Nordea

Annual Report 2012
Nordea Bank Danmark

Business registration number 13522197

Nordea Bank Danmark A/S is part of the Nordea Group. Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, approximately 1,000 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

Contents

The following is a translation of the Danish original document. The original Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.

Key financial figures, Group

Income, profit and business volumes, key items (DKKm)	2012	2011	Change %	2010	2009
Total operating income	16,622	16,090	3	18,291	17,772
Total operating expenses	-10,322	-10,480	-2	-10,335	-10,458
Profit before loan losses	6,300	5,610	12	7,956	7,314
Net loan losses	-4,264	-2,761	54	-3,399	-5,113
Operating profit	2,036	2,849	-29	4,557	2,201
Net profit for the year	1,514	2,188	-31	3,480	1,450
Loans to the public, DKKbn	609	607	0	679	670
Deposits and borrowings from the public, DKKbn	319	313	2	347	324
Equity, DKKbn	37	32	16	33	30
Total assets, DKKbn	845	902	-6	997	1,033

Ratios and key figures					
Return on equity	4.4	6.8		11.0	4.8
Cost/income ratio	62	65		57	59
Loan loss ratio, basis points	70.2	40.6		50.8	77.7
Tier 1 capital ratio[1]	12.1	10.1		8.9	8.9
Total capital ratio[1, 2]	18.2	17.0		15.4	12.0
Tier 1 capital[1], DKKbn	34	29		28	28
Risk-weighted assets[1], DKKbn	280	289		310	312
Number of employees[1] (full-time equivalents)	6,584	7,885		7,968	7,964

[1] End of the year.

[2] Total capital ratio for 2010 includes a subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011. Excluding this subordinated loan the ratio amounted to 11.9%.

Nordea Bank Danmark Directors' report

Throughout this report the terms "Nordea Bank Danmark" and "NBD" refer to Nordea Bank Danmark A/S and its subsidiaries. Nordea Bank Danmark A/S is a wholly-owned subsidiary of Nordea Bank AB (publ), the parent company of the Nordea Group. The Nordea Bank AB Group is referred to as "Nordea".

Nordea Bank Danmark A/S is domiciled in Copenhagen and its business registration number is 13522197.

Group organisation

As part of Nordea, NBD operates in the banking business. All the operations of NBD are integrated in the operations of the Nordea Group, whose annual report, with activities and earnings reported by the customer areas, encompasses the operations of NBD in their entirety.

Subsidiaries and foreign branches

NBD's most significant subsidiaries are Nordea Kredit Realkreditaktieselskab, through which the bank carries on mortgage lending activities, and Nordea Finans Danmark A/S, through which the bank carries on financing, leasing and factoring activities. The subsidiary Fionia Asset Company primarily derives its income from interest-bearing investments and properties.

NBD has no foreign branches.

Comments on the income statement (NBD Group)

Total operating income rose DKK 0.5bn to DKK 16.6bn (DKK 16.1bn) (the comparative figures in brackets refer to 2011), up by 3% compared to 2011. The increase was mainly related to net interest income, up by 3%, and net fee and commission income, up by 7%. Net result from items at fair value rose DKK 0.1bn to DKK 0.1bn (DKK 0.0bn). Total operating expenses were down by 2% to DKK 10.3bn (DKK 10.5bn). Profit before loan losses rose, as expected, 12% to DKK 6.3bn (DKK 5.6bn). Net loan losses rose DKK 1.5bn to DKK 4.3bn (DKK 2.8bn).

NBD's operating profit was DKK 2.0bn (DKK 2.8bn), a decline of 29% compared to 2011. Net profit for the year declined 31% to DKK 1.5bn (DKK 2.2bn). Return on equity was 4.4% (6.8%). NBD´s strong customer relationships offset the effect on earnings of the weak macroeconomic environment and the very low interest rate level. The New Normal plan was completed as expected and has enhanced cost efficiency and profitability. As expected, loan losses were at a high level, reflecting the macroeconomic situation and the new rules for loan losses.

NBD´s capital base was strengthened at end-2012 by a capital contribution of DKK 3.7bn, increasing the tier 1 capital ratio and the total capital ratio by 1.3% points viewed in isolation. The tier 1 capital ratio and the total capital ratio were subsequently 12.1% and 18.2%, respectively, at 31 December 2012 including profit for the year.

Operating income

Total operating income rose 3% to DKK 16.6bn (DKK 16.1bn) mainly due to higher net interest income and fee and commission income as well as an improved net result from items at fair value.

Net interest income increased 3% to DKK 11.5bn (DKK 11.1bn) mainly relating to higher lending margins for household and corporate customers as well as increased lending to household customers. The margin on mortgage loans widened due to the introduction of higher fees in January 2012. The increase was partly offset by lower deposit margins. Net interest income from activities in Group Treasury decreased slightly. Loans to the public excluding reverse repurchase agreements increased 1% primarily driven by higher mortgage lending, which was up by 5%. Lending to corporate customers was in line with the end-2011 level. Corporate market activity was moderate with investments at a low level. Deposits from the public excluding repurchase agreements increased 2%.

Net fee and commission income rose 7% to DKK 4.5bn (DKK 4.2bn). Savings-related commissions increased 8% to DKK 3.0bn (DKK 2.8bn) mainly due to higher asset management and brokerage commissions. A significant part of the bank's brokerage is derived from the service agreement with Nordea Bank Finland on Markets' customer-driven activities. Lending-related commissions rose 10% to DKK 1.0bn (DKK 0.9bn) due to higher activity, including increased refinancing activity in conjunction with mortgage lending. Payment commissions increased 5% to DKK 0.8bn (DKK 0.7bn). Other commission income was unchanged at DKK 0.3bn (DKK 0.3bn). Total commission expenses increased 18% to DKK 0.5bn (DKK 0.4bn) primarily due to payments.

Net result from items at fair value increased DKK 0.1bn to DKK 0.1bn (DKK 0.0bn). The net result of Group Treasury's unlisted private equity portfolio improved sharply and was mainly due to the positive fair value adjustment of the investment in Axcel III in 2012. The net result of Group Treasury's fixed-income portfolio declined and was partly affected by the negative net result of positions that were an integrated part of the Nordea Group's aggregate position management. Net result from items at fair value of Markets' customer-driven activities decreased as expected in 2012 due to the centralisation of Markets' activities in Nordea Bank Finland.

Profit from companies accounted for under the equity method rose to DKK 0.2bn (DKK 0.1bn) and was primarily related to the associated companies Nets Holding A/S and LR Realkredit A/S.

Other operating income was down by DKK 0.2bn to DKK 0.4bn (DKK 0.6bn) due to lower group internal service income as a result of the centralisation of the Group's IT activities in Nordea Bank AB.

Operating expenses

Total operating expenses were down by 2% to DKK 10.3bn (DKK 10.5bn).

The New Normal plan has enhanced NBD's cost efficiency and profitability. As announced in the autumn of 2011 and in accordance with the New Normal plan, the number of employees has been reduced and the branch network adjusted to the change in customer behaviour.

Total staff costs were affected by the centralisation of the Group's IT activities in Nordea. On 1 May 2012 around 800 IT employees were transferred to the Danish branch of Nordea Bank AB. In the future Nordea Bank AB will be responsible for operating and developing the Nordea Group's IT systems. A service agreement on the delivery of IT operations and development to NBD has been entered into with Nordea Bank AB.

Staff costs were down by 8% to DKK 5.9bn (DKK 6.4bn) mainly due to a reduction in the number of employees. At year-end the number of full-time employees (FTEs) was down by 16% to 6,584 (7,885) due to the New Normal plan and the transfer of employees to Nordea Bank AB in conjunction with the centralisation of IT activities. The average number of full-time equivalent positions was 7,091 (8,036).

Other expenses amounted to DKK 3.9bn (DKK 3.4bn), corresponding to an increase of 17% compared to last year. IT costs were up by DKK 0.4bn due to the outsourcing of IT activities to Nordea Bank AB with corresponding lower staff costs. Other expenses included payments to the bank department of the Danish Deposit Guarantee Fund as the financing of the Fund was changed in 2012 to a scheme with fixed annual cash payments. NBD's payment for the financial year 2012 totalled DKK 0.2bn after offsetting the assets of the old scheme.

Depreciation, amortisation and impairment charges of tangible and intangible assets rose DKK 0.2bn to DKK 0.5bn (DKK 0.3bn) mainly due to increased amortisation of software developed in-house.

Other operating expenses decreased DKK 0.3bn to DKK 0.1bn (DKK 0.4bn). In 2012 other operating expenses covered NBD's share of losses of the winding-up and restructuring department of the Danish Deposit Guarantee Fund primarily relating to Fjordbank Mors's operating losses. In 2011 other operating expenses covered losses of the Danish Deposit Guarantee Fund in connection with the bankruptcy of Amagerbanken, Fjordbank Mors and Max Bank.

The cost/income ratio improved to 62% compared to 65% last year.

Loan losses

Net loan losses rose DKK 1.5bn to DKK 4.3bn (DKK 2.8bn). As expected, losses on individually assessed loans were at a high level, totalling DKK 4.8bn (DKK 3.5bn), while losses on collectively assessed loans showed a net reversal of DKK 0.5bn (reversal of DKK 0.7bn).

The loan loss ratio was 70 bp (41 bp). Net losses on individually and collectively assessed loans amounted to 78 bp and a positive 8 bp compared to 50 bp and a positive 10 bp, respectively, in 2011.

The stricter guidelines for loan losses introduced by the Danish Financial Supervisory Authority in the second quarter of 2012 affected the loss level of individually assessed loans.

Due to the prolonged difficult situation in the economic environment, the housing market remains weak. However, in the last quarter of 2012 the level of loan losses decreased slightly, although they were still at an elevated level. Core fundamentals in the Danish economy are still relatively strong with expected moderate GDP growth in 2012, strong public finances, low interest rates and a low unemployment level and the number of household mortgage customers facing problems is limited.

Most corporates are financially strong with a relatively good outlook. However, loan losses on a few CIB customers have led to a slight increase in the loan loss level in that specific segment.

Taxes

Income tax expense was DKK 0.5bn (DKK 0.7bn). In 2012 the effective tax rate of 26% (23%) was affected by non-deductible expenses and foreign tax payments.

In addition to corporation tax, NBD paid payroll tax in 2012 of 10.5% of the Group's payrolls corresponding to DKK 0.6bn (DKK 0.5bn). Moreover, NBD's costs were adversely affected by DKK 0.4bn (DKK 0.5bn) as financial institutions cannot deduct VAT.

Net profit

Net profit for the year decreased to DKK 1.5bn (DKK 2.2bn) primarily due to higher loan losses. Return on equity was 4.4% (6.8%).

Comments on the balance sheet (NBD Group)

The balance sheet total decreased by DKK 57bn, or 6%, to DKK 845bn in 2012 (DKK 902bn).

All balance sheet items in foreign currencies are translated into DKK at the actual year-end currency exchange rates. See Note G1 for more information regarding accounting policies.

Assets

Cash and balances with central banks and *Loans to central banks* increased, taken together, by DKK 15bn to DKK 77bn (DKK 62bn) due to greater deposits of excess liquidity on demand accounts with the Danish central bank.

Loans to credit institutions decreased DKK 17bn to DKK 13bn (DKK 30bn) due to a decline in reverse repurchase agreements.

Loans to the public rose to DKK 609bn (DKK 607bn). Loans to the public excluding reverse repurchase agreements increased 1% to DKK 609bn (DKK 600bn). Lending to household customers was up by DKK 8bn. While lending to corporate customers decreased DKK 6bn, lending to the public sector was largely unchanged.

Interest-bearing securities decreased DKK 19bn to DKK 82bn (DKK 101bn) primarily relating to the portfolio of mortgage bonds. *Financial instruments pledged as collateral* decreased DKK 7bn to DKK 6bn (DKK 13bn) relating to a decline in repurchase agreements under Deposits by credit institutions. NBD's own portfolio of interest-bearing securities consists of listed high-grade securities.

Shares increased DKK 11bn to DKK 25bn (DKK 14bn) mainly relating to Markets' trading portfolio and price gains etc on customers' portfolio schemes.

Investments in associated undertakings were unchanged at DKK 1bn (DKK 1bn).

Other assets decreased DKK 41bn to DKK 22bn (DKK 63bn) relating to a decline in receivables on sold bonds, which are recognised on the trade date.

Liabilities

Deposits by credit institutions declined DKK 26bn to DKK 119bn (DKK 145bn) mainly due to a decline in repurchase agreements and special-term deposits.

Deposits and borrowings from the public rose 2% to DKK 319bn (DKK 313bn), reflecting increased business volumes.

Debt securities in issue increased DKK 3bn to DKK 290bn (DKK 287bn) due solely to the subsidiary Nordea Kredit Realkreditaktieselskab's issuance of securities in the NBD Group. The increase was attributable to bond issuance as a result of the growth in mortgage lending.

Other liabilities decreased DKK 38bn to DKK 50bn (DKK 88bn) due to a decline in payables on purchased bonds, which are recognised on the trade date, as well as sold, not held, securities.

Provisions
Provisions decreased DKK 0.2bn to DKK 0.5bn (DKK 0.7bn) and mainly comprise provisions for restructuring costs and provisions regarding off-balance sheet items. The decline was related to restructuring provisions for the New Normal.

Equity
Shareholders' equity amounted to DKK 37bn at the end of 2012. Net profit for the year was DKK 1.5bn.

To strengthen its capital base NBD A/S received a capital contribution of DKK 3.7bn in December 2012 from Nordea Bank AB.

Distribution of profit
Shareholders' equity for the parent company amounted to DKK 37bn at the end of 2012. The profit of the parent company for the year was DKK 1.6bn.

It is proposed that the net profit of DKK 1.6bn is transferred to retained earnings and that no dividend is paid for 2012.

Off-balance sheet commitments (NBD Group)

The bank's business operations include a large proportion of off-balance sheet items. These include commercial products such as guarantees, documentary credits and credit commitments.

Credit commitments and unutilised credit lines amounted to DKK 180bn (DKK 180bn), while guarantees and granted but not utilised documentary credits as well as other off-balance sheet commitments totalled DKK 26bn (DKK 28bn).

NBD guarantees some 20% of losses on the winding-up of distressed banks towards the winding-up and restructuring department of the Danish Deposit Guarantee Fund.

