1,355**	**3,986**	**4,256**	**1,330**	**10,927**
Exposure	**–83,106**	**–79,414**	**17,143**	**90,214**	**88,993**	**33,830**
Cumulative exposure	**–83,106**	**–162,520**	**–145,377**	**–55,163**	**33,830**	**—**

Note 51 Maturity analysis for assets and liabilities, cont.

Group
Cash flow analysis

31 Dec 2009, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Interest-bearing financial assets	50,689	44,942	38,465	129,614	174,304	438,014
Non interest-bearing financial assets	—	—	—	—	114,822	114,822
Total financial assets	**50,689**	**44,942**	**38,465**	**129,614**	**289,126**	**552,836**
Interest-bearing financial liabilities	107,380	135,209	36,139	52,670	33,083	364,481
Non interest-bearing financial liabilities	—	—	—	—	130,243	130,243
Total financial liabilities	**107,380**	**135,209**	**36,139**	**52,670**	**163,326**	**494,724**
Derivatives, cash inflow	—	377,514	145,993	168,633	40,188	732,328
Derivatives, cash outflow	—	376,305	143,724	162,471	39,367	721,867
Net exposure	**—**	**1,209**	**2,269**	**6,162**	**821**	**10,461**
Exposure	**–56,691**	**–89,058**	**4,595**	**83,106**	**126,621**	**68,573**
Cumulative exposure	**–56,691**	**–145,749**	**–141,154**	**–58,048**	**68,573**	**—**

The table is based on contractual maturities for on balance sheet financial instruments. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and derivative liabilities, as derivatives are managed on a net basis. In addition to the on balance sheet and derivative instruments, Nordea has credit commitments amounting to EUR 88,740m (EUR 77,619m), which could be drawn on at any time. For furhter information about remaining maturity, see also the section of Risk, Liquidity and Capital management.

Note 52 Related-party transactions

The information below is presented from a Nordea perspective, meaning that the information shows the effect from related party transactions on the Nordea figures.

Group

EURm	Associated undertakings 31 Dec 2010	Associated undertakings 31 Dec 2009	Other related parties[1] 31 Dec 2010	Other related parties[1] 31 Dec 2009
Assets				
Loans	272	291	8	10
Derivatives	154	109	—	—
Investments in associated undertakings	554	470	—	—
Total assets	**980**	**870**	**8**	**10**
Liabilities				
Deposits	121	165	71	75
Debt securities in issue	30	—	—	—
Derivatives	89	93	—	—
Total liabilities	**240**	**258**	**71**	**75**
Off balance[2]	**9,358**	**8,524**	**—**	**—**

Group

EURm	Associated undertakings 2010	Associated undertakings 2009	Other related parties[1] 2010	Other related parties[1] 2009
Interest income and interest expense				
Interest income	5	7	0	0
Interest expense	0	0	0	0
Net interest income and expense	**5**	**7**	**0**	**0**

1) Shareholders with significant influence and companies significantly influenced by key management personnel in Nordea Group as well as companies significantly influenced by close family members to these key management personnel are considered to be related parties to Nordea. Included in this group of related parties are Sampo Oyj, Danisco A/S, IK Investment Partners AB and TrygVesta A/S. Transactions with related companies, that are made in Nordea's and the related companies' ordinary course of business and on the same criteria and terms as those for comparable transactions with companies of similar standing, are not included in the table.
2) Including nominal values on derivatives.

Parent company

EURm	Group undertakings 31 Dec 2010	Group undertakings 31 Dec 2009	Associated undertakings 31 Dec 2010	Associated undertakings 31 Dec 2009	Other related parties 31 Dec 2010	Other related parties 31 Dec 2009
Assets						
Loans and receivables	47,005	39,406	45	34	—	—
Interest-bearing securities	4,128	2,914	—	—	—	—
Financial instrument pledged as collateral	57	1,496	—	—	—	—
Derivatives	1,131	1,180	—	—	—	—
Investments in associated undertakings	—	—	4	2	—	—
Investments in group undertakings	16,585	16,152	—	—	—	—
Other assets	463	277	—	—	—	—
Prepaid expenses and accrued income	492	397	—	—	—	—
Total assets	**69,861**	**61,822**	**49**	**36**	**—**	**—**

Note 52 Related-party transactions, cont.

Parent company

	Group undertakings		Associated undertakings		Other related parties	
EURm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Liabilities						
Deposits	20,925	21,207	1	1	44	37
Debt securities in issue	155	90	—	—	—	—
Derivatives	1,364	1,565	25	27	—	—
Other liabilities	265	287	—	—	—	—
Accrued expenses and deferred income	19	15	—	—	—	—
Total liabilities	**22,728**	**23,164**	**26**	**28**	**44**	**37**
Off balance[1]	**30,707**	**29,651**	**2,056**	**1,931**	**—**	**—**

1) Including nominal values on derivatives.

	Group undertakings		Associated undertakings		Other related parties	
EURm	2010	2009	2010	2009	2010	2009
Interest income and interest expense						
Interest income	485	611	0	—	—	—
Interest expense	–463	–445	—	–2	0	–10
Net interest income and expense	**22**	**166**	**0**	**–2**	**0**	**–10**

Compensation and loans to key management personnel

Compensation and loans to key management personnel are specified in Note 8.

Other related-party transactions

Group

Starting in March 2008 Nordea takes part in a guarantee consortium to support Norwegian Eksportfinans ASA in relation to its securities portfolio. Nordea owns 23% of the company with other owners being the Norwegian state and other Nordic banks. Nordea's share of the negative fair value of the contract as of the balance sheet date amounts to approx. EUR 25m. The agreement's expiring date corresponds with the maturity dates of the bonds included in the guarantee. The latest maturity is on 31 December 2023.

In 2009 Nordea entered into one transaction with a company under significant influence by a member of key management personnel, which is disclosed separately in this note due to the transaction's significance for the related company. The related company has a credit limit of EUR 21m, of which EUR 8m was utilised as of 31 December 2010. The latest maturity is 30 June 2011, with the possibility of yearly prolongation after a new credit review. Nordea has collateral in securities (shares) corresponding to 200 percent of the utilised credit limit. The transaction is made on the same criteria and terms as those for comparable transactions with companies of similar standing.