Refinancing of adjustable-rate mortgages

The refinancing auctions in December resulted in satisfactory quotation of the Nordea Kredit bonds and all-time-low rates. As the consequence of Nordea's changed fee structure on mortgages and the comprehensive communication and advice efforts, more customers refinanced their interest-only or adjustable-rate mortgage loans into bond loans with amortisation, thereby contributing to lowering the refinancing risk.

Supervisory Diamond

NBD A/S has throughout 2012 complied with the requirements of the Supervisory Diamond.

Pct.	31. dec 2012	31. dec 2011
Large exposure (max 125%)	12	26
Increase in lending (max 20%)	-6	-26
Real estate exposure (max 25%)	8	7
Stable funding ratio (max 1)	0.73	0.77
Liquidity excess coverage (min 50%)	180	122

NBD continues to have a strong funding position with a surplus of deposits. At 31 December 2012 the stable funding ratio excluding group internal subordinated loans and equity was 0.87 (0.91).

The liquidity excess coverage was 180% (122% at end-2011). The liquidity buffer primarily consists of demand accounts and certificates of deposit with the Danish central bank and high-grade liquid securities.

Capital adequacy

At year-end the NBD Group´s risk-weighted assets (RWA) totalled DKK 280bn (DKK 289bn). The decline was primarily due to lower RWA from credit risk on corporates covered by the Internal Rating Based approach.

At year-end the NBD Group's total capital ratio rose to 18.2% (17.0%) and the tier 1 capital ratio rose to 12.1% (10.1%). The corresponding 2012 figures for NBD A/S were 19.2% (17.7%) and 12.6% (10.3%).

To strengthen its capital base Nordea Bank Danmark A/S received a capital contribution of DKK 3.7bn in December 2012 from Nordea Bank AB. The injected capital was included in equity at 31 December 2012 and, viewed in isolation, improved the NBD Group's tier 1 capital ratio and total capital ratio by 1.3% points.

The Board of Directors confirms the assumption that the bank is a going concern, and that the consolidated financial statements and the annual financial statements have been prepared based on this assumption.

Ratings

The ratings of NBD are unchanged except for Moody's long-term rating, which changed from Aa3 to A1.

Rating, January 2013	Short	Long
Moody's	P-1	A1
S&P	A-1+	AA-
Fitch	F1+	AA-
DBRS	R-1 (high)	AA

Risk, liquidity and capital management

Risk, liquidity and capital management are key success factors in the financial services industry. The maintaining of risk awareness in the organisation is incorporated into the business strategies. Nordea has clearly defined risk, liquidity and capital management frameworks, including policies and instructions for different risk types, capital adequacy and for the capital structure.

Management principles and control

Board of Directors and Board Risk Committee
The Board of Directors of Nordea has the ultimate responsibility for limiting and monitoring Nordea'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 of Nordea, which also decides on policies for credit, market, liquidity, business, operational risk management and the Internal Capital Adequacy Assessment Process (ICAAP). All policies are reviewed at least annually.

In the credit instructions, the Board of Directors of Nordea decides on powers to act for credit committees at different levels within the business 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 of Nordea also decides on the limits for market and liquidity risk in Nordea.

The Nordea Board Risk Committee assists the Nordea Board of Directors in fulfilling its oversight responsibilities concerning management and control of the risks, risk frameworks, controls and processes associated with Nordea's operations.

CEO and GEM
The Chief Executive Officer (CEO) has the 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 Nordea's risk management regarding Structural Interest Income Risk (SIIR).

The CEO and GEM regularly review reports on risk exposures and have established a number of 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 Nordea's financial operations and financial risks as well as capital management for decision by the CEO in GEM.
- The Risk Committee, chaired by the Chief Risk Officer (CRO), oversees the management and control of Nordea's risks on an aggregate level and evaluates the sufficiency of the risk frameworks, controls and processes associated with these risks. Further, the Risk Committee decides, within the scope of resolutions adopted by the Board of Directors of Nordea the allocation of the market risk limits as well as 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 top-loss rules. The Risk Committee has established sub-committees for its work and decision-making within specific risk areas. Minutes of the meetings in sub-committees are distributed to the members of the Risk Committee.
- The Group Executive Management Credit

Committee (GEM CC) and the Executive Credit Committee (ECC) are chaired by the CRO and the Group Credit Committee Retail Banking (GCCR) and the Group Credit Committee Wholesale Banking (GCCW) by the Chief Credit Officer (CCO). These credit committees decide on major credit facilities and industry policies for Nordea. 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
Within the Group, 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 processes as well as the capital adequacy framework. Group Corporate Centre, headed by the CFO, is responsible for the capital policy, the capital structure and for management of liquidity risk.

Each business area and Group Function are primarily responsible for managing the risks in its operations within the applicable limits and framework, including identification, control and reporting.

Management principles and control within NBD
As in all other subsidiaries within Nordea the Board of Directors of NBD is responsible for monitoring the bank´s risk exposure as well as for approving the setting of targets for capital ratios and the individual solvency need. This is in line with the above mentioned Nordea Group instructions.

In accordance with the Executive Order on Management and Control of Banks etc. NBD has appointed a Chief Risk Officer (CRO). The CRO reports to the Executive Management of NBD and is responsible for the overall Risk Management coordination in NBD.

The NBD Risk Management Charter defines the role, responsibilities, tasks and mandate of the CRO and forms part of Nordea's risk management framework.

All risk management functions report to Nordea's pan-Nordic risk management organisation. The risk management functions of NBD are represented by independent units which are responsible for risk management in the individual areas.

To ensure prudent risk management at NBD the role of the CRO is to provide an overview of NBD's risks. The interaction between the individual risk management units and the CRO includes credit risk, market risk, liquidity risk and operational risk. The credit risk function comprises Group Credit, Group Credit Control and Group Capital Risk Modelling. Moreover, the CRO meets with Group IT and Group Finance on a quarterly basis.

The interaction is to ensure clear communication channels to the CRO so that critical events are reported efficiently and rapidly to the Executive Management. Moreover, the CRO is to ensure that the individual risk management functions prepare reports that sum up the risk picture of NBD. On the back of the reports, the CRO prepares an overall assessment of the risk picture of NBD and points out any other risks. The assessment is submitted to the Executive Management and the Board of Directors quarterly.

The CRO is furthermore responsible for preparing quarterly proposals to the Executive Management and the Board of Directors concerning individual solvency needs and for ensuring that documentation to this effect is incorporated into the ICAAP report.

Risk appetite
Risk appetite within Nordea is defined as the level and nature of risk that the bank is willing to take in order to pursue the articulated strategy on behalf of our shareholders, and is defined by constraints reflecting the views of shareholders, debt holders, regulators and other stakeholders.

The Board of Directors of Nordea are ultimately responsible for the overall risk appetite for Nordea and for setting the principles for how risk appetite is managed. The Board Risk Committee assists the Board of Directors of Nordea in fulfilling these responsibilities by reviewing the development of the risk profile in relation to risk appetite and making recommendations regarding changes to the Nordea's risk appetite.

Nordea's risk appetite framework is based on explicit top-down risk appetite statements ensuring comprehensive coverage of key risks faced by Nordea. These statements collectively define the boundaries for Nordea's risk-taking activities and will also help identify areas with scope for potential additional risk taking. The statements are approved by the Board of Directors of Nordea, and set the basis for a new risk reporting structure. Moreover, the framework supports management decision processes such as planning and target setting.

The Risk Appetite framework considers key risks relevant to Nordea's business activities and on an aggregate level is represented in terms of credit risk, market risk, operational risk, solvency, compliance/non-negotiable risks, and liquidity risk.

The Risk Appetite framework is further presented in the Capital and Risk management Report (Pillar III report).

Monitoring and reporting

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

Risk reporting including reporting of the development of RWA is regularly made to GEM and the Board of Directors for both Nordea and NBD.

The Pillar 3 disclosure – Capital and risk management report

Additional and more detailed information on risk and capital management is presented in the Pillar III disclosure in line with requirements to the CRD in the Basel II framework. The Pillar III disclosure is publicly available at www.nordea.com.

Risk management

Credit risk management

Group Risk Management is responsible for the credit process and the credit risk management framework, consisting of policies, instructions and guidelines for Nordea. Group Risk Management is responsible for controlling and monitoring the quality of the credit portfolio and the credit process. Each customer area and product area are 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 of Nordea, credit risk limits are approved by decision-making authorities on different levels in the organisation. The rating of the customer and the amount decide at which level the decision will be made. Responsibility for a credit exposure lies with the customer responsible unit. Customers are assigned a rating or score

Nordea Bank Danmark Group

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

DKKm	31 Dec 2012	31 Dec 2011
Loans to credit institutions	**13,063**	**30,024**
Loans to the public		
- of which corporate	293,739	299,753
- of which household	306,282	297,866
- of which public sector	8,919	9,463
Loans to the public	**608,940**	**607,082**
Off-balance credit exposure[1]	206,021	208,401
Counterparty risk exposure[2]	142	546
Interest-bearing securities[3]	88,076	108,652
Total credit risk exposure	**916,242**	**954,705**

1 Of which for corporate customers approximately 94% (93%).
2 After close-out netting and collateral agreements, including current market value exposure as well as potential future exposure.
3 Includes interest-bearing securities pledged as collateral in repurchase agreements.

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 the pledged collateral does not cover the 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. For monitoring the distribution of a portfolio, improving the risk management and defining a common strategy towards specific industries there are specific industry credit principles and industry credit policies in place establishing requirements and caps.

Individual and collective assessment of impairment

Throughout the process of identifying and mitigating credit impairments, Nordea works continuously to review the quality of 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.

A provision is recognised if there is objective evidence based on loss events or observable data and that the customer's future cash flow has weakened to the extent that full repayment is unlikely, collateral included. Exposures with provision are considered as impaired. The size of the provision is equal to the estimated loss being the difference between the carrying amount of the outstanding exposure 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 non-performing and 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. Also 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 G43.

Credit portfolio

Credit risk is measured, monitored and segmented in different ways. On-balance lending constitutes the major part of the credit portfolio and the basis for impaired loans and loan losses. Credit risk in lending is measured and presented as the principal 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. Credit risk exposure also includes the risk related to derivatives contracts and securities financing. NBD's total credit risk exposure has decreased by 4% to DKK 916bn during 2012 (DKK 955bn). The largest credit risk exposure is loans to the public, which in 2012 increased by 0.3% to DKK 609bn (DKK 607bn).

Loans to corporate customers at the end of 2012 amounted to DKK 294bn (DKK 300bn), a decrease of 2%, while lending to household customers increased by 3% to DKK 306bn (DKK 298bn). The portion of total lending to the public going to corporate customers was 48% (49%) and to household customers 50% (49%). Loans to credit institutions, mainly in the form of inter-bank deposits, amounted to DKK 13bn at the end of 2012 (DKK 30bn).

Loans to corporate customers

The main increase in the lending portfolio were in the sectors "Industrial commercial services", "Other, public and organisations" as well as in "Real estate management and investment".

Most corporates are financially strong with relatively good outlook.

The distribution of loans to corporates by size of loan shows a high degree of diversification where approx 67% (66%) of the corporate volume is for loans on a scale of up to EUR 50m per customer. See Note G43.

Credit risk mitigation is an inherent part of the credit decision process. In every credit decision and review the valuation of collateral 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.

Nordea Bank Danmark Group
Loans to the public by industry

DKKm	31 Dec 2012	31 Dec 2011
Energy (oil, gas etc)	34	8
Metals and mining materials	151	266
Paper and forest materials	2,585	2,672
Other materials (chemical, building mat etc)	4,411	4,692
Industrial capital goods	3,226	2,945
Industrial commercial services etc	41,390	37,600
Construction and engineering	8,736	9,076
Shipping and offshore	7,055	8,746
Transportation	5,817	6,153
Consumer durables (cars, appliances etc)	3,448	4,306
Media and leisure	6,964	6,872
Retail trade	31,091	34,487
Consumer staples (food, agriculture etc)	57,993	56,463
Health care and pharmaceuticals	4,184	4,858
Financial institutions	25,989	36,821
Real estate management and investment	58,836	54,164
IT software, hardware and services	5,555	4,844
Telecommunication equipment	84	54
Telecommunication operators	962	981
Utilities (distribution and production)	11,353	11,843
Other, public and organisations	13,877	11,902
Corporate	**293,739**	**299,753**
Household mortgages	216,216	205,170
Household consumer	90,066	92,696
Public sector	8,919	9,463
Total	**608,940**	**607,082**

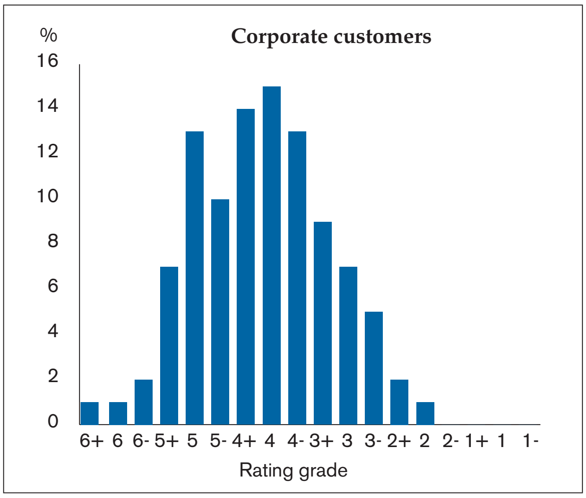
Loans to household customers
In 2012, mortgage loans increased to DKK 216bn (DKK 205bn) and consumer loans decreased to DKK 90bn (DKK 93bn). The proportion of mortgage loans of total household loans was 71% (69%). The degree of collateral coverage is high for mortgage loans to household customers, whereas consumer loans to this segment have a lower degree of collateral.

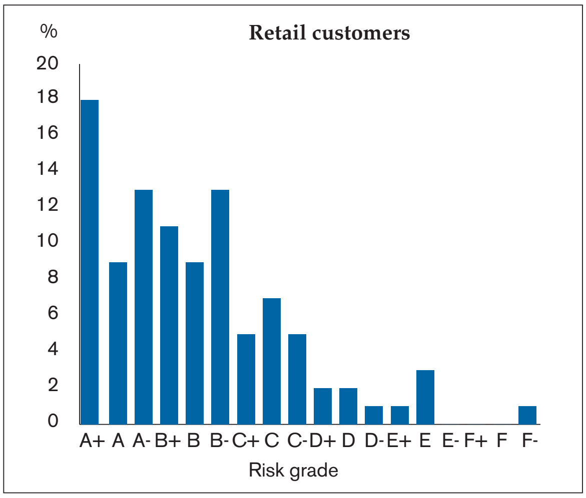
Geographical distribution
Lending to the public distributed by borrower domicile shows that Denmark accounts for 96% (95%).

Rating and scoring distribution
One way in which credit quality can be assessed is through analysis of the distribution across rating grades, for rated corporate customers, as well as risk grades for scored household and small business customers, ie retail exposures.

Improving credit quality was seen in 2012, mainly in the corporate credit portfolio. 75% (71%) of the corporate exposure was rated 4– or higher. Impaired loans are not included in the rating/scoring distributions.

Nordea Bank Danmark Group
Exposure 31 Dec 2012, distributed by rating/risk grades





The rating scale consists of 18 grades from 6+ to 1- for non-defaulted customers and three grades from 0+ to 0- for defaulted customers. Rating grades 4- and better are comparable to investment grades as defined by rating agencies such as Moody's and Standard & Poor's (S&P). Rating grades 2+ and lower are considered as week or cirtical, and require special attention.

The risk grade scale used for scored customers in the retail portfolio in order to represent the scores, consists of 18 grades; A+ to F- for non defaulted customers and three grades from 0+ to 0- for defaulted customers.

Impaired loans

Impaired loans gross increased during the year to DKK 28,042m from DKK 18,387m, corresponding

Nordea Bank Danmark Group
Loans to the public, impaired loans gross and allowances, by industry

DKKm, 31 Dec 2012	Impaired loans	Allowances	Provisioning ratio %
Energy (oil, gas etc)	-	-	-
Metals and mining materials	4	2	40%
Paper and forest materials	26	25	93%
Other materials (chemical, building materials etc)	200	92	46%
Industrial capital goods	135	94	70%
Industrial commercial services etc	2,078	557	27%
Construction and engineering	773	269	35%
Shipping and offshore	2,184	953	44%
Transportation	261	122	47%
Consumer durables (cars, appliances etc)	326	264	81%
Media and leisure	404	191	47%
Retail trade	1,307	532	41%
Consumer staples (food, agriculture etc)	6,628	1,811	27%
Health care and pharmaceuticals	92	31	34%
Financial institutions	1,010	521	52%
Real estate management and investment	2,414	690	29%
IT software, hardware and services	190	73	39%
Telecommunication equipment	3	0	15%
Telecommunication operators	2	4	-
Utilities (distribution and production)	101	42	42%
Other, public and organisations	1,527	515	34%
Corporate	**19,665**	**6,789**	**35%**
Household mortgages	3,959	539	14%
Household consumer	4,417	3,093	70%
Public sector	-	-	-
Total	**28,042**	**10,421**	**37%**
2011	**18,387**	**8,155**	**44%**

to 4% of total loans. The increase in impaired loans was mainly due to the prolonged difficult economic environment which has negatively affected overleveraged household, shipping, agriculture and SME customers. 72% (69%) of impaired loans gross were performing loans and 28% (31%) are non-performing loans. Impaired loans net after allowances for individually assessed impaired loans amounted to DKK 18,462m (DKK 11,548m), corresponding to 3% of total loans. Allowances for individually assessed loans increased to DKK 9,581m from DKK 6,839m. Allowances for collectively assessed loans decreased to DKK 840m from DKK 1,316m following positive rating migration. The provisioning ratio was 37% (44%). The sectors with the largest increases in impaired loans were ”Consumer staples”, ”Industrial commercial services etc”, ”Real estate management and investment”, “Shipping” as well as the household sector.

Past due loans to corporate customers that are not considered impaired increased to DKK 8,636m (DKK 6,631m). The volume of past due loans to household customers increased to DKK 2,807m (DKK 2,776m) in 2012, see Note G43.

Net loan losses

Net loan losses were DKK 4,264m in 2012 (DKK 2,761m). This corresponds to a loan loss ratio of 70 bp. DKK 2,607m (DKK 1,404m) relates to corporate customers and DKK 1,657m (DKK 1,357m) relates to household customers. The main losses were in the corporate sectors ”Shipping and offshore”, ”Consumer staples”, ”Real estate management and investment” and ”Other, public and organisations”. The loan loss ratio in NBD Retail Banking was 61 bp (51 bp). 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.

Counterparty risk

Counterparty risk is the risk that Nordea’s counterpart in a FX, interest, commodity, equity or credit derivative contract defaults prior to the maturity of the contract and that Nordea at that time has a claim on the counterpart. The pre-settlement risk (“worst-case-scenario”) at the end of 2012 was DKK 142m (DKK 546m), of which the current exposure net (after close-out and collateral reduction) represents DKK 1m. 100% of the pre-settlement risk was towards Financial institutions.

Nordea Bank Danmark Group
Impaired loans, allowances and ratios

DKKm	2012	2011
Gross impaired loans	28,042	18,387
of which performing	20,265	12,673
of which non-performing	7,777	5,714
Total allowance rate	1.5%	1.2%
Provisioning ratio	37.2%	44.4%

Nordea Bank Danmark Group
Net loan losses and loan loss ratios, bp

DKKm	2012	2011
Loan losses	4,264	2,761
Loan loss ratio	70.2	40.6
of which individual	77.9	50.4
of which collective	-7.7	-9.8
Loan loss ratio, Retail Banking	60.8	50.9

Market risk

Market risk is defined as the risk of loss on Nordea’s holdings and transactions as a result of changes in market rates and parameters that affect the market value, for example changes in interest rates, credit spreads, FX rates, equity prices, commodity prices and option volatilities.

Markets and Group Treasury are the key contributors to market risk in Nordea. Markets is responsible for customer-driven trading activities whereas Group Treasury is responsible for funding activities, asset and liability

Nordea Bank Danmark Group
Consolidated market risk figures

DKKm	Measure	31 Dec 2012	2012 high	2012 low	2012 avg	31 Dec 2011
Total Risk	VaR	128.3	370.1	69.4	195.5	234.9
- Interest rate risk	VaR	105.9	331.3	53.7	169.4	186.2
- Equity risk	VaR	85.8	85.8	14.9	46.3	49.0
- Foreign exchange risk	VaR	5.2	42.5	3.0	6.7	11.6
Diversification effect (%)	VaR	35	45	3	14	5

management, liquidity portfolios and investment for Nordea's own account. For all other banking activities, the basic principle is that market risks are transferred to Group Treasury, where the risks are managed.

Measurement of market risk

Nordea calculates VaR using historical simulation. This implies that the current portfolio is revaluated using the daily changes in market prices and parameters observed during the last 500 trading days, thus generating a distribution of 499 returns based on empirical data. From this distribution, the expected shortfall method is used to calculate a VaR figure, meaning that the VaR figure is based on the average of the worst outcomes from the distribution. The 1-day VaR figure is subsequently scaled to a 10-day figure using the "square-root of time" assumption. The 10-day VaR figure is used to limit and measure market risk at all levels both in the trading book and in the banking book.

Separate VaR figures are calculated for interest rate, credit spread, foreign exchange rate and equity risks. The total VaR includes all these risk categories and allows for diversification among them. The VaR figures include both linear positions and options. The model has been calibrated to generate a 99% VaR figure. This means that the 10-day VaR figure can be interpreted as the loss that will statistically be exceeded in one of hundred 10-day trading periods.

It is important to note that while a lot has been done to make the VaR model as realistic as possible, all VaR models are based on assumptions and approximations that have significant effect on the risk figures produced. While historical simulation has the advantage of not being dependent on a specific assumption regarding the distribution of returns, it should be noted that the historical observations of the market variables that are used as input, may not give an adequate description of the behaviour of these variables in the future. The choice of the time period used is also important. While using a longer time period may enhance the model's predictive properties and lead to reduced cyclicality, using a shorter time period increases the model's responsiveness to sudden changes in the volatility of financial markets. The choice of using the last 500 days of historical data has thus been made with the aim to strike a balance between the pros and cons from using longer or shorter time series in the calculation of VaR.

Market risk analysis

The consolidated market risk for NBD includes both the trading book and the banking book. The total VaR was DKK 128m at the end of 2012 (DKK 235m at the end of 2011) demonstrating a considerable diversification effect between interest rate, equity and foreign exchange risk, as the total VaR is lower than the sum of the risk in the different risk categories.

The total interest rate VaR was DKK 106m (DKK 186m). The most significant part of NBD's interest rate risk stemmed from interest rate positions denominated in Euro and Danish and Swedish Kronor. The net interest rate sensitivity was DKK -793m (DKK 61m). The total gross sensitivity to a 1 percentage point parallel shift, which measures the development in the market value of NBD's interest rate sensitive positions if interest rates denominated in different currencies were to move in adverse directions for NBD, was DKK 2,323m (DKK 497m) at the end of 2012 (indicating decreased spread positions in NBD's portfolio between interest rates denominated in different currencies).

The fair value of the portfolio of illiquid alternative investments was DKK 4,148m (DKK 4,216m), of which hedge funds DKK 1,292m, private equity funds DKK 2,017m and credit funds DKK 838m. 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 risk 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. In order to manage these risks, a common set of standards and a sound risk management culture are aimed for with the objective to follow best practice regarding market conduct and ethical standards in all business activities. The key principle of operational risk in Nordea is the three lines of defence. The first line of defence is represented by the business organisation, which includes the risk and compliance officer network. The risk and compliance officers ensures that operational and compliance risk is managed effectively within the business organisation and consequently they are located in the first line of defence but performing second line of defence tasks. Group Operational Risk and Compliance, representing the second line of defence, has defined a common set of standards (Group Directives, processes and reporting) in order to manage these risks.

The key process for active risk management is the annual risk and control self-assessment process, which puts focus on identifying key risks as well as ensuring fulfilment of requirements specified in the group directives. Key risks are identified both through top-down division management involvement and through bottom-up analysis of result from control questions as well as existing information from processes such as incident reporting, quality and risk analyses and product approvals. The timing of this process is synchronised with the annual planning process to be able to ensure adequate input to the Group's overall prioritisations. In addition to the risk and control self-assessment process, Nordea has, in 2012, introduced a group-wide scenario analysis process focusing on extreme operational risks.

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

Liquidity management

Liquidity risk

Key issues during 2012

During 2012 Nordea continued to benefit from its focus on prudent liquidity risk management, in terms of maintaining a diversified and strong funding base. Nordea had access to all relevant financial markets and was able to actively use all of its funding programmes.

Management principles and control

Group Treasury is responsible for pursuing the Group's liquidity strategy, managing the liquidity of the Group and for compliance with the group-wide limits set by the Group Board of Directors and the Risk Commitee. Furthermore Group Treasury develops the liquidity risk management frameworks, which consist of policies, instructions and guidelines for the whole Group as well as the principles for pricing the liquidity risk.

The Board of Directors of Nordea defines the liquidity risk appetite by setting limits for applied liquidity risk measures. The most central measure is survival horizon, which defines the risk appetite by setting the minimum survival of one month under institution-specific and market-wide stress scenarios with limited mitigation actions.

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 and strategy is based on policy statements resulting in various liquidity risk measures, limits and organisational procedures.

Policy statements stipulate that Nordea's liquidity management reflects a conservative attitude towards liquidity risk. Nordea strives to diversify the Group's sources of funding and seeks to establish and maintain relationships with investors in order to ensure market access. The broad and diversified funding structure is reflected by the strong presence in Nordea'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 paper, European commercial paper, commercial paper, certificates of deposits) and long-term (covered bonds, European medium term notes, medium term notes) and cover a range of currencies.

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. The stress testing framework includes survival horizon metrics (see below), which represent a combined liquidity risk scenario (idiosyncratic and market-wide stress).

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 30 days. Cash flows from both on-balance sheet and off-balance sheet items are included. The 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 of Nordea. 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 buffer minimum level is set by the Board of Directors of Nordea. The liquidity buffer consists of central bank eligible high-grade liquid securities held by Group Treasury that can be sold or used as collateral in funding operations.

During 2012 the survival horizon metric was introduced. It is conceptually similar to Basel Liquidity Coverage Ratio. The metric is composed of liquidity buffer and funding gap risk cash flows, and includes expected behavioural cash flows from contingent liquidity drivers. Survival horizon defines the short-term liquidity risk appetite of the Group and expresses the excess liquidity after a 30-day period without access to market funding.

The Board of Directors of Nordea has set a limit for the minimum survival horizon without access to market funding during 30 days.

The structural liquidity risk of Nordea is measured and limited by the Board of Directors of Nordea 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 of more than 12 months, as well as shareholders' equity, while stable assets primarily comprise retail loans, other loans with a remaining term to maturity longer than 12 months and committed facilities. The CEO in GEM has set as a target that the net balance of stable funding should be positive, which means that stable assets must be funded by stable liabilities.

Liquidity risk analysis
The short-term liquidity risk remained at moderate levels throughout 2012. The average funding gap risk, ie the average expected need for raising liquidity in the course of the next 30 days, was DKK 8bn (DKK -7bn). NBD's liquidity buffer was in the DKK 155-233bn (DKK 134-193bn) range throughout 2012 with an average of DKK 180bn (DKK 159bn). NBD's liquidity buffer

Nordea Bank Danmark Group

SIIR Risk, Gap analysis, 31 Dec 2012
Re-pricing gap for increasing interest rates

Interest Rate Fixing Period DKKm	Balance sheet	Within 3 months	3-6 months	6-12 months	1-2 years	2-5 years	>5 years	Non re-pricing	Total
Assets									
Interest-bearing assets	773,566	446,115	41,894	55,985	24,341	85,283	119,948	-	773,566
Non-interest-bearing assets	71,629	-	-	-	-	-	-	71,629	71,629
Total assets	**845,194**	**446,115**	**41,894**	**55,985**	**24,341**	**85,283**	**119,948**	**71,629**	**845,194**
Liabilities									
Interest-bearing liabilities	746,279	380,004	33,802	33,431	52,344	60,349	101,467	84,882	746,279
Non-interest-bearing liabilities and equity	98,915	-	-	-	-	-	-	98,915	98,915
Total liabilities and equity	**845,194**	**380,004**	**33,802**	**33,431**	**52,344**	**60,349**	**101,467**	**183,798**	**845,194**
Off-balance sheet items, net		**65,882**	**7,077**	**-17,646**	**-30,291**	**-18,157**	**-6,866**	**-**	
Exposure		**131,993**	**15,169**	**4,908**	**-58,293**	**6,777**	**11,615**	**-112,169**	
Cumulative exposure		**131,993**	**147,162**	**152,070**	**93,777**	**100,554**	**112,169**	**-**	

Cash flow analysis

Group

31 Dec 2012, DKKm	Within 3 months	3-12 months	1-5 years	>5 years	Total
Interest-bearing financial assets	307,994	37,734	156,948	483,490	986,166
Non-interest-bearing financial assets	-	-	-	71,629	71,629
Total financial assets	**307,994**	**37,734**	**156,948**	**555,119**	**1,057,795**
Interest-bearing financial liabilities	417,804	69,961	156,257	185,740	829,762
Non-interest-bearing financial liabilities	-	-	-	98,915	98,915
Unrecognised guarantees and documentary credits	26,378	-	-	-	26,378
Unrecognised credit commitments	179,642	-	-	-	179,642
Total financial liabilities	**623,824**	**69,961**	**156,257**	**284,655**	**1,134,697**
Derivatives, cash inflow	108,071	563	1,477	622	110,733
Derivatives, cash outflow	108,386	740	1,857	672	111,655
Net exposure	**-315**	**-177**	**-380**	**-50**	**-922**
Exposure	**-316,145**	**-32,404**	**311**	**270,414**	**-77,824**
Cumulative exposure	**-316,145**	**-348,549**	**-348,238**	**-77,824**	

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. Interest-bearing financial assets and liabilities include interest on cash flows.