Note 53 Acquisitions

Fionia Bank

Nordea acquired Fionia Bank on November 30, 2009. The provisional purchase price allocation has been adjusted in 2010 to reflect new information about facts that existed at the acquisition date related to the tax situation in Fionia and also to reflect adjustments to the final purchase price paid. Nordea has reduced the value of the tax losses carry forward that the Group is estimated to utilize. The original and adjusted Purchase Price Allocation (PPA) is disclosed below.

EURm	Original PPA	Adjustment	Final PPA
Loans to the public	746	—	746
Other assets	598	6	604
Deposits and borrowings from the public	–1,192	1	–1,191
Other liabilities	–60	—	–60
Acquired net assets in accordance with IFRS	**92**	**7**	**99**
Cost of combination	322	8	330
Surplus value	**230**	**1**	**231**

Allocation of surplus value:			
Customer related intangible asset	51	—	51
Deferred tax asset	53	–31	22
Goodwill	126	32	158

Nordea Investment Fund MGMT A/S

Nordea acquired Nordea Investment Fund MGMT A/S in June 2010 for a purchase price of EUR 8m. Acquired assets amounted to EUR 8m and liabilities assumed to EUR 2m. The surplus value of EUR 2m was recognised as goodwill.

Note 54 Credit risk disclosures

Group
Credit risk management and credit risk analysis are described in the Risk, Liquidity and Capital management section of the Board of Directors´ Report. Additional information on credit risk is also disclosed in the Capital and Risk management Report (Pillar 3) 2010, which is available on www.nordea.com. Much of the information in this note is collected from the Pillar 3 report in order to fulfil the disclosure requirement regarding credit risk in the Annual report.

The Pillar 3 report contains the disclosures required by the Capital Requirements Directive (CRD), which is based on the Basel II framework. The pillar 3 disclosure is aligned to how Nordea manages credit risk and is believed to be the best way to explain the credit risk exposures in Nordea. Credit risk exposures occur in different forms and are divided into the following types:

Exposure types, EURm	31 Dec 2010	31 Dec 2009
On balance sheet items	369,839	326,212
Off balance sheet items	57,887	50,422
Securities financing	1,197	519
Derivatives	28,174	28,792
Exposure At Default (EAD)	**457,097**	**405,945**

Tables presented in this note, containing exposure, are presented as Exposure At Default (EAD). EAD is the exposure after applying credit conversion factors (CCF).

Reconciliation of exposure types to the balance sheet
The CRD concept of EAD is different from the accounting framework. The tables below show reconciliations from the recognised amount in the accounts to EAD. Capital requirement for credit risk is only calculated for the banking book. The counterparty risk from derivatives and repos are included in the credit exposure, while assets related to the trading book are included in market risk. Assets in the Life operations are not part of the capital requirement calculation and consequently not included in the trading or banking books. The table below shows the reconciliation of the balance sheet assets to the EAD for credit risk. Assets outside the banking book contains credit risk, but from a CRD perspective these assets are measured in other risk classes.

On balance sheet items

31 Dec 2010, EURm	Orignal exposure	Items related to market risk	Repos, derivatives, securities lending	Life insurance operations	Other	Balance sheet
Cash and balances with central banks	9,957	—	—	66	—	10,023
Treasury bills, other interest-bearing securities and pledged instruments	48,918	18,446	—	24,379	—	91,743
Loans to credit institutions	7,965	—	7,825	—	–2	15,788
Loans to the public	296,756	—	19,701	327	–2,573	314,211
Derivatives[1]	—	—	96,801	24	—	96,825
Intangible assets	—	—	—	341	2,878	3,219
Other assets and prepaid expenses	6,846	24,217	83	17,657	227	49,030
Total assets	**370,442**	**42,663**	**124,410**	**42,794**	**530**	**580,839**
Exposure at default[2]	**369,839**					

1) Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives are included in the credit risk.
2) The on-balance exposure have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.

31 Dec 2009, EURm	Orignal exposure	Items related to market risk	Repos, derivatives, securities lending	Life insurance operations	Other	Balance sheet
Cash and balances with central banks	11,411	—	—	89	—	11,500
Treasury bills, other interest-bearing securities and pledged instruments	31,422	25,903	—	23,014	—	80,339
Loans to credit institutions	12,426	—	6,142	—	–13	18,555
Loans to the public	263,510	—	18,418	310	173	282,411
Derivatives[1]	—	—	75,402	20	—	75,422
Intangible assets	—	—	—	336	2,611	2,947
Other assets and prepaid expenses	8,369	12,929	3	13,984	1,085	36,370
Total assets	**327,138**	**38,832**	**99,965**	**37,753**	**3,856**	**507,544**
Exposure at default[2]	**326,212**					

1) Derivatives are included in banking and trading books, but not at book values. Counterparty risk in trading derivatives are included in the credit risk.
2) The on-balance exposure have a CCF of 100% but can still have a lower EAD due to provisions in the standardised approach, that are deducted from the original exposure when calculating EAD.

Note 54 Credit risk disclosures, cont.