31 Dec 2011, DKKm	Within 3 months	3-12 months	1-5 years	>5 years	Total
Interest-bearing financial assets	291,559	59,401	190,726	493,993	1,035,679
Non-interest-bearing financial assets	-	-	-	102,041	102,041
Total financial assets	**291,559**	**59,401**	**190,726**	**596,034**	**1,137,720**
Interest-bearing financial liabilities	450,100	40,504	132,740	242,971	866,315
Non-interest-bearing financial liabilities	-	-	-	135,938	135,938
Unrecognised guarantees and documentary credits	28,187	-	-	-	28,187
Unrecognised credit commitments	180,215	-	-	-	180,215
Total financial liabilities	**658,502**	**40,504**	**132,740**	**378,909**	**1,210,655**
Derivatives, cash inflow	106,879	18,260	1,973	539	127,651
Derivatives, cash outflow	107,131	18,536	2,817	681	129,165
Net exposure	**-252**	**-276**	**-844**	**-142**	**-1,514**
Exposure	**-367,195**	**18,621**	**57,142**	**216,983**	**-74,449**
Cumulative exposure	**-367,195**	**-348,574**	**-291,432**	**-74,449**	

is highly liquid, consisting of only central bank eligible securities held by Group Treasury. The survival horizon was in DKK 84-209bn (84-190bn) range throughout 2012 with an average of DKK 135bn. The aim of always maintaining a positive net balance of stable funding was fully achieved throughout 2012. The yearly average for the net balance of stable funding was DKK 99bn (DKK 30bn).

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 changed by one percentage-point. SIIR reflects the mismatch in the balance sheet items and the off-balance-sheet items when the interest rate repricing 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 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.

SIIR measurement methods
Nordea's SIIR is measured through dynamic simulations by calculating several net interest income scenarios and comparing the difference between these scenarios. Several interest rate scenarios are applied, but the basic measures for SIIR are the two scenarios (increasing rates and decreasing rates) measuring the effect on Nordea's net interest income for a 12-month period of a one percentage point increase, respectively decrease, in all interest rates. The balance sheet is assumed to be constant over time. The main elements of 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 increasing rates was DKK 1,239m (DKK 510m) and the SIIR for decreasing market rates was DKK -313m (DKK -1,107m) for NBD. These figures imply that net interest income would increase if interest rates rise and decrease if interest rates fall.

Capital management

Capital management
Nordea strives to be efficient in its use of capital and therefore actively manages its balance sheet with respect to assets, liabilities and risk. The goal is to enhance returns to the shareholder while maintaining a prudent capital structure.

Individual solvency need
Information regarding the individual solvency need for the NBD Group and NBD A/S can be found at the investor relation webpage at www.nordea.com

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

The ability to meet targets and to maintain minimum capital requirements is reviewed regularly within ALCO and the Risk Committee.

The capital requirement and the capital base described in this section follow the CRD rules and not accounting standards, see note G36 for further details.

Minimum capital requirements
Risk-weighted assets (RWA) are calculated in accordance with requirements in the CRD. NBD had 86% (93%) of the exposure covered by Internal Rating Based (IRB) approaches by the end of 2012.

NBD is approved to use its own internal Value-at-Risk (VaR) models to calculate capital requirements for a significant part of the market risk in the trading books.

For operational risk, the standardised approach is applied.

Internal capital assessment
Nordea bases the internal capital requirements under the ICAAP on the minimum capital requirements and on internally identified risks. In effect, the internal capital requirement is a combination of risks defined by Capital Requirements Directive (CRD) and identified risks which are incremental to those defined by the CRD. The following major risk types are included: credit risk, market risk, operational risk and business risk. Additionally, the EC model explicitly accounts for interest rate risk in the banking book, 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 to analyse the effects of a series of global and local shock scenarios. The results of stress testing are considered, along with potential management intervention in Nordea's internal capital requirement, as buffers for economic stress. The internal capital requirement is a key component of Nordea's capital ratio target setting.

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 of the institution.

Regulatory buffers are introduced with the implementation of CRD IV. This might lead to higher capitalisation requirements than what is determined in the internal capital requirement. Should the regulatory capital requirement exceed the internal capital requirement, additional capital will be held to meet those regulatory requirements with a margin.

Economic Profit (EP)

Nordea uses 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 to support performance management and for shareholder value creation.

In investment decisions and customer relationships, EP drives and supports the operational decision making process in Nordea. The EP model also captures both growth and return. EC and expected losses (EL) are input in the EP framework.

Expected loss (EL)

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

The EL 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 adequacy ratios

Group

DKKbn	31 Dec 2012	31 Dec 2011
RWA Basel II (Pillar 1) excluding transition rules	280	289
RWA including transition rules	404	393
Regulatory capital requirement including transition rules	32	31
Tier 1 capital	34	29
Capital base	51	49
Core tier 1 ratio excluding transition rules (%)	12.1	10.1
Tier 1 ratio excluding transition rules (%)	12.1	10.1
Total capital ratio excluding transition rules (%)	18.2	17.0
Capital base / Regulatory capital requirement excluding transition rules (%)	226.9	212.7

Parent company

DKKbn	31 Dec 2012	31 Dec 2011
RWA Basel II (Pillar 1) excluding transition rules	266	277
RWA including transition rules	341	331
Regulatory capital requirement including transition rules	27	26
Tier 1 capital	34	29
Capital base	51	49
Core tier 1 ratio excluding transition rules (%)	12.6	10.3
Tier 1 ratio excluding transition rules (%)	12.6	10.3
Total capital ratio excluding transition rules (%)	19.2	17.7
Capital base / Regulatory capital requirement excluding transition rules (%)	240.3	220.8

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 of hybrid capital loan (perpetual loans) instruments (maximum up to 50% of tier 1 if some specific criteria are fulfilled). Profit may only be included after deduction of proposed dividend. Goodwill and deferred tax assets are deducted from tier 1.

Tier 2 comprises dated subordinated loans. The total tier 2 amount may not exceed tier 1. The limits are set after deductions, ie investment in other financial companies.

Further information

Further information on capital management and capital adequacy is presented in Note G36 Capital adequacy and in the Capital and Risk Management report at www.nordea.com.

Corporate Social Responsibility

Nordea issues a Corporate Social Responsibility (CSR) report for 2012 based on the United Nations Principles for Responsible Investments. The report serves as Nordea's annual Progress Report to the United Nations Global Compact and includes NBD.

The CSR report is available on www.nordea.com/csr.

Human resources

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

Our People Strategy is defined by our business vision and strategy as well as by our values. Nordea's People Strategy emphasises that Nordea can reach its goals only if our employees reach theirs why we provide opportunities for our people to develop and live well-balanced lives. Teamwork is an integral part of working in Nordea. One Nordea team is one of our values emphasising that employees can fulfil their own and Nordea's ambitions whilst enjoying being part of a high performing team.

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.

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.

A company with many possibilities

Internal mobility and cross-border assignments are ways to enhance job rotation and develop employee competencies, and also build overall corporate citizenship and culture enforcing the "One Nordea team" value.

Remuneration

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

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 for 2012 reflect Nordea's long-term targets: Return On Equity (ROE) and Customer Satisfaction.

Variable Salary Part (VSP) is offered to selected managers and specialists to ensure focus and strong performance. Assessment of individual performance is 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 in specific business areas or units. The aim is to ensure focus and strong performance and maintain cost flexibility for Nordea. Assessment of individual performance is 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 at strengthening 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 Nordic and European peers.

The Board of Directors of Nordea Bank AB has decided not to propose a LTIP to the Annual General Meeting 2013.

Executive Incentive Programme

Nordea will for 2013 introduce an Executive

Incentive Programme 2013 (“EIP 2013”) which aims to strengthen Nordea’s capability to retain and recruit the best talents. The EIP rewards performance meeting agreed pre-determined targets on Nordea Group, business unit and individual level. The effect on the long-term result is to be considered when determining the targets. The EIP cannot exceed the fixed salary. The EIP is paid in the form of cash and share-price related payment and is subject to deferral, forfeiture clauses and retention as per relevant remuneration regulations. The EIP 2013 substitutes Nordea’s previous Long Term Incentive Programme and VSP for the invited employees.

Legal proceedings

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

Changes on the Board of Directors

Fredrik Rystedt has left the Board of Directors with effect from 28 January 2013. Torsten Hagen Jørgensen was appointed a member of the Board on the same date. Torsten Hagen Jørgensen is the CFO of Nordea as well as the head of Group Operations & Other Lines of Business and Group Corporate Centre of the Nordea organisation.

Subsequent events

No events have occurred after the balance sheet date which may affect the assessment of the annual financial statements.

Outlook for 2013

Despite macroeconomic challenges NBD achieved increased income, flat costs, a stronger capital position and an improved profit before loan losses in 2012. NBD has thus laid the foundation for shaping the future relationship bank based on long-term customer satisfaction, good profitability and solid capital buffers.

Financial statements, Group – Contents

Income statement, Group

DKKm	Note	2012	2011
Operating income			
Interest income		24,431	25,314
Interest expense		-12,963	-14,183
Net interest income	G2	**11,468**	**11,131**
Fee and commission income		5,026	4,659
Fee and commission expense		-499	-423
Net fee and commission income	G3	**4,527**	**4,236**
Net result from items at fair value	G4	119	38
Profit from companies accounted for under the equity method	G17	155	103
Other operating income	G5	353	582
Total operating income		**16,622**	**16,090**
Operating expenses			
General administrative expenses:			
Staff costs	G6	-5,890	-6,427
Other expenses	G7	-3,929	-3,352
Depreciation, amortisation and impairment charges of tangible and intangible assets	G8, G18, G19	-451	-269
Other operating expenses		-52	-432
Total operating expenses		**-10,322**	**-10,480**
Profit before loan losses		**6,300**	**5,610**
Net loan losses	G9	-4,264	-2,761
Operating profit		**2,036**	**2,849**
Income tax expense	G10	-522	-661
Net profit for the year		**1,514**	**2,188**
Attributable to			
Shareholder of Nordea Bank Danmark A/S		1,514	2,188
Non-controlling interests		-	-
Total		**1,514**	**2,188**

Statement of comprehensive income

DKKm	2012	2011
Net profit for the year	**1,514**	**2,188**
Items that may be reclassified subsequently to the income statement		
Currency translation differences during the year	3	11
Available-for-sale investments:		
Valuation gains/losses during the year	-17	33
Tax on valuation gains/losses during the year	4	-8
Other comprehensive income, net of tax	**-10**	**36**
Total comprehensive income	**1,504**	**2,224**
Attributable to		
Shareholder of Nordea Bank Danmark A/S	1,504	2,224
Non-controlling interests	-	-
Total	**1,504**	**2,224**

Balance sheet, Group

DKKm	Note	31 Dec 2012	31 Dec 2011
Assets			
Cash and demand balances with central banks		32,390	7,863
Loans to central banks	G11	44,811	54,126
Loans to credit institutions	G11	13,063	30,024
Loans to the public	G11, G20	608,940	607,082
Interest-bearing securities	G12	82,249	100,557
Financial instruments pledged as collateral	G13	5,827	12,928
Shares	G14	25,358	14,116
Derivatives	G15	3,066	4,272
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G16	501	423
Investments in associated undertakings	G17	967	909
Intangible assets	G18	2,925	3,040
Property and equipment	G19	697	763
Investment property	G21	151	342
Deferred tax assets	G10	86	116
Current tax assets	G10	129	101
Retirement benefit assets	G30	215	227
Other assets	G22	22,110	63,126
Prepaid expenses and accrued income	G23	1,709	1,909
Total assets		**845,194**	**901,924**
Liabilities			
Deposits by credit institutions	G24	118,541	145,349
Deposits and borrowings from the public	G25	319,220	313,122
Debt securities in issue	G26	290,425	287,257
Derivatives	G15	3,874	7,922
Fair value changes of the hedged items in portfolio hedge of intrest rate risk	G16	212	180
Current tax liabilities	G10	201	199
Other liabilities	G27	49,904	87,940
Accrued expenses and prepaid income	G28	6,154	6,300
Deferred tax liabilities	G10	937	858
Provisions	G29	512	655
Retirement benefit obligations	G30	21	30
Subordinated liabilities	G31	18,093	20,258
Total liabilities		**808,094**	**870,070**
Equity			
Non-controlling interests		10	10
Share capital		5,000	5,000
Other reserves		18	28
Proposed dividends		-	-
Retained earnings		32,072	26,816
Total equity		**37,100**	**31,854**
Total liabilities and equity		**845,194**	**901,924**
Assets pledged as security for own liabilities	G32	370,310	363,582
Other assets pledged	G33	-	-
Contingent liabilities	G34	26,378	28,187
Credit commitments[1]	G35	179,642	180,215
Other commitments	G35	-	-

[1] Including unutilised portion of approved overdraft facilities of DKK 142,945m (DKK 144,691m).