Off balance sheet items

31 Dec 2010, EURm	Credit risk in Basel II calculation	Life insurance operations	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	23,852	111	—	23,963
Commitments	89,574	1,033	2,142	92,749
Total	**113,426**	**1,144**	**2,142**	**116,712**

31 Dec 2010, EURm	Credit risk in Basel II calculation	Items not included in accounts	Gross amounts	Average conversion factor	Exposure at default EAD
Credit facilities	48,446	31,173	79,619	35%	28,034
Checking accounts	25,188	—	25,188	23%	5,751
Loan commitments	15,181	2,379	17,560	49%	8,555
Guarantees	23,088	—	23,088	64%	14,852
Other	1,523	—	1,523	46%	695
Total	**113,426**	**33,552**	**146,978**		**57,887**

Off balance sheet items

31 Dec 2009, EURm	Credit risk in Basel II calculation	Life insurance operations	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	22,062	205	—	22,267
Commitments	78,273	890	634	79,797
Total	**100,335**	**1,095**	**634**	**102,064**

31 Dec 2009, EURm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities	41,000	33,015	74,015	33%	24,354
Checking accounts	23,498	—	23,498	22%	5,083
Loan commitments	13,655	1,415	15,070	44%	6,686
Guarantees	19,871	—	19,871	67%	13,347
Other	2,311	—	2,311	41%	952
Total	**100,335**	**34,430**	**134,765**		**50,422**

Exposure classes split by exposure type

31 Dec 2010, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	40,906	978	114	1,657	43,655
Institutions	39,750	2,307	664	18,474	61,195
Corporate	133,564	41,195	419	7,691	182,869
Retail	146,909	13,362	0	59	160,330
Other	8,710	45	—	293	9,048
Total exposure	**369,839**	**57,887**	**1,197**	**28,174**	**457,097**

31 Dec 2009, EURm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	40,051	915	310	1,586	42,862
Institutions	26,339	2,487	155	20,595	49,576
Corporate	122,930	35,505	53	6,533	165,021
Retail	130,248	11,479	1	48	141,776
Other	6,644	36	—	30	6,710
Total exposure	**326,212**	**50,422**	**519**	**28,792**	**405,945**

Note 54 Credit risk disclosures, cont.

Exposure split by geography and exposure classes

31 Dec 2010, EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Poland	Russia	Other	Total
Government, local authorities and central banks	39,726	4,195	16,137	2,272	17,122	835	922	288	1,884	43,655
Institutions	54,380	10,355	26,871	2,412	14,742	79	593	185	5,958	61,195
Corporate	160,056	39,915	39,067	34,634	46,440	4,385	1,526	4,387	12,515	182,869
Retail	155,036	48,944	35,071	28,389	42,632	1,490	3,373	276	155	160,330
Other	6,337	1,967	1,024	607	2,739	1,510	288	137	776	9,048
Total exposure	**415,534**	**105,376**	**118,170**	**68,314**	**123,675**	**8,299**	**6,702**	**5,273**	**21,289**	**457,097**

31 Dec 2009, EURm	Nordic countries	– of which Denmark	– of which Finland	– of which Norway	– of which Sweden	Baltic countries	Poland	Russia	Other	Total
Government, local authorities and central banks	38,671	6,560	13,715	5,270	13,126	1,065	872	123	2,131	42,862
Institutions	46,437	5,066	25,012	3,288	13,071	276	289	289	2,285	49,576
Corporate	146,585	38,684	36,275	33,642	37,984	4,104	1,562	3,228	9,542	165,021
Retail	136,615	45,698	32,753	24,488	33,676	2,621	2,157	215	168	141,776
Other	5,327	1,651	944	439	2,293	277	277	142	687	6,710
Total exposure	**373,635**	**97,659**	**108,699**	**67,127**	**100,150**	**8,343**	**5,157**	**3,997**	**14,813**	**405,945**

Exposure split by industry group

EURm	31 Dec 2010	31 Dec 2009
Retail mortgage	119,593	101,258
Other retail	40,081	38,032
Central and local governments	25,122	25,462
Banks	43,725	47,739
Construction and engineering	4,830	5,130
Consumer durables (cars, appliances etc)	6,294	6,076
Consumer staples (food, agriculture etc)	12,629	12,640
Energy (oil, gas etc)	4,186	3,682
Health care and pharmaceuticals	2,607	2,516
Industrial capital goods	5,584	4,590
Industrial commercial services	19,353	16,165
IT software, hardware and services	2,169	1,772
Media and leisure	3,136	3,096
Metals and mining materials	1,124	967
Paper and forest materials	4,085	3,557
Real estate management and investment	41,611	36,378
Retail trade	13,029	11,942
Shipping and offshore	13,105	11,493
Telecommunication equipment	613	411
Telecommunication operators	2,836	2,744
Transportation	4,526	4,010
Utilities (distribution and production)	7,394	6,424
Other financial companies	47,140	27,448
Other materials (chemical, building materials etc)	8,184	7,528
Other	24,141	24,885
Total exposure	**457,097**	**405,945**

Note 54 Credit risk disclosures, cont.

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2010, EURm	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
Government, local authorities and central banks	43,913	43,655	352	—
Institutions	65,233	61,195	933	3,328
Corporate	256,668	182,869	6,475	50,699
Retail	171,463	160,330	2,811	117,674
Other	9,514	9,048	2	2,428
Total exposure	**546,791**	**457,097**	**10,573**	**174,129**

31 Dec 2009, EURm	Original exposure	EAD	– of which secured by guarantees and credit derivatives	– of which secured by collateral
Government, local authorities and central banks	41,851	42,862	28	—
Institutions	54,797	49,576	2,343	2,667
Corporate	235,410	165,021	5,902	45,971
Retail	151,650	141,776	2,681	102,189
Other	7,507	6,710	2	1,114
Total exposure	**491,215**	**405,945**	**10,956**	**151,941**

Collateral distribution

	31 Dec 2010	31 Dec 2009
Other Physical Collateral	5.4%	6.0%
Receivables	1.1%	1.0%
Residential Real Estate	74.4%	72.9%
Commercial Real Estate	16.6%	17.6%
Financial Collateral	2.5%	2.5%

Loan-to-value distribution

	31 Dec 2010		31 Dec 2009	
Retail mortage exposure	EURbn	%	EURbn	%
<50%	85.7	75	74.2	77
50–70%	20.0	18	15.8	16
70–80%	5.3	5	4.0	4
80–90%	1.8	1	2.0	2
>90%	0.8	1	1.3	1
Total	**113.6**	**100**	**97.3**	**100**

Collaterised Debt Obligations (CDO) – Exposure[1]

	31 Dec 2010		31 Dec 2009	
Nominal, EURm	Bought protection	Sold protection	Bought protection	Sold protection
CDOs, gross	1,535	2,999	4,308	4,120
Hedged exposures	1,322	1,322	2,928	2,928
CDOs, net[2]	**213[3]**	**1,677[4]**	**1,380[3]**	**1,192[4]**
– of which Equity	108	406	259	387
– of which Mezzanine	104	459	237	514
– of which Senior	1	812	884	291

1) First-to-Default swaps are not classified as CDOs and are therefore not included in the table. Net bought protection amounts to EUR 71m and net sold protection to EUR 80m. Both bought and sold protection are, to the predominant part, investment grade.
2) Net exposure disregards exposure where tranches are completely identical in terms of reference pool attachment, detachment, maturity and currency.
3) Of which investment grade EUR 209m (EUR 1,380m) and sub investment grade EUR 4m (EUR 0m).
4) Of which investment grade EUR 1,497m (EUR 1,068m) and sub investment grade EUR 22m (EUR 19m) and not rated EUR 158m (EUR 105m).

Note 54 Credit risk disclosures, cont.

When Nordea sells protection in a CDO transaction, Nordea carries the risk of losses in the reference portfolio on the occurrence of a credit event. When Nordea buys protection in a CDO transaction, any losses in the reference portfolio, in which Nordea has not necessarily invested, triggered by a credit event is then carried by the seller of protection.

The risk from CDOs is hedged with a portfolio of CDSs. The risk positions are subject to various types of market risk limits, including VaR, and the CDO valuations are subject to fair value adjustments for model risk. These fair value adjustments are recognised in the income statement.

Restructured loans and receivables current year

EURm	31 Dec 2010	31 Dec 2009
Loans before restructuring, carrying amount	119	167
Loans after restructuring, carrying amount	66	113

Assets taken over for protection of claims[1]

EURm	31 Dec 2010	31 Dec 2009
Current assets, carrying amount:		
Land and buildings	50	0
Shares and other participations	29	3
Other assets	6	7
Total	**85**	**10**

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

Past due loans, excl. impaired loans

	31 Dec 2010		31 Dec 2009	
EURm	Corporate customers	Household customers	Corporate customers	Household customers
6–30 days	1,021	841	835	582
31–60 days	491	349	239	281
61–90 days	91	114	84	259
>90 days	222	298	369	307
Total	**1,825**	**1,602**	**1,527**	**1,429**
Past due not impaired loans divided by loans to the public after allowances, %	1.08	1.14	1.00	1.16

Loans to corporate customers, by size of loan

	31 Dec 2010		31 Dec 2009	
Size in EURm	Loans EUR bn	%	Loans EURbn	%
0–10	68.8	41	58.9	39
10–50	37.7	22	35.9	23
50–100	18.5	11	18.3	12
100–250	21.3	12	17.7	12
250–500	11.1	7	11.4	7
500–	11.7	7	11.2	7
Total	**169.1**	**100**	**153.4**	**100**

Interest-bearing securities and Treasury bills

	31 Dec 2010			31 Dec 2009		
EURm	At fair value	At amortised cost	Total	At fair value	At amortised cost	Total
State and sovereigns	18,575	604	19,179	16,639	1,211	17,850
Municipalities and other public bodies	3,541	434	3,975	2,964	431	3,395
Mortgage institutions	18,964	8,746	27,710	15,701	8,184	23,885
Other credit institutions	15,554	6,100	21,654	9,587	8,056	17,643
Corporates	4,925	171	5,096	4,648	71	4,719
Corporates, sub-investment grade	1,673	—	1,673	1,235	—	1,235
Other	2,962	—	2,962	372	—	372
Total	**66,194**	**16,055**	**82,249**	**51,146**	**17,953**	**69,099**

Proposed distribution of earnings

According to the parent company's balance sheet, the following amount is available for distribution by the Annual General Meeting:

	EUR
Share premium reserve	1,065,328,165
Retained earnings	6,624,228,630
Other free funds	2,762,284,828
Net profit for the year	2,001,933,638
Total	**12,453,775,261**

The Board of Directors proposes that these earnings are distributed as follows:

	EUR
Dividends paid to shareholders, EUR 0.29 per share	1,167,867,606
To be carried forward to	
– share premium reserve	1,065,328,165
– retained earnings	7,458,294,662
– other free funds	2,762,284,828
Total	**12,453,775,261**

It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands with respect to the size of the Company's and the Group's equity, which are imposed by the nature, scope and risks, associated with the business, and the Company's and the Group's need for consolidation, liquidity and financial position in general.

The Board of Directors and the President and CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the International Reporting Standards (IFRS/IAS) referred to in the European parliament and councils' regulation (EC) 1606/2002, from 19 July 2002, on application of International Accounting Standards. They give a true and fair view of the Group's and the Company's financial position and result. The Board of Directors' Report for the Group and the Company gives a true and fair overview of the development of the operations, financial position and result of the Group and the Company and describes the material risks and uncertainties that the Company and the Group companies are facing.

8 February 2011

Hans Dalborg
Chairman

Björn Wahlroos
Vice Chairman

Stine Bosse
Board member

Marie Ehrling
Board member

Svein Jacobsen
Board member

Ole Lund Jensen
Board member[1]

Tom Knutzen
Board member

Steinar Nickelsen
Board member[1]

Lars G Nordström
Board member

Lars Oddestad
Board member[1]

Sarah Russell
Board member

Björn Savén
Board member

Kari Stadigh
Board member

Christian Clausen
President and CEO

Our audit report was submitted on 9 February 2011

KPMG AB

Carl Lindgren
Authorised Public Accountant

1) Employee representative.