Statement of changes in equity, Group

	Attributable to the shareholder of Nordea Bank Danmark A/S							
		Other reserves						
DKKm	Share capital	Translation of foreign operations	Available-for-sale investments	Proposed dividends[2]	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2012	5,000	3	25	-	26,816	31,844	10	31,854
Net profit for the year	-	-	-	-	1,514	1,514	-	1,514
Currency translation differences during the year	-	3	-	-	-	3	-	3
Available-for-sale investments:								
Valuation gains/losses during the year	-	-	-17	-	-	-17	-	-17
Tax on valuation gains/losses during the year	-	-	4	-	-	4	-	4
Other comprehensive income, net of tax	**-**	**3**	**-13**	**-**	**-**	**-10**	**-**	**-10**
Total comprehensive income	**-**	**3**	**-13**	**-**	**1,514**	**1,504**	**-**	**1,504**
Capital contribution[1]	-	-	-	-	3,725	3,725	-	3,725
Share-based payments	-	-	-	-	17	17	-	17
Dividends paid	-	-	-	-	-	-	-	-
Proposed dividends	-	-	-	-	-	-	-	-
Balance at 31 Dec 2012	**5,000**	**6**	**12**	**-**	**32,072**	**37,090**	**10**	**37,100**

	Attributable to the shareholder of Nordea Bank Danmark A/S							
		Other reserves						
DKKm	Share capital	Translation of foreign operations	Available-for-sale investments	Proposed dividends[2]	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2011	5,000	-8	-	3,350	24,614	32,956	26	32,982
Net profit for the year	-	-	-	-	2,188	2,188	-	2,188
Currency translation differences during the year	-	11	-	-	-	11	-	11
Available-for-sale investments:								
Valuation gains/losses during the year	-	-	33	-	-	33	-	33
Tax on valuation gains/losses during the year	-	-	-8	-	-	-8	-	-8
Other comprehensive income, net of tax	**-**	**11**	**25**	**-**	**-**	**36**	**-**	**36**
Total comprehensive income	**-**	**11**	**25**	**-**	**2,188**	**2,224**	**-**	**2,224**
Share-based payments	-	-	-	-	14	14	-	14
Dividends paid	-	-	-	-3,350	-	-3,350	-	-3,350
Proposed dividends	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-16	-16
Balance at 31 Dec 2011	**5,000**	**3**	**25**	**-**	**26,816**	**31,844**	**10**	**31,854**

[1] Capital contribution made by Nordea Bank AB (publ) on 21 December 2012.
[2] The proposed divident payment of DKK 0m is equivalent to DKK 0 (DKK 0) per share.

See statement of changes in equity, parent company at page 103 regarding share capital etc.

Reporting to the Danish Financial Supervisory Authority at 31 Dec 2012	Result		Equity	
DKKm	2012	2011	31 Dec 2012	31 Dec 2011
Annual report according to IFRS	**1,514**	**2,188**	**37,100**	**31,854**
- Non-controlling interests[1]	-	-	1,255	1,253
- Fair value adjustment of owner occupied property	-	-	20	20
- Retirement benefit assets net of tax[2]	103	-110	-60	-163
- Financial assets available for sale net of tax	-13	25	-	-
Reported to the Danish FSA	**1,604**	**2,103**	**38,315**	**32,965**

[1] Non-controlling interests relate to a restricted reserve in an associated undertaking.
[2] Correction for the corridor method.

Cash flow statement, Group

DKKm	2012	2011
Operating activities		
Operating profit	2,036	2,849
Adjustments for items not included in cash flow	4,738	3,068
Income taxes paid	-490	390
Cash flow from operating activities before changes in operating assets and liabilities	**6,284**	**6,307**
Changes in operating assets		
Change in loans to central banks and credit institutions	25,642	26,059
Change in loans to the public	-6,150	69,655
Change in interest-bearing securities	18,308	-724
Change in financial assets pledged as collateral	7,101	8,551
Change in shares	-11,242	2,833
Change in derivatives, net	-2,842	1,204
Change in investment properties	191	-143
Change in other assets	41,138	22,367
Changes in operating liabilities		
Change in deposits by credit institutions	-26,808	-94,456
Change in deposits and borrowings from the public	6,098	-33,820
Change in debt securities in issue	3,168	15,548
Change in other liabilities	-38,150	8,781
Change in provisions	-115	-1,607
Cash flow from operating activities	**16,339**	**30,555**
Investing activities		
Acquisition of investments in associated undertakings	-20	-400
Sale of investments in associated undertakings	-	-
Acquisition of property and equipment	-118	-237
Sale of property and equipment	14	6
Acquisition of intangible assets	-166	-369
Sale of intangible assets	-	2
Purchase/sale of other financial fixed assets	-	-
Cash flow from investing activities	**-290**	**-998**
Financing activities		
Issued/redeemed/amortised subordinated liabilities	-2,165	10,754
Capital contribution	3,725	-
Dividend paid	-	-3,350
Cash flow from financing activities	**1,560**	**7,404**
Cash flow for the year	**23,893**	**36,961**
Cash and cash equivalents at the beginning of year	54,040	17,079
Cash and cash equivalents at the end of year	77,933	54,040
Change	**23,893**	**36,961**

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea Bank Danmark's cash flow statement 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:

DKKm	2012	2011
Depreciation	385	265
Impairment charges	66	4
Loan losses	4,264	2,761
Change in provisions	3	-61
Profit from associated and group undertakings deducted dividends	-38	22
Other	58	77
Total	**4,738**	**3,068**

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:

DKKm	2012	2011
Interest payments received	24,641	26,874
Interest expenses paid	-13,357	-15,275

Investing activities
Investing activities include acquisitions and disposals of non-current assets, like property and equipment, intangible and financial assets.

Financing activities
Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, dividends and issued/redeemed/amortised subordinated liabilities.

Cash and cash equivalents
The following items are included in cash and cash equivalents assets:

DKKm	31 Dec 2012	31 Dec 2011
Cash and balances with central banks	73,891	51,360
Loans to credit institutions, payable on demand	4,042	2,680
Total	**77,933**	**54,040**

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.

5-year overview, Group

Income statement (DKKm)	2012	2011	2010	2009	2008
Net interest income	11,468	11,131	11,641	11,395	10,248
Net fee and commission income	4,527	4,236	4,029	3,609	3,607
Net result from items at fair value	119	38	1,628	1,888	-742
Profit form companies accounted for under the equity method	155	103	219	250	145
Other income	353	582	774	630	469
Total operating income	**16,622**	**16,090**	**18,291**	**17,772**	**13,727**
General administrative expenses:					
Staff costs	-5,890	-6,427	-6,001	-5,978	-5,230
Other expenses	-3,929	-3,352	-3,086	-2,979	-2,785
Depreciation, amortisation and impairment charges of tangible and intangible assets	-451	-269	-235	-159	-142
Other operating expenses	-52	-432	-1,013	-1,342	-369
Total operating expenses	**-10,322**	**-10,480**	**-10,335**	**-10,458**	**-8,526**
Profit before loan losses	**6,300**	**5,610**	**7,956**	**7,314**	**5,201**
Net loan losses	-4,264	-2,761	-3,399	-5,113	-1,587
Operating profit	**2,036**	**2,849**	**4,557**	**2,201**	**3,614**
Income tax expense	-522	-661	-1,077	-751	-893
Net profit for the year	**1,514**	**2,188**	**3,480**	**1,450**	**2,721**

Balance sheet (DKKm)	2012	2011	2010	2009	2008
Interest-bearing securities	82,249	100,557	99,833	92,632	80,734
Loans to central banks and credit institutions	57,874	84,150	77,898	97,826	95,229
Loans to the public	608,940	607,082	679,315	669,735	613,200
Derivatives	3,066	4,272	4,631	4,464	4,314
Other assets	93,065	105,863	135,054	168,276	106,187
Total assets	**845,194**	**901,924**	**996,731**	**1,032,933**	**899,664**
Deposits by credit institutions	118,541	145,349	239,805	322,816	260,868
Deposits and borrowings from the public	319,220	313,122	346,942	323,894	315,853
Debt securities in issue	290,425	287,257	271,709	246,061	210,886
Derivatives	3,874	7,922	7,077	6,310	4,364
Subordinated liabilities	18,093	20,258	9,504	9,488	9,499
Other liabilities	57,941	96,162	88,712	94,143	67,931
Equity	37,100	31,854	32,982	30,221	30,263
Total liabilities and equity	**845,194**	**901,924**	**996,731**	**1,032,933**	**899,664**

Ratios and key figures	2012	2011	2010	2009	2008
Return on equity, %	4.4	6.8	11.0	4.8	9.1
Cost/income ratio	62	65	57	59	62
Tier 1 capital ratio[1]	12.1	10.1	8.9	8.9	9.4
Total capital ratio[1]	18.2	17.0	11.9	12.0	12.4
Total capital ratio including new subordinated loan[1, 2]	18.2	17.0	15.4	12.0	12.4
Tier 1 capital[1], DKKm	34,009	29,312	27,621	27,885	28,775
Risk-weighted assets[1], DKKbn	280	289	310	312	305
Loan loss ratio, basis points	70.2	40.6	50.8	77.7	29.8
Number of employees (full-time equivalents)[1]	6,584	7,885	7,968	7,964	7,810
Average number of employees	7,091	8,036	7,949	7,785	7,583

[1] End of year.
[2] Total capital ratio for 2010 includes a subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011.

The Danish Financial Supervisory Authority's ratio system is shown in note G44.

Business definitions

These definitions apply to the descriptions in the Annual Report.

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.

Tier 1 capital
The proportion of the capital base, which includes shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets and half of the expected shortfall deduction – the negative difference between expected losses and recognised 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 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 carrying amount of shares, intangible assets and deferred tax, which have been deducted from the capital base.

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.

Loan loss ratio
Net loan losses (annualised) divided by opening balance of loans to the public (lending).

Impairment rate, gross
Individually assessed impaired loans before allowances divided by total loans before allowances.

Impairment rate, net
Individually assessed impaired loans after allowances divided by total loans before allowances.

Total allowance rate
Total allowances divided by total loans before allowances.

Allowances in relation to impaired loans
Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.

Total allowances in relation to impaired loans (provisioning ratio)
Total allowances divided by total impaired loans before allowances.

Non-performing, not impaired
Non-performing, not impaired due to future cash flows (included in Loans, not impaired).

Cost/income ratio
Total operating expenses divided by total operating income.

Notes to the financial statements

Note G1
Accounting policies

Table of contents

1. Basis for presentation

The consolidated annual report for NBD Group are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Standards Interpretations Committee (IFRS IC, formerly IFRIC), as endorsed by the EU Commission and additional Danish disclosure requirements.

The disclosures, required in the standards, recommendations and legislation above, have been included in the notes, the Risk, liquidity and capital management section or in other parts of the "Financial statements".

On 6 February 2013 the Board of Directors approved the annual report, subject to final approval of the Annual General Meeting on 19 March 2013.

The annual report are prepared in Danish millions Kroner (DKKm), the presentation currency of the parent company Nordea Bank Danmark A/S.

2. Changed accounting policies, presentation and changed accounting estimate

The accounting policies, the accounting estimates and presentation are, in all material aspects, unchanged in comparison with the 2011 Annual Report, except for the categorisation of commissions within "Net fee and commission income" Note G3. The change is further described below.

In addition, to provide more relevant information of the nature and the characteristics of the assets on the balance sheet, loans to central banks have been separated from loans to credit institutions and are reported on a new line on the balance sheet. The comparative figures have been restated accordingly.

Below follows also a section covering other changes in IFRSs implemented in 2012, which have not had any significant impact on NBD.

Categorisation of commissions

The categorisation of commissions within "Net fee and commission income" has been adjusted by merging similar types of commissions. Commissions received for securities issues, corporate finance activities and issuer services were reclassified from "Payments" and "Other commission income" to the renamed lines "Brokerage, securities issues and corporate finance" and "Custody and issuer services". This categorisation better describes the types of commission recognised in the income statement. The comparable figures have been restated accordingly and are disclosed in the below table.

	Jan-Dec 2012		Jan-Dec 2011	
DKKm	New policy	Old policy	New policy	Old policy
Brokerage, securities issues and corporate finance	1,763	1,721	1,667	1,646
Custody and issuer services	182	163	194	160
Payments	418	432	390	415
Other commission income	279	326	262	292

Changes in IFRSs implemented 2012

The IASB has amended IAS 1 "Presentation of Financial Statements" (Presentation of Items of Other Comprehensive Income), IFRS 7 "Financial instruments: Disclosures" (Transfers of Financial Assets) and IAS 12 "Income taxes" (Recovery of Underlying Assets) and the amendments have been implemented in NBD as from 1 January 2012.

The amendments to IAS 1 have changed NBD's presentation of other comprehensive income so that items that can later be reclassified to profit or loss are separated from the items that will not. The amendments to IFRS 7 have not added any new disclosure as NBD has not transferred assets where there is a continuing involvement. The amended IAS 12 has not had impact on the financial statements or on the capital adequacy in NBD.

Changed in accounting estimate

The Danish Financial Supervisory Authority has made a number of clarifications to the accounting principles for loan losses. On implementation of the clarified and stricter principles, losses on individually assessed loans increased. The increase in losses on individually assessed loans was to a large extent covered by losses on collectively assessed loans, which were consequently reversed. As a result, on implementation the Danish Financial Supervisory Authority's new accounting principles did not have any material impact on the total loan loss level.

3. Changes in IFRSs not yet applied by NBD

IFRS 9 "Financial instruments" (Phase 1)
In 2009 IASB published a new standard on financial instruments containing requirements for financial assets. Requirements for financial liabilities were added to his standard in 2010. The standard is the first step in the replacement of IAS 39 "Financial instruments: Recognition and Measurement" and this first phase covers the classification and measurement of financial assets and liabilities. The effective date is as from 1 January 2015, but earlier application is permitted. The EU Commission has not yet endorsed this standard.

The tentative assessment is that there will be an impact on the financial statements as the new standard will decrease the number of measurements categories and therefore have an impact on the presentation and disclosures covering financial instruments. The new standard is, on the other hand, not expected to have a significant impact on NBD's income statement and balance sheet as the mixed measurement model will be maintained. No significant reclassifications between fair value and amortised cost or impact on the capital adequacy are expected, but this is naturally dependent on the financial instruments in NBD's balance sheet at transition. It is furthermore expected that changes will be made to the standard before the standard becomes effective.

NBD has, due to the fact that the standard is not yet endorsed by the EU Commission, and as changes before the effective date are likely, not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosures of Interests in Other entities", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"
IASB has published three new standards relating to consolidation, IFRS 10, IFRS 11 and IFRS 12, as well as amended IAS 27 and IAS 28". The effective date for these standards and amendments is as from 1 January 2013, but earlier application is permitted. The EU Commission has endorsed these standards and amendments during 2012. In contrast to IFRS, the EU commission requires the standards to be applied for financial statements starting on or after 1 January 2014. NBD will apply these standards as from 1 January 2014.

A potential impact from the new definition of control is that NBD will have to consolidate additional entities (including so called Structured Entities or Special Purpose Entities, SPEs). NBD's current assessment is that no additional entities that significantly affect NBD´s income statement, balance sheet or equity will have to be consolidated. The new standards furthermore include more extensive disclosure requirements which will have an impact on NBD's disclosures covering consolidated and unconsolidated entities. Beside that it is not expected that the new standards and amendments will have a significant impact on NBD´s income statement and balance sheet. It is not expected that the new standards and amendments will have a significant impact on the capital adequacy.

NBD has not finalised the investigation of the impact on the financial statements in the period of initial application or in subsequent periods.

IFRS 13 "Fair Value Measurement"
IASB has published IFRS 13 "Fair Value Measurement". The effective date is as from 1 January 2013, but earlier application is permitted. The EU Commission has endorsed this standard for implementation during 2012. NBD will apply this standard as from 1 January 2013.

IFRS 13 clarifies how to measure fair value but does not change the requirements regarding which items should be measured at fair value. In addition IFRS 13 requires additional disclosures about fair value measurements.

The assessment is that the new standard will not have any significant impact on the income statement or balance sheet. There will, however, be an impact on the note disclosures as the new standard requires more extensive disclosures regarding fair value measurements, especially for fair value measurements in level 3 of the fair value hierarchy.

The assessment is that the new standard will not have a significant impact on the capital adequacy.

IAS 19 "Employee Benefits"
IASB has amended IAS 19. The effective date is as from 1 January 2013, but earlier application is permitted. The EU Commission has endorsed this amendment during 2012. NBD will apply this amendment as from 1 January 2013.

The amended standard will have an impact on the financial statements in the period of initial application as well as in subsequent periods. This is mainly related to defined benefit plans. The amended IAS 19 states that actuarial gains/losses must be recognised immediately in equity through other comprehensive income, which will lead to higher volatility in equity compared to the current corridor approach. Consequently actuarial gains/losses outside the corridor will not be amortised through the income statement.

The amended IAS 19 furthermore states that the expected return on plan assets must be recognised using the same interest rate as the discount rate used when measuring the pension obligation. This will lead to higher pension expenses in the income statement as NBD currently expects a higher return than the discount rate. Any difference between the actual return and the expected return will be part of the actuarial gains/losses recognised immediately in equity through other comprehensive income without recycling to the income statement.

The unrecognised actuarial losses at 31 December 2012 amounted to DKK 79m. This will at transition have a negative impact on equity of DKK 59m. As actuarial losses were included in capital adequacy at 31 December 2012, the amendments will not have any impact on capital adequacy. The impact on the income statement is not expected to be significant. See Note G30 "Retirement benefit obligations" for more information.

IAS 32 "Financial Instruments: Presentation"
IAS 32 "Financial Instruments: Presentation" has been amended. The change relates to the offsetting of financial assets and financial liabilities. The amendment is not intended to change the criteria for offsetting, but to give additional guidance on how to apply the existing criteria.

The effective date is as from 1 January 2014 but earlier application is permitted. The EU commission has endorsed these amendments during 2012. NBD expects to apply this amendment as from 1 January 2013. The tentative assessment is that the amended standard will not have any significant impact on the financial statements or on the capital adequacy.

IFRS 7 "Financial instruments: Disclosures"
IFRS 7 "Financial Instruments: Disclosures" has furthermore been amended and will lead to additional disclosures around the offsetting of financial assets and financial liabilities.

The effective date is as from 1 January 2013, but earlier application is permitted. The EU Commission has endorsed these amendments during 2012. NBD will apply this amendment as from 1 January 2013.

The amended standards will not have any impact on the financial statements, apart from note disclosures.

4. Critical judgements and estimation uncertainty

The preparation of annual reports in accordance with generally accepted accounting principles requires, in some cases, the use of judgements and estimates by management. These judgements and actual outcomes can later, to some extent, differ from the estimates and the assumptions made.

In this section NBD describes:
- the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, and
- the judgements made when applying accounting policies (apart from those involving estimations) that have the most significant effect on the amounts recognised in the financial statements.

When NBD applies accounting policies management judgement is required, apart from those involving estimations. The judgements made when applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below.

Critical judgements and estimates are in particular associated with:
- the fair value measurement of certain financial instruments.
- the impairment testing of:
  - goodwill and
  - loans to the public/credit institutions.
- the actuarial calculations of pension liabilities and plan assets related to employees.
- the valuation of investment properties.
- the classification of leases
- the valuation of deferred tax assets
- claims in civil lawsuits.

Fair value measurement of certain financial instruments

NBD's accounting policy for determining the fair value of financial instruments is described in section 10 "Determination of fair value of financial instruments" and Note G38 "Assets and liabilities at fair value". Critical judgements that have a significant impact on the recognised amounts for financial instruments is exercised when determining fair value of OTC derivatives and other financial instruments that lack quoted prices or recently observed market prices. Those judgements relate to the following areas:
- The choice of valuation techniques
- The determination of when quoted prices fail to represent fair value (including the judgement of whether markets are active)
- The construction of fair value adjustments in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk
- The judgement of which market parameters are observable

When determining fair value of financial instruments that lack quoted prices or recently observed market prices there is also a high degree of estimation uncertainty. That estimation uncertainty is mainly a result of the judgement management exercises when:
- selecting an appropriate discount rate for the instrument and
- determining expected timing of future cash flows from the instruments.

In all of these instances, decisions are based upon professional judgement in accordance with NBD'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.

The fair value of financial assets and liabilities measured at fair value using a valuation technique, levels 2 and 3 in the fair value hierarchy, was DKK 382bn (DKK 429bn) and DKK 56bn (DKK 92bn) respectively at the end of the year.

Sensitivity analysis disclosures covering fair values of financial instruments with significant unobservable inputs can be found in Note G38 "Assets and liabilities at fair value".

Impairment testing of goodwill

NBD's accounting policy for goodwill is described in section 15 "Intangible assets", Note G18 "Intangible assets" lists the cash generating units to which goodwill has been allocated. NBD's total goodwill amounted to DKK 1,312m (DKK 1,312m) at the end of the year.

The estimation of future cash flows and the calculation of the rate used to discount those cash flows are subject to estimation uncertainty. The forecast of future cash flows is sensitive to the cash flow projections for the near future (2-3 years) and to the estimated sector growth rate for the period beyond 2-3 years. The growth rates are based on historical data, updated to reflect the current situation, which implies estimation uncertainty.

The rates used to discount future expected cash flows are based on the long-term risk free interest rate plus a risk premium (post tax). The risk premium is based on external information of risk premiums.

For information on the sensitivity to changes in relevant parameters, see Note G18 "Intangible assets".

Impairment testing of loans to the public/credit institutions

NBD's accounting policy for impairment testing of loans is described in section 13 "Loans to the public/credit institutions".

Management is required to exercise critical judgements and estimates when calculating loan impairment allowances on both individually assessed and collectively assessed loans.

NBD's total lending before impairment allowances was DKK 677,235m (DKK 699,387m) at the end of the year. For more information, see Note G11 "Loans and impairment".

The most judgemental area is the calculation of collective impairment allowances. When testing a group of loans collectively for impairment, judgement has to be exercised when identifying the events and/or the observable data that indicate that losses have been incurred in the group of loans. NBD monitors its portfolio through rating migrations and a loss event is an event resulting in a negative rating migration. Assessing the net present value of the cash flows generated by the customers in the group of loans also includes estimation uncertainty. This includes the use of historical data on probability of default and loss given default supplemented by acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

Actuarial calculations of pension liabilities and plan assets related to employees

NBD's accounting policy for post-employment benefits is described in section 19 "Employee benefits".

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 estimation of the discount rate is subject to uncertainty around whether corporate bond markets are deep enough and of high quality and also in connection to the extrapolation of yield curves to relevant maturities. The discount rate is determined with reference to corporate bonds. Other parameters like assumptions about salary increases and inflation are based on the expected long-term development of these parameters and are also subject to estimation uncertainty. The fixing of these parameters at year-end is disclosed in Note G30 "Retirement benefit obligations".

The expected return on plan assets is estimated taking into account the asset composition and based on long-term expectations on the 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, both are subject to estimation uncertainty. The expected return is disclosed in Note G30 "Retirement benefit obligations".

Valuation of investment properties

NBD's accounting policies for investment properties are described in section 17 "Investment property".

On acquisition investment properties are recognised at cost, including transaction costs, and are subsequently valued at fair value.

Properties taken over for the protection of claims and which are expected to be sold within one year are valued as investment properties.

The carrying amounts of investment property were DKK 151m (DKK 342m) at the end of the year. See Note G21 "Investment property" for more information on amounts.

Classification of leases

NBD's accounting policies for leases are described in section 14 "Leasing".

Critical judgement has to be exercised when classifying lease contracts. A lease is classified as a finance lease if it transfers substantially all the risks and rewards related to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards related to ownership. More information on lease contracts can be found in Note G20 "Leasing".

Valuation of deferred tax assets

NBD's accounting policy for the recognition of deferred tax assets is described in section 18 "Taxes" and Note G10 "Taxes".

The valuation of deferred tax assets is influenced by management's assessment of NBD's future profitability and sufficiency of future taxable profits and future reversals of existing taxable temporary differences. These assessments are updated and reviewed at each balance sheet date, and are, if necessary, revised to reflect the current situation.

The carrying amount of deferred tax assets was DKK 86m (DKK 116m) at the end of the year.

Claims in civil lawsuits

Within the framework of the normal business operations, NBD 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 NBD or its financial position. See also Note G29 "Provisions" and Note G34 "Contingent liabilities".

5. Principles of consolidation

Consolidated entities

The consolidated financial statements include the accounts of the parent company NBD and those entities that the parent company controls. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All group undertakings are consolidated using the acquisition method. Under the acquisition method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the group undertaking´s assets and assumes its liabilities and contingent liabilities. The Group's acquisition cost is established in a purchase price allocation analysis. In such analysis, the cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for the identifiable net assets acquired. Costs directly attributable to the business combination are expensed.

As at the acquisition date NBD recognises the identifiable assets acquired and the liabilities assumed at their acquisition date fair values.

For each business combination NBD measures the non-controlling interests in the acquired business either at fair value or at their proportionate share of the acquired identifiable net assets.

When the aggregate of the consideration transferred in a business combination and the amount recognised for non-controlling interest exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is recognised immediately in the income statement.

Equity and net income attributable to non-controlling interests are separately disclosed on the balance sheet, income statement and statement of comprehensive income.

Intra-group transactions and balances between consolidated group undertakings are eliminated.

The group undertakings are included in the consolidated accounts as from the date on which control is transferred to NBD and are no longer consolidated as from the date on which control ceases.

In the consolidation process the reporting from the group undertakings is adjusted to ensure consistency with the IFRS principles applied by NBD.

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 NBD has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control over those policies. Investments within NBD's investment activities, which are classified as a venture capital organisation within NBD, 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 NBD.

Internal transactions, in the income statement, between NBD and its associated undertakings are not eliminated. NBD does not have any sales of assets to or from associated undertakings.

Special Purpose Entities (SPE)
A SPE is an entity created to accomplish a narrow and well defined objective. Often legal arrangements impose strict limits on the decision making powers of the management over the on-going activities of the SPE.

NBD does not consolidate SPEs' assets and liabilities beyond its control. In order to determine whether NBD controls a SPE or not, NBD has to make judgements about risks and rewards and assess the ability to make operational decisions for the SPE in question.

When assessing whether NBD should consolidate a SPE, a range of factors are evaluated. These factors include whether the activities of the SPE are being in substance conducted on NBD's behalf or if NBD 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. NBD consolidates all SPEs where NBD has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that NBD does not have any significant risks or rewards in connection to these assets and liabilities.

NBD 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 NBD. NBD is generally the investment manager and has sole discretion about investments and other administrative decisions. Typically, NBD 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 NBD has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these SPEs NBD has a beneficial interest and retains the majority of the risks and rewards, which is why these SPEs are consolidated. Note P14 "Investments in group undertakings" of the parent company lists the consolidated SPEs.

Currency translation of foreign entities
The consolidated financial statements are prepared in Danish millios Kroner (DKKm), the presentation currency of the parent company Nordea Bank Danmark A/S. The current method is used when translating the financial statements of foreign entities into DKK 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, which is approximately equal to the spot rate. Translation differences are accounted for in other comprehensive income and are accumulated in the translation reserve in equity.

Goodwill and fair value adjustments arising from the acquisition of group undertakings are treated as items in the same functional currency as the cash generating unit to which they belong and are also translated at the closing rate.

6. Recognition of operating income and impairment

Net interest income
Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation. The effective interest includes fees considered to be an integral part of the effective interest rate of a financial instrument (generally fees received as compensation for risk). The effective interest rate equals the rate that discounts the contractual future cash flows to the carrying amount of the financial asset or financial liability.

Interest income and expenses from financial instruments are, with the exceptions described below, classified as "Net interest income".

Interest income and interest expense related to all balance sheet items held at fair value in Markets are classified as "Net result from items at fair value" in the income statement. Also the interest on the net funding of the operations in Markets is recognised on this line.

The interest component in FX swaps, and the interest paid and received in interest rate swaps plus changes in accrued interest, is classified as "Net result from items at fair value", apart for derivatives used for hedging, where such components are classified as "Net interest income".

Net fee and commission income

NBD 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 on financial instruments measured at fair value through profit or loss are recognised in the item "Net result from items at fair value".

Realised and unrealised gains and losses derive from:

- Shares/participations and other share-related instruments
- Interest-bearing securities and other interest-related instruments
- Other financial instruments, including credit derivatives as well as commodity instruments/derivatives
- Foreign exchange gains/losses
- Investment properties, which include realised and unrealised income, for instance revaluation gains and losses. This line also includes realised results from disposals as well as the running property yield stemming from the holding of investment properties.