Audit report

To the annual meeting of the shareholders of Nordea Bank AB (publ)
Corporate identity number 516406-0120

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Nordea Bank AB (publ) for the year 2010. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 50–173. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act of Credit Institutions and Securities Companies when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act of Credit Institutions and Security Companies when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act of Credit Institutions and Securities Companies or the Articles of Associations. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act of Credit Institutions and Securities Companies and give a true and fair view of the group's financial position and results of operations. A Corporate Governance Report has been prepared. The Board of Directors´ report and the Corporate Governance Report are consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the Board of Directors' report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

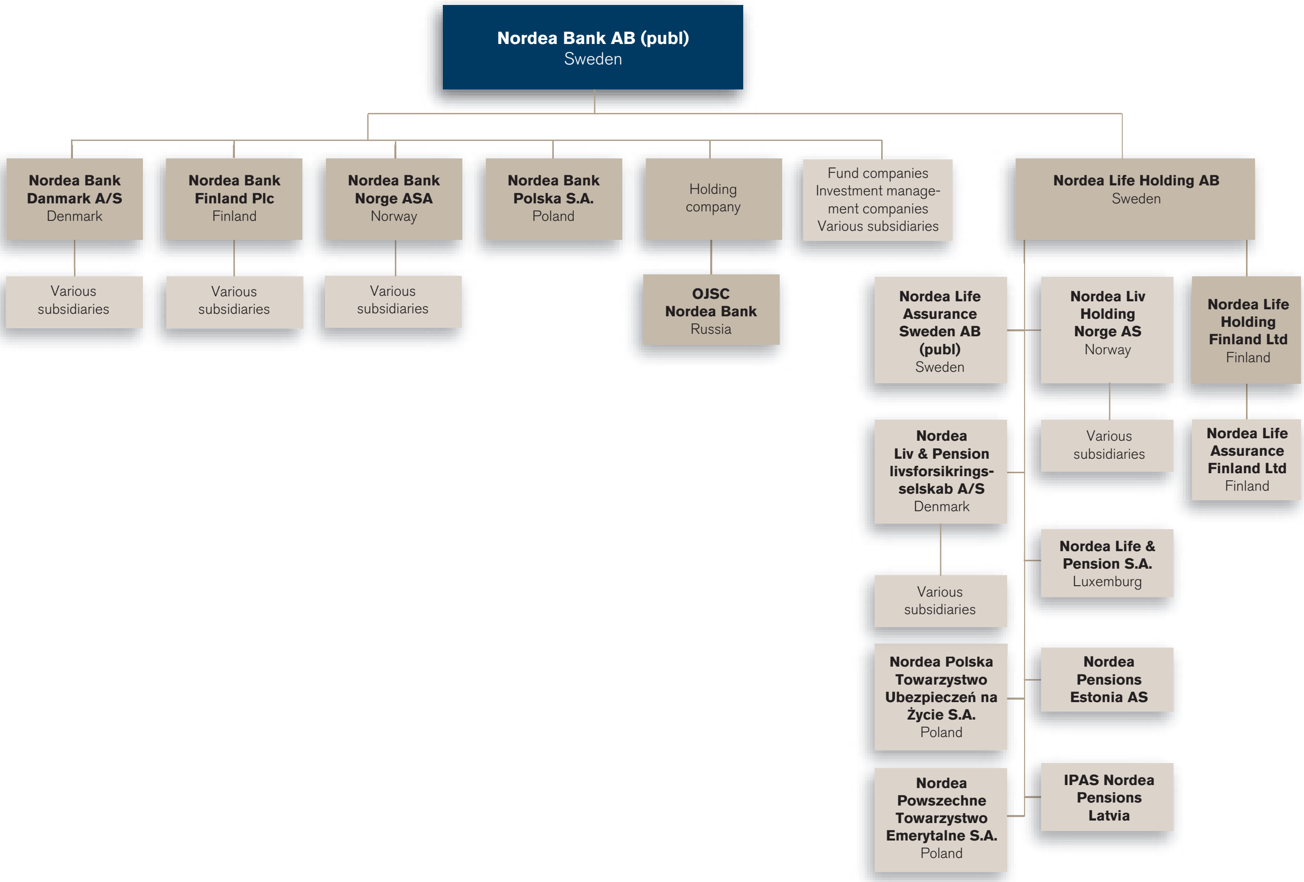
Stockholm, 9 February 2011

KPMG AB

Carl Lindgren
Authorised Public Accountant

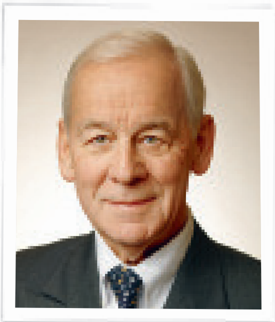
Legal structure

Main legal structure*, as of 31 December 2010

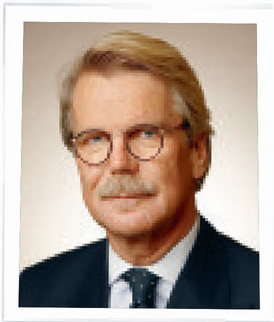


* Further information is presented in Note 22.
Nordea's business in the Baltic countries is operated as branches of Nordea Bank Finland Plc.

Board of Directors

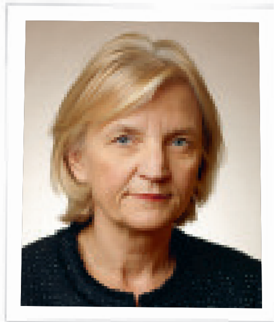


Hans Dalborg



Björn Wahlroos

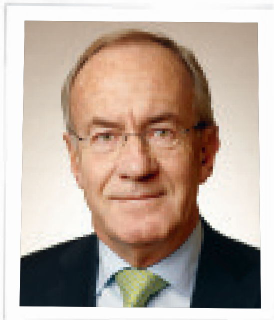
Stine Bosse



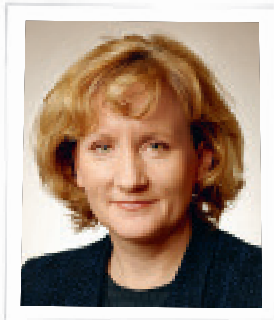
Marie Ehrling

Svein Jacobsen

Tom Knutzen



Lars G Nordström



Sarah Russell

Hans Dalborg
Chairman
Ph.D. (Economics). Board member since 1998. Born 1941.
Board Chairman of the Swedish Corporate Governance Board and Uppsala University.
Board member of AxFast AB, the Stockholm Institute of Transition Economics and East European Economies (SITE) and the Stockholm Institute for Financial Research (SIFR).
Member of the European Round Table of Financial Services (EFR).