Interest income and interest expense related to all balance sheet items in Markets, including the net funding of the operations in Markets, are classified as "Net result from items at fair value".

Also the ineffective portion of cash flow hedges and net investment hedges as well as recycled gains and losses on financial instruments classified into the category Available for sale are recognised in "Net result from items at fair value".

This item also includes realised gains and losses from financial instruments measured at amortised cost, such as interest compensation received and realised gains/losses on buy-backs of issued own debt.

"Net result from items at fair value" includes also losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale. However, the fair value adjustments of credit risk on loans granted in accordance with the mortgage finance law (see section 12 "Financial instruments" and Note G38 "Assets and liabilities at fair value") are reported under "Net loan losses". Impairment losses from instruments within other categories are recognised in the items "Net loan losses" or "Impairment of securities held as financial non-current assets" (see also the sub-sections "Net loan losses" and "Impairment of securities held as financial non-current assets" below).

Dividends received are recognised in the income statement as "Net result from items at fair value" and classified as "Shares/participations and other share-related instruments" in the note. Income is recognised in the period in which the right to receive payment is established.

Profit from companies accounted for under the equity method

The profit from companies accounted for under the equity method is defined as the post-acquisition change in NBD's share of net assets in the associated undertakings. NBD's share of items accounted for in other comprehensive income in the associated undertakings is accounted for in other comprehensive income in NBD. Profits from companies accounted for under the equity method are, as stated in section 5 "Principles of consolidation" reported in the income statement post-taxes. Consequently, the tax expense related to these profits is excluded from the income tax expense for NBD.

Fair values are, at acquisition, allocated to the associated undertakings identifiable assets, liabilities and contingent liabilities. Any difference between NBD's share of the fair values of the acquired identifiable net assets and the purchase price is goodwill or negative goodwill. Goodwill is included in the carrying amount of the associated undertaking. Subsequently the investment in the associated undertaking increases/decreases with NBD's share of the post-acquisition change in net assets in the associated undertaking and decreases through received dividends and impairment. An impairment charge can be reversed in a subsequent period.

The change in NBD´s share of the net assets is generally based on quarterly reporting from the associated undertakings. For some associated undertakings not individually significant the change in NBD's share of the net assets is based on the external reporting of the associated undertakings and affects the financial statements of NBD in the period in which the information is available. The reporting from the associated undertakings is, if applicable, adjusted to comply with NBD's accounting policies.

Other operating income

Net gains from divestments of shares in group undertakings and associated undertakings and net gains on sale of tangible assets as well as other operating income, not related to any other income line, are generally recognised when it is probable that the benefits associated with the transaction will flow to NBD and if the significant risks and rewards have been transferred to the buyer (generally when the transactions are finalised).

Other operating expenses

Other operating expenses consist of losses to the Danish Deposit Guarantee Fund excluding the fixed annual payment to the bank department of the Danish Deposit Guarantee Fund in 2012 recognised under General administrative expenses, Other expenses.

Net loan losses

Impairment losses from financial assets classified into the category Loans and receivables (see section 12 "Financial instruments"), in the items "Loans to credit institutions" and "Loans to the public" on the balance sheet, are reported as "Net loan losses", together with losses from financial guarantees. Also the fair value adjustments of credit risk on loans granted in accordance with the mortgage finance law (see section 12 "Financial instruments" and Note G38 "Assets and liabilities at fair value") are reported under "Net loan losses". Losses are reported net of any collateral and other credit enhancements. NBD's accounting policies for the calculation of impairment losses on loans can be found in section 13 "Loans to the public/credit institutions".

Counterparty losses on instruments classified into the category Financial assets at fair value through profit or loss, including credit derivatives, but apart from loans held at fair value as described above, as well as impairment on financial assets classified into the category Available for sale are reported under "Net result from items at fair value".

Impairment of securities held as financial non-current assets

Impairment on investments in interest-bearing securities, classified into the categories Loans and receivables or Held to maturity, and on investments in associated undertakings is classified as "Impairment of securities held as financial non-current assets" in the income statement. The policies covering impairment of financial assets classified into the categories Loans and receivables and Held to maturity are disclosed in section 12 "Financial instruments" and section 13 "Loans to the public/credit institutions".

Investments in associated undertakings are assessed for impairment annually. If observable indicators (loss events) indicate that an associated undertaking is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associate is compared with the recoverable amount (higher of value in use and fair value less cost to sell) and the carrying amount is written down to the recoverable amount if required.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

7. Recognition and derecognition of financial instruments on the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised (reclassified to the items "Other assets" or "Other liabilities"on the balance sheet between trade date and settlement date) from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on the 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 NBD, i.e. on the settlement date.

In some cases, NBD enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards from the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the balance sheet. If NBD's counterpart can sell or repledge the transferred assets, the assets are reclassified to the item "Financial instruments pledged as collateral" on the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when NBD performs, for example when NBD repays a deposit to the counterpart, i.e. on settlement date. Financial liabilities under trade date accounting are generally reclassified to "Other liabilities" on the balance sheet on the trade date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within 12 "Financial instruments", as well as Note G39 "Transferred financial assets and obtained collaterals".

8. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates.

Foreign currency is defined as any currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the item "Net result from items at fair value".

9. Hedge accounting

NBD 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.

NBD uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments as well as to hedge the exposure to variability in future cash flows and the exposure to net investments in foreign operations.

There are three forms of hedge accounting:
- Fair value hedge accounting
- Cash flow hedge accounting
- Hedges of net investments in foreign operations

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 NBD's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged will be recognised separately in the income statement in the item "Net result from items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in the item "Fair value changes of the hedged items in portfolio hedge of interest rate risk" in the balance sheet.

Fair value hedge accounting in NBD is performed mainly on a portfolio basis. Any ineffectiveness is recognised in the income statement under the item "Net result from items at fair value".

The fair value change of the hedged items *held at amortised cost* in a portfolio hedge of interest rate risks is reported separately from the portfolio in the item "Fair value changes of the hedged items in portfolio hedge of interest rate risk" on the balance sheet.

Hedged items
A hedged item in a fair value hedge can be a recognised single asset or liability, an unrecognised firm commitment, or a portion thereof. The hedged item can also be a group of assets, liabilities or firm commitments with similar risk characteristics. Hedged items in NBD consist of portfolios of assets and/or liabilities.

Hedging instruments
The hedging instruments used in NBD are predominantly interest rate swaps and cross-currency interest rate swaps, which are always held at fair value. Cash instruments are only used in a few transactions as hedging instruments when hedging currency risk.

Cash flow hedge accounting
NBD does not use cash flow hedge accounting.

Hedges of net investments
NBD does not use hedges of net investments.

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 NBD measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis. The hypothetical derivative method is used when measuring the effectiveness of cash flow hedges, meaning that the change in a perfect hypothetical swap is used as proxy for the present value of the cumulative change in expected future cash flows on the hedged transaction (the currency component).

If the hedge relationship does not fulfil the requirements, hedge accounting is terminated. For fair value hedges the hedging instrument is reclassified to a trading derivative and the change in the fair value of the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

10. Determination of fair value of financial instruments

Financial assets and liabilities classified into the categories Financial assets and financial liabilities at fair value through profit or loss (including derivative instruments) are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement in the item "Net result from items at fair value".

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities.

An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis. The absolute level for liquidity and volume required for a market to be labelled active vary with the instrument classes. For some classes low price volatility is seen, also for those instruments within the class where the frequency is high. For instruments in such a class the liquidity requirements are lower and correspondingly, the age limit for the prices used for establishing fair value is higher.

The labelling of markets to be active or non-active is assessed regularly. The trade frequency and volume are monitored daily.

NBD is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:
- Interest-bearing securities
- Shares (listed)
- Derivatives (listed)
- 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.

The adequacy of the valuation technique, including an assessment of whether to use quoted prices or theoretical prices, is monitored on a regular basis.

Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters.

The adequacy of the valuation model is assessed by measuring its capability to hit market prices. This is done by comparison of calculated prices to relevant benchmark data, e.g. quoted prices from exchange, the counterparty´s valuations, price data from consensus services etc.

NBD is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:
- Loans to the public (mortgage loans in the 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.

The portfolio adjustment for uncertainties associated with model assumptions comprises two components (the calculation principles are defined as part of the internal approval process for valuation models):
- Benchmarking of the model output (market values) against market information or against results from alternative models, where available.
- Sensitivity calculations where unobservable parameters are changed to other reasonable values.

The portfolio adjustment for counterparty risk in OTC-derivatives is based on the current exposure towards each counterpart, the estimated potential future exposure as well as an estimate of the cost of hedging the counterparty risk. This cost of hedging is either based directly on market prices (where available) or on a theoretical calculation based on the internal credit rating of the counterpart.

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, NBD considers data that can be collected from generally available external sources and where these data are judged to represent realistic market prices. If non-observable data have 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 become observable.

Note G38 “Assets and liabilities at fair value” provides a breakdown of fair values of financial instruments measured on the basis of:
- quoted prices in active markets for the same instrument (level 1)
- valuation techniques using observable data (level 2)
- valuation techniques using non-observable data (level 3).

The valuation models applied by NBD 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 Model Risk Management Committee and all models are reviewed on a regular basis.

For further information, see Note G38 “Assets and liabilities at fair value”.

11. Cash and cash equivalents
Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:
- The central bank is domiciled in a country where NBD is operating under a banking licence
- The balance is readily available at any time

Cash and cash equivalents are financial instruments classified into the category “Loans and receivables”, see section 12 “Financial instruments”.

Loans to credit institutions payable on demand are also recognised as “Cash and cash equivalents” in the cash flow statement.

12. Financial instruments
Classification of financial instruments
Each financial instrument has been classified into one of the following categories:

Financial assets:
- Financial assets at fair value through profit or loss:
  – Held for trading
  – Designated at fair value through profit or loss (Fair Value Option)
- Loans and receivables
- Held to maturity
- Available for sale

Financial liabilities:
- Financial liabilities at fair value through profit or loss:
  – Held for trading
  – Designated at fair value through profit or loss (Fair Value Option)
- Other financial liabilities

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured on the balance sheet and how changes in its value are recognised. In Note G37 “Classification of financial instruments” the classification of the financial instruments in NBD’s balance sheet into different categories is presented.

Financial assets and financial liabilities at fair value through profit or loss
Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. All changes in fair values are recognised directly in the income statement in the item "Net result from items at fair value".

The category consists of two sub-categories: Held for trading and Designated at fair value through profit or loss (Fair Value Option).

The sub-category Held for trading mainly contains derivative instruments that are held for trading purposes, interest-bearing securities and shares within Markets and Treasury. It also contains trading liabilities such as short-selling positions.

The major parts of the financial assets/ liabilities classified into the category Designated at fair value through profit or loss are mortgage loans and related issued bonds in the subsidiary Nordea Kredit Realkreditaktieselskab. 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. When NBD grants mortgage loans to customers in accordance with the mortgage finance law NBD at the same time issues bonds with matching terms, so called "match funding". The customers can repay the loans either through repayments of the principal or by purchasing the issued bonds and return them to NBD as a settlement of the loan. The bonds play an important part in the Danish money market and NBD consequently buys and sells own bonds in the market. If the loans and bonds were measured at amortised cost such buy-backs of bonds would give rise to an accounting mismatch as any gains or losses would have to be recognised immediately in the income statement. If such bonds are subsequently sold in the market any premium or discount would be amortised over the expected maturity, which would also create an accounting mismatch. To avoid such an accounting mismatch NBD measures both the loans and bonds at fair value.

NBD also applies the Fair Value Option on certain financial assets and financial liabilities related to Markets. The classification stems from the fact that Markets is managing and measuring its financial assets and liabilities at fair value. Consequently, the majority of financial assets and financial liabilities in Markets are classified into the categories Financial assets/Financial liabilities at fair value through profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 13 "Loans to the public/credit institutions".

Held to maturity
Financial assets that NBD has chosen to classify into the category Held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that NBD has the positive intent and ability to hold to maturity. Financial assets classified into the category Held to maturity are initially recognised on the balance sheet at the acquisition price, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

If more than an insignificant amount of the Held-to-maturity portfolio is sold or transferred, the Held-to-maturity category is tainted, except if the sale or transfer occurs close to maturity, after substantially all of the original principal has already been collected or is due to an isolated non-recurring event beyond the control of NBD.

NBD 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 is recognised as "Impairment of securities held as financial non-current assets" in the income statement. See section 13 "Loans to the public/credit institutions" for more information on the identification and measurement of objective evidence of impairment, which is also applicable for interest-bearing securities classified into the category Held to maturity.

Available for sale
Financial instruments classified into the category Available for sale are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised in the fair value reserve in equity through other comprehensive income. Interest is recognised in the item "Interest income" and foreign exchange effects and impairment losses in the item "Net result from items at fair value" in the income statement.

When an instrument classified into the category Available for sale is disposed of, the fair value changes that have previously been accumulated in the fair value reserve (related to Available-for-sale investments) in other comprehensive income are removed from equity and recognised in the income statement in the item "Net result from items at fair value".

Financial assets classified into the category Available for sale are assessed at least annually in order to determine any need for impairment losses. If there is objective evidence of impairment, the accumulated loss that has been recognised in other comprehensive income is removed from equity and recognised as "Net result from items at fair value" in the income statement. The amount of the accumulated loss that is recycled from equity is the difference between the asset's acquisition cost and current fair value. For equity investments a prolonged or significant decline in the fair value, compared to the acquisition cost, is considered to be objective evidence of impairment. Objective evidence of impairment for a debt instrument is rather connected to a loss event, such as an issuer's financial difficulty.

Other financial liabilities
Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss, are initially recognised in the balance sheet at fair value less transaction cost. Subsequent to initial recognition, the financial liabilities are measured at amortised cost. Interest from Other financial liabilities is recognised in the item "Interest expense" in the income statement.

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not recognised on or derecognised from the balance sheet. In the cases where the counterpart is entitled to resell or repledge the securities, the securities are reclassified to the balance sheet item "Financial instruments pledged as collateral".

Securities in securities lending transactions are also disclosed in the item "Assets pledged as security for own liabilities".

Cash collateral advanced (securities borrowing) to the counterparts is recognised on the balance sheet as "Loans to credit institutions" or as "Loans to the public". Cash collateral received (securities lending) from the counterparts is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public".