Previous positions:
2005–2008 Board Chairman of the Royal Swedish Academy of Engineering Sciences (IVA)
1997–2005 Board Chairman of the Royal Swedish Opera
2000 President and CEO Nordea
1998–1999 President and CEO MeritaNordbanken
1991–1997 President and CEO Nordbanken
1989–1990 Senior Executive Vice President and Chief Operating Officer of Skandia Group
1972–1989 Various positions within Skandia Group
Shareholding in Nordea: 63,178*

Björn Wahlroos
Vice Chairman
Ph.D (Econ), 1979. Board member since 2008. Born 1952.
Board Chairman of Sampo plc, UPM-Kymmene Oyj and Hanken School of Economics.
Board member of several charities, including the Finnish Business and Policy Forum EVA/ETLA and the Mannerheim Foundation.

Previous positions:
2001–2009 Group CEO and President of Sampo plc
1998–2000 Chairman of Mandatum Bank plc
1992–1997 President of Mandatum & Co Ltd
1985–1992 Various positions with Union Bank of Finland including executive vice president and member of the executive committee 1989–1992
1983–1984 Visiting associate professor in Managerial Economics and Decision Sciences at Kellogg Graduate School of Management, Northwestern University
1980–1981 Visiting assistant professor in Economics at Brown University
1979–1985 Professor and acting professor of Economics at the Swedish School of Economics
1974–1979 Acting lecturer and assistant professor in Finance at the Swedish School of Economics
Shareholding in Nordea: 100,000*

Stine Bosse
Master of Law. Board member since 2008. Born 1960.
Board Chairman of Børnefonden.
Board member of Forsikring & Pension.
Non-executive Director of Amlin Plc.

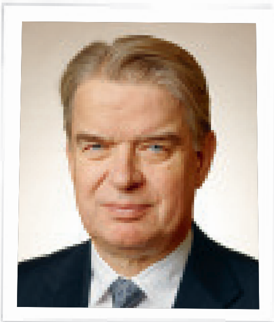
Previous positions:
2002–2011 Group CEO of Tryg A/S
2004–2006 Board Member of TDC
2002–2005 Board Member of Flügger
1987–2001 Various positions within Tryg Forsikring A/S. Senior Vice President 1999–2002
Shareholding in Nordea: 2,917*

Marie Ehrling
BSc (Economics). Board member since 2007. Born 1955.
Board member of Securitas AB, Loomis AB, Oriflame Cosmetics SA, Schibsted ASA, Safe Gate AB, Centre for Advanced Studies of Leadership at Stockholm School of Economics and World Childhood Foundation.
Member of Business Executives Council of Invest Sweden and the Royal Swedish Academy of Engineering Sciences (IVA).

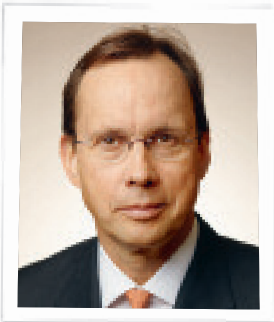
Previous positions:
2003–2006 CEO TeliaSonera Sverige AB
1982–2002 Deputy CEO SAS Group, Head of SAS Airline and other executive positions within the SAS group
1980–1982 Information officer at the Ministry of Finance
1979–1980 Information officer at the Ministry of Education
1977–1979 Financial analyst at Fourth Swedish National Pension Fund
Shareholding in Nordea: 3,075*

Svein Jacobsen
MBA. Certified public accountant. Board member since 2008. Born 1951.
Board Chairman of Vensafe AS, PSI Group ASA and Falkenberg AS.
Deputy Chairman of Orkla ASA.
Member of the Advisory Board in CVC Capital Partners.

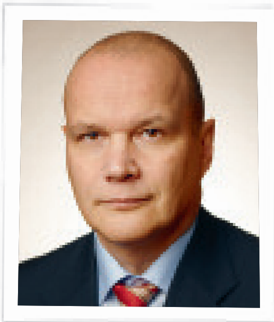
Previous positions:
2000–2010 Board Chairman Expert ASA
2007–2009 Board Chairman Think Global ASA
1984–1996 Various positions within Tomra Systems including CEO 1988–1996
Shareholding in Nordea: 5,000*



Björn Savén



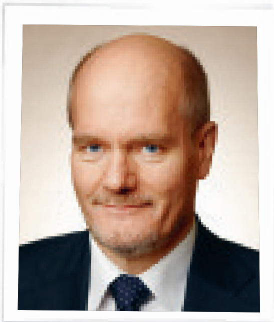
Kari Stadigh



Kari Ahola

Ole Lund Jensen

Steinar Nickelsen



Lars Oddestad

Tom Knutzen
MSc (Economics). Board member since 2007. Born 1962.
CEO Danisco A/S.
Chairman of the Council of Copenhagen Industries Employers' Federation.
Board member of the Confederation of Danish Industries (DI) in Copenhagen.
Member of Denmark's Growth Council.

Previous positions:
2000–2006 CEO NKT Holding A/S
1996–2000 CFO NKT Holding A/S
1988–1996 Various positions within Niro A/S
1985–1988 Various positions within Fællesbanken
Shareholding in Nordea: 47,750*

Lars G Nordström
Law studies at Uppsala University. Board member since 2003. Born 1943.
Board Chairman of the Finnish-Swedish Chamber of Commerce.
Board member of Viking Line Abp and the Swedish-American Chamber of Commerce.
Member of the Royal Swedish Academy of Engineering Sciences (IVA).
Finnish Consul.

Previous positions:
2008–2011 President and Group CEO of Posten Norden AB
2004–2010 Board member of TeliaSonera AB
2005–2009 Board Chairman of the Royal Swedish Opera
2002–2007 President and Group CEO of Nordea Bank AB
1993–2002 Various executive management positions within Nordea Group
1970–1993 Various positions within Skandinaviska Enskilda Banken (EVP from 1989)
Shareholding in Nordea: 23,250*

Sarah Russell
Master of Applied Finance. Board member since 2010. Born 1962.
CEO Aegon Asset Management.

Previous positions:
1994–2008 Various executive management positions within ABN AMRO, including Senior Executive Vice President and CEO of ABN AMRO Asset Management
1981–1994 Various management and other positions in Financial Markets within Toronto Dominion Australia Ltd
Shareholding in Nordea: 0*

Björn Savén
Ekon. dr. h.c., MBA and MSc (Bus. & Econ.). Board member since 2006. Born 1950.
Chairman of IK Investment Partners. Chairman of the British-Swedish Chamber of Commerce. Vice President of the Royal Swedish Academy of Engineering Sciences (IVA).
Board member of Vattenfall AB, Attendo Care AB and Minimax AG.

Previous positions:
2008–2010 Executive Chairman of IK Investment Partners
1993–2008 Chief Executive of IK Investment Partners
1988–1993 Chief Executive Enskilda Ventures (SEB), London
1976–1988 General and financial management positions within the Esselte Group in Stockholm, London and New York
1974–1976 MBA studies at Harvard Business School, Boston
1972–1974 Analyst, Gulf Oil, Stockholm
Shareholding in Nordea: 1,000,000*

Kari Stadigh
Master of Science (Engineering) and Bachelor of Business Administration. Board member since 2010. Born 1955.
Group CEO and President of Sampo plc.
Board Chairman of If P&C Insurance Holding AB (publ), Kaleva Mutual Insurance Company, Mandatum Life Insurance Company Limited and Alma Media Corporation.

Previous positions:
2001–2009 Deputy CEO of Sampo plc
1999–2000 President of Sampo Life Insurance Company Ltd
1996–1998 President of Nova Life Insurance Company Ltd
1991–1996 President of Jaakko Pöyry Group
1985–1991 President of JP Finance Oy
Shareholding in Nordea: 100,000*

Employee representatives:
Kari Ahola
Board member from 2006. Born 1960. Shareholding in Nordea: 0*

Ole Lund Jensen
Board member from 2009. Born 1960. Shareholding in Nordea: 4,185*

Steinar Nickelsen
Board member since 2007. Born 1962. Shareholding in Nordea: 0*

Lars Oddestad
Board member from 2009. Born 1950. Shareholding in Nordea: 0*

* Shareholdings also include shares held by family members and closely affiliated legal entities.

Group Executive Management

Group Executive Management, from left to right:
Michael Rasmussen, Ari Kaperi, Fredrik Rystedt, Christian Clausen, Peter Schütze, Gunn Wærsted, Casper von Koskull.

Christian Clausen
President and Group CEO since 2007.
Master of Science (Economics). Appointed member of GEM 2001.
Born 1955.
President of the European Banking Federation
Chairman of the Swedish Bankers' Association

Previous positions:
2000–2007 Executive Vice President, Head of Asset Management & Life, Member of Group Management; Nordea
1998–2000 Member of Executive Board, Unibank
1996–1998 Managing Director and Chief Executive, Unibank Markets
1990–1996 Managing Director and Chief Executive of Unibørs Securities
1988–1990 Managing Director of Privatbørsen
Shareholding: 96,234 Nordea[1]

Ari Kaperi[2]
Executive Vice President, CRO, Head of Group Risk Management.
Born 1960.
Appointed member 2008.
Shareholding: 18,118 Nordea[1]

Casper von Koskull
Executive Vice President, Head of Corporate Merchant Banking & Capital Markets.
Born 1960.
Appointed member 2010.
Shareholding: 20,000 Nordea[1]

Michael Rasmussen
Executive Vice President, Head of New European Markets, Banking Products & Group Operations.
Born 1964.
Appointed member 2008.
Shareholding: 40,726 Nordea[1]

Fredrik Rystedt[2]
Executive Vice President, CFO, Head of Group Corporate Centre.
Born 1963.
Appointed member 2008.
Shareholding: 26,550 Nordea[1]

Peter Schütze[2]
Executive Vice President, Head of Nordic Banking.
Born 1948.
Appointed member 2002.
Shareholding: 64,750 Nordea[1]

Gunn Wærsted[2]
Executive Vice President, Head of Shipping, Private Banking & Savings Products.
Born 1955.
Appointed member 2007.
Shareholding: 47,752 Nordea[1]

1) Shareholdings also include shares held by family members.
2) Country Senior Executive.

Group Organisation

- **President and Group CEO** – **Christian Clausen**
  - Group Identity & Communications – **Jan Larsson**
  - Group Human Resources – **Henrik Priergaard**
  - Group Internal Audit – **Eva-Lotta Rosenqvist**
  - **Nordic Banking** – **Peter Schütze**
    - Customer areas
      - Banking Denmark – **Anders Jensen**
      - Banking Finland – **Pekka Nuuttila**
      - Banking Norway – **John Sætre**[1]
      - Banking Sweden – **Hans Jacobson**
      - Segment Household & Group Marketing – **Topi Manner**
      - Segment Corporate – **Peter Lybecker**
  - **Corporate Merchant Banking & Capital Markets** – **Casper von Koskull**
    - Customer areas
      - Corporate Merchant Banking – **Casper von Koskull**
      - Financial Institutions – **Birger Gezelius**
    - Product areas
      - Capital Markets Products – **Peter Nyegaard**[2]
  - **Shipping, Private Banking & Savings Products** – **Gunn Wærsted**
    - Customer areas
      - Shipping & Oil Services – **Hans Chr. Kjelsrud**
      - Nordic Private Banking – **Niklas Ekvall**
      - International Private Banking & Funds – **Jhon Mortensen**
    - Product areas
      - Savings Products & Asset Management – **Allan Polack**
      - Life & Pensions – **Johan Sidenmark**
    - Service Unit
      - International Branches – **Anne-Margrethe Firing**
  - **New European Markets, Banking Products & Group Operations** – **Michael Rasmussen**
    - Customer areas
      - New European Markets – **Thomas Neckmar**
    - Product areas
      - Account Products – **Kurt Gustafsson**
      - Transaction Products – **Ossi Leikola**
      - Nordea Finance – **Jukka Salonen**
    - Group Operations
      - Group IT – **Tapio Saarelainen**
      - IT Solutions NEM & Group Functions – **Tuija Pirttilä-Bäck**
      - IT Solutions Capital Markets, FID & Savings – **Poul Raaholt**
      - IT Solutions Nordic Banking and CMB – **Hans-Henrik Eigtved**
      - Group Shared Services – **Per E. Berg**
  - **Group Corporate Centre, Group CFO** – **Fredrik Rystedt**
    - Service and staff units
      - Group Treasury – **Torsten Hagen Jørgensen**
      - Group Planning & Control – **Johan Ekwall**
      - Group Finance – **Frank Søllested**
      - Investor Relations – **Rodney Alfvén**
      - Group Strategy & Corporate Development – **Anna Storåkers**
      - Group Legal – **Lena Eriksson**
      - European Affairs – **Leena Mörttinen**
  - **Group Risk Management, Group CRO** – **Ari Kaperi**
    - Service and staff units
      - Group Credit – **Jorma Timonen**
      - Group Credit Control – **Holger Otterheim**
      - Group Capital and Risk Modelling – **Louise Lindgren**
      - Group Operational Risk Management – **Sigurd Carlsen**
      - Group Market Risk Management – **Niels N. Kjær**
      - Corporate Social Responsibility – **Liisa Jauri**

1) Starts during first half of 2011.
2) Deputy Head of Corporate Merchant Banking & Capital Markets.

Ratings

	Moody's Investors Service		Standard & Poor's		Fitch		DBRS	
	Short	Long	Short	Long	Short	Long	Short	Long
Nordea Bank AB (publ)	P–1	Aa2	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Bank Danmark A/S	P–1	Aa2	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Bank Finland Plc	P–1	Aa2	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Bank Finland Plc, covered bonds		Aaa[1]						
Nordea Bank Norge ASA	P–1	Aa2	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Hypotek AB (publ)		Aaa[1]		AAA[1]				
Nordea Kredit Realkreditaktieselskab		Aaa[1]		AAA[1]				
Nordea Eiendomskreditt AS		Aaa[1]						

1) Covered bond rating.

Annual General Meeting 24 March 2011

Nordea's Annual General Meeting (AGM) 2011 will be held on Thursday 24 March at 13.00 CET at Aula Magna, at Stockholm University, Frescativägen 6, Stockholm.

Notification of participation etc

Shareholders who wish to participate in the AGM shall be entered in the share register maintained by the Swedish Securities Register Center (Euroclear Sweden AB) not later than 18 March 2011 and notify Nordea. Shareholders whose shares are held in custody therefore must temporarily re-register their shares in their own names with Euroclear Sweden AB in order to be able to participate. This applies for example to holders of Finnish Depositary Receipts in Finland and holders of shares registered in Værdipapircentralen in Denmark.

Such re-registration must be effected in Euroclear Sweden AB in Sweden on 18 March 2011. This means that the shareholder in good time prior to this date must inform the trustee about this.

Shareholders registered in Euroclear Sweden AB in Sweden

Notification of participation in the AGM must be made to Nordea Bank AB (publ) at the latest on 18 March 2011 preferably before 13.00 Swedish time at the following address: Nordea Bank AB (publ), c/o Computershare AB, Box 610, SE-182 16 Danderyd, Sweden, or by telephone +46 8 518 01 551, or by fax +46 8 588 04 201, or on Nordea's web page www.nordea.com.

Holders of Finnish Depositary Receipts (FDR) in Finland

Notification of participation in the AGM and re-registration of shares to Euroclear Sweden AB must be made at the latest on 17 March 2011 at 12.00 noon Finnish time to Nordea Bank AB (publ), c/o Computershare AB, Box 610, SE-182 16 Danderyd, Sweden, or by telephone +358 9 348 9230 or fax +46 8 588 04 201, or on Nordea's web page www.nordea.com.

Shareholders registered in Værdipapircentralen in Denmark

Notification of participation in the AGM and re-registration of shares to Euroclear Sweden AB must be made at the latest on 17 March 2011 at 12.00 noon Danish time to Nordea Bank AB (publ), c/o Computershare, Kongevejen 418, DK-2480 Holte, Denmark, or by telephone +45 4546 0997 or fax +45 4546 0998, or on Nordea's web page www.nordea.com.

Financial calendar

Financial calendar 2011

Annual General Meeting	24 March
Ex-dividend date	25 March
Record date	29 March
Dividend payments	5 April
1st quarter report	28 April
2nd quarter report	19 July
3rd quarter report	19 October

Contacts

Fredrik Rystedt, Group CFO/EVP Tel: +46 8 614 78 00

Investor Relations

Rodney Alfvén, Head of Investor Relations
Andreas Larsson
Christopher Casselblad
Carolina Brikho

SE-105 71 Stockholm, Sweden Tel: +46 8 614 92 77

Website

All reports and press releases are available on the Internet at: www.nordea.com. Financial reports published by the Nordea Group may be ordered via Investor Relations.

The annual reports of Nordea Bank Danmark A/S, Nordea Bank Norge ASA, Nordea Bank Finland Plc can be downloaded at www.nordea.com

Nordea's disclosure on Capital adequacy and risk management, in accordance with the Pillar 3 requirements according to the EU Capital Requirements Directive in the Basel II framework, is presented on www.nordea.com.

The Annual Report 2010

This Annual Report covers Nordea Bank AB (publ) and pertains to the operations of the Nordea Group, whose main legal structure is presented on page 175. The original annual report is in Swedish. This is an English version thereof. A Swedish version may be obtained upon request.

In this Annual Report, the Nordea Group presents income statements and other financial data quoted in euro (EUR).

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"Nordea is a relationship bank focusing at creating great customer experiences. The relationship managers meet and discuss with customers to understand their business and needs.