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are reclassified to the balance sheet line "Financial instruments pledged as collateral".

Securities delivered under repurchase agreements are also disclosed in the item "Assets pledged as security for own liabilities".

Cash received under repurchase agreements is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public". Cash delivered under reverse repurchase agreements is recognised on the balance sheet as "Loans to credit institutions" or as "Loans to the public".

Additionally, the sale of securities received in reverse repurchase agreements trigger the recognition of a trading liability (short sale).

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item "Derivatives" on the asset side. Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item "Derivatives" on the liability side.

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item "Net result from items at fair value".

Offsetting of financial assets and liabilities
NBD offsets financial assets and liabilities on the balance sheet if there is a legal right to offset, in the ordinary course of business and in case of bankruptcy, and if the intent is to settle the items net or realise the asset and settle the liability simultaneously. This is generally achieved through the central counterparty clearing houses that NBD has agreements with.

13. Loans to the public/credit institutions
Financial instruments classified as "Loans to the public/credit institutions" on the balance sheet and into the category Loans and receivables are measured at amortised cost (see also the separate section 7 "Recognition and derecognition of financial instruments on the balance sheet" as well as Note G37 "Classification of financial instruments").

NBD 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-bearing securities classified into the categories Loans and receivables and Held to maturity are held at amortised cost and the description below is valid also for the identification and measurement of impairment of these assets. Possible impairment losses on interest-bearing securities classified into the categories Loans and receivables and Held to maturity are recognised as "Impairment of securities held as non-current financial assets" in the income statement.

Impairment test of individually assessed loans
NBD tests all loans for impairment on an individual basis. The purpose of the impairment tests is to find out if the loans have become impaired. As a first step in the identification process for impaired loans, NBD monitors whether there are indicators of impairment (loss event) and whether these loss events represent objective evidence of impairment. More information on the identification of loss events can be found in the Risk, liquidity and capital management section.

Loans that are not individually impaired will be transferred to a group of loans with similar risk characteristics for a collective impairment test.

Impairment test of collectively assessed loans
Loans not impaired on an individual level are collectively tested for impairment. These loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors´ ability to pay all amounts due according to the contractual terms. NBD monitors its portfolio through rating migrations and the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes NBD 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 of 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, NBD uses the existing rating system as a basis when assessing the credit risk. NBD uses historical data on the probability of default to estimate the risk of default in a rating class. These loans are rated and grouped mostly based on the type of industry and/

or sensitivity to certain macro parameters, eg dependency on 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, ie 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 NBD assesses that the customers' future cash flows are insufficient to service the loans in full.

Impairment loss

If the carrying amount of the loans is higher than the sum of the net present value of the estimated cash flows (discounted with original effective interest rate), including the fair value of the collaterals and other credit enhancements, the difference is the impairment loss.

For significant loans that have been individually identified as impaired the measurement of the impairment loss is made on an individual basis.

For insignificant loans that have been individually identified as impaired and for loans not identified as impaired on an individual basis the measurement of the impairment loss is measured using portfolio based expectation of the future cash flows.

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses are accounted for as changes in the allowance account and as "Net loan losses" in the income statement (see also section 6 "Recognition of operating income and impairment").

If the impairment loss is regarded as final, it is reported as a realised loss and the value of the loan and the related allowance for impairment loss are derecognised.An impairment loss is regarded as final when bankruptcy proceedings are taken against the obligor and the administrator has declared the financial outcome of the bankruptcy proceedings, or when NBD waives its claims either through a legally based or voluntary reconstruction or when NBD, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate

The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans. If considered appropriate, the discount rate can be based on a method that results in impairment that is a reasonable approximation of using the effective interest rate method as the basis for the calculation.

Restructured loans

In this context a restructured loan is defined as a loan where NBD has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for NBD. 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 NBD retains the possibility to regain the loan losses incurred. In the event of a recovery the payment is reported as a recovery of realised loan losses.

Assets taken over for protection of claims

In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by NBD. For example a property taken over, not held for NBD's own use, is reported together with other investment properties.

At initial recognition, all assets taken over for protection of claims are recognised at fair value and the possible difference between the carrying amount of the loan and the fair value of the assets taken over is recognised as "Net loan losses". The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified into the categories Available for sale or Designated at fair value through profit or loss (Fair Value Option) (see section 12 "Financial instruments") and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line "Net result from items at fair value".

Any change in value, after the initial recognition of the asset taken over, is presented in the income statement in line with the Group's presentation policies for the appropriate asset. "Net loan losses" in the income statement is, after the initial recognition of the asset taken over, consequently not affected by any subsequent remeasurement of the asset.

14. Leasing

NBD as lessor

Finance leases

NBD's leasing operations mainly comprise finance leases. A finance lease is reported as a receivable from the lessee on the balance sheet item "Loans to the public" at an amount equal to the net investment in the lease. The lease payment, excluding cost of services, is recorded as repayment of principal and interest income. The income allocation is based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of the finance lease.

Operating leases

Assets subject to operating leases on the balance sheet are reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straight-line basis over the lease term and classified as "Net interest income". The depreciation of the leased assets is calculated on the basis of NBD's depreciation policy for similar assets and reported as "Depreciation, amortisation and impairment charges of tangible and intangible assets" in the income statement.

NBD as lessee

Finance leases
Finance leases are recognised as assets and liabilities on 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 the finance charge and the 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
Operating leases are not recognised in Nordea's balance sheet. For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of Nordea's benefit. The original lease terms range between 3 and 25 years.

Operating leasing is mainly related to office premises contracts and office equipment contracts normal to the business.

Embedded leases
Agreements can contain a right to use an asset in return for a payment, or a series of payments, although the agreement is not in the legal form of a leasing contract. If applicable, these assets are separated from the contract and accounted for as leased assets.

15. Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. The assets are under NBD's control, which means that NBD has the power and rights to obtain the future economic benefits flowing from the underlying resource. The intangible assets in NBD mainly consist of goodwill, IT development/computer software and customer-related intangible assets.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of NBD's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is not recognised as a separate asset, but included in "Investments in associated undertakings". Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill cannot be reversed in subsequent periods. Goodwill related to associated undertakings is not tested for impairment separately, but included in the total carrying amount of the associated undertaking. The policies covering impairment testing of associated undertakings are disclosed in section 6 "Recognition of operating income and impairment".

IT development/Computer software

Costs associated with maintaining computer software programs are expensed as incurred. Costs directly associated with major software development investments, with a useful life of three years or more and the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and overhead expenditures directly attributable to preparing the asset for use. Computer software includes also acquired software licences 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 NBD's control. An intangible asset is identifiable if it arises from contractual or legal rights, or could be separated from the entity and sold, transferred, licenced, rented or exchanged. The asset is amortised over its useful life, generally over 10 years.

Impairment

Goodwill are not amortised but tested for impairment annually irrespective of any indications of impairment. Impairment testing is also performed more frequently if required due to any indication of impairment. The impairment charge is calculated as the difference between the carrying amount and the recoverable amount.

At each balance sheet date, all intangible assets with definite useful lives are reviewed for indications of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the intangible asset is fully recoverable.

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates largely independent cash inflows in relation to other assets. For goodwill, the cash-generating units are defined as the operating segments. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a rate based on the long-term risk-free interest rate plus a risk premium (post tax). If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See Note G18 "Intangible assets" for more information on the impairment testing.

16. Property and equipment

Property and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment comprises its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Property and equipment is depreciated on a straight-line basis over the estimated useful life of the assets. The estimates of the useful life of different assets are reassessed on a yearly basis. Below follows the current estimates:

Buildings	30–75 years
Equipment	3–5 years
Leasehold improvements	Changes within buildings the shorter of 10 years and the remaining leasing term. 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, NBD assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any impairment loss is recognised.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

17. Investment property

Investment properties are properties held to earn rent and capital appreciation. NBD applies the fair value model for subsequent measurement of investment properties. The best evidence of a fair value is normally given by quoted prices in an active market for similar property in the same location and condition. As these prices are rarely available, discounted cash flow projections models based on reliable estimates of future cash flows are also used.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as “Net result from items at fair value”.

18. Taxes

The item “Income tax expense” in the income statement comprises current and deferred income tax. The income tax expense is recognised in the income statement, except to the extent the tax effect relates to items recognised in other comprehensive income or directly in equity, in which case the tax effect is recognised in other comprehensive income or in equity respectively.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry forward of unused tax losses. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, nor for differences relating to investments in group undertakings and associated undertakings to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists and NBD intends to either settle the tax asset and the tax liability net or to recover the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are generally offset if there is a legally enforceable right to offset current tax assets and current tax liabilities.

19. Employee benefits

All forms of consideration given by NBD to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within 12 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 NBD consist only of pensions. Termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy.

Short-term benefits

Short-term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees have performed services to NBD. NBD has also issued share-based payment programmes, which are further described in section 22 “Share-based payment”.

More information can be found in Note G6 “Staff costs”.

Post-employment benefits

Pension plans

The companies within NBD have various pension plans, consisting of both defined benefit plans and defined contribution plans.

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 after adjusting for unrecognised actuarial gains/losses is recognised as a liability (defined benefit obligation). If not, the net amount is recognised as an asset (defined benefit asset). Non-funded pension plans are recognised as defined benefit obligations.

Most pensions in NBD are based on defined contribution arrangements that hold no pension liability for NBD. NBD also contributes to public pension systems.

Pension costs
Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. NBD'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 G30 "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% of the greater of either the present value of the defined benefit obligation or the fair value of the plan assets, is the excess 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 NBD 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 and is included in the "Retirement benefit obligation" or in the »Retirement benefit asset«

Discount rate in Defined Benefit Plans
The discount rate is determined by reference to high-quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds.

Termination benefits
As mentioned above, termination benefits normally arise if an employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy. Termination benefits do not arise if the employees have to continue performing services and the termination benefits can be considered to be normal compensation for those services.

Termination benefits are expensed when NBD has an obligation to make the payment. An obligation arises when there is a formal plan committed to on the appropriate organisational level and when Nordea is without realistic possibility of withdrawal, which normally occurs when the plan has been communicated to the group affected or to their representatives.

Termination benefits can include both short-term benefits, for instance a number of months' salary, and post-employment benefits, normally in the form of early retirement. Short-term benefits are classified as "Salaries and remuneration" and post-employment benefits as "Pension costs" in Note G6 "Staff costs".

20. Equity

Non-controlling interests
Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Danmark A/S.

For each business combination, NBD measures the non-controlling interests in the acquiree either at fair value or at their proportionate share of the acquiree's identifiable net assets.

Other reserves
Other reserves comprise income and expenses, net after tax effects which are reported in equity. These reserves include reserve for financial assets classified into the category Available for sale as well as a reserve for translation differences.

Retained earnings
Retained earnings comprise undistributed profits from previous years.

In addition, NBD's share of the earnings in associated undertakings, after the acquisition date, that have not been distributed is included in retained earnings.

21. Financial guarantee contracts and credit commitments

Upon initial recognition, premiums received on issued financial guarantee contracts and credit commitments are recognised as prepaid income on the balance sheet. The guarantees and irrevocable credit commitments are subsequently measured, and recognised as a provision on the balance sheet, at the higher of either the received fee less amortisation or an amount calculated as the discounted best estimate of the expenditure required to settle the present obligation. Changes in provisions are recognised in the income statement in the item "Net loan losses".

Premiums received for financial guarantees are, as stated in section 6 "Recognition of operating income and impairment", amortised over the guarantee period and recognised as ”Fee and commission income” in the income statement. Premiums received on credit commitments are generally amortised over the loan commitment period. The contractual amounts are recognised off-balance sheet, financial guarantees in the item "Contingent liabilities" and irrevocable credit commitments in the item "Other commitments".

22. Share-based payment

Equity-settled programmes
Nordea has annually issued Long Term Incentive Programmes from 2007 through 2012. Employees participating in these programmes are granted share-based equity-settled rights, ie rights to receive shares for free or to acquire shares in Nordea at a significant discount compared to the share price at grant date. The value of such rights is expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the Group's estimate of the number

of rights that will eventually vest, which is reassessed at each reporting date. The fair value is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights/Performance Share II are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

For more information see Note G6 "Staff costs".

Cash-settled programmes

NBD has to defer payment of variable salaries under the FSA's regulations and general guidelines. The deferred amounts are to some extent indexed using Nordea's TSR (Total Shareholders' Return) and these "programmes" are cash-settled share-based programmes under IFRS. These programmes are fully vested when the payments of variable salaries are initially deferred and the fair value of the obligation is remeasured on a continuous basis. The remeasurements are, together with the related social charges, recognised in the income statement in the item "Net result from items at fair value".

23. Related-party transactions

NBD defines related parties as
- shareholders with significant influence
- other undertakings of the Nordea Group
- associated undertakings
- key management personnel
- other related parties.

All transactions with related parties are made on an arm's length basis.

Shareholders with significant influence

Shareholders with significant influence are shareholders that have in one way or another significant influence on NBD. Nordea Bank AB has a significant influence over Nordea Bank Danmark A/S.

Other undertakings of the Nordea Group

Other undertakings of the Nordea Group consist of subsidiaries of Nordea Bank AB and do not form part of the NBD Group.

Intra-group transactions between legal entities are performed according to the arm's length principle in compliance with the OECD transfer pricing requirements.

Associated undertakings

For the definition of associated undertakings see section 5 "Principles of consolidation".

Further information on the associated undertakings included in the NBD Group is found in Note G17 "Investments in associated undertakings".

Key management personnel

Key management personnel includes the following positions:
- The Board of Directors
- The Group Executive Management.
- The Executive Management

For information about compensation, pensions and other transactions with key management personnel, see Note G6 "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 the NBD Group as well as companies significantly influenced by close family members to these key management personnel. Other related parties also include NBD's pension foundations.

Information concerning transactions between Nordea Bank Danmark A/S and other related parties is found in Note G42 "Related-party transactions".

24. Segment reporting

Nordea Bank Danmark A/S does not have debt instruments traded in a public market. Segment reporting in accordance with IFRS 8 is therefore not required for Nordea Bank Danmark Group. For segment reporting for Nordea Bank AB Group see Note G2 in the financial statements for Nordea Bank AB.

Note G2
Net interest income

DKKm	2012	2011
Interest income		
Loans to credit institutions	134	756
Loans to the public	20,135	21,005
Interest-bearing securities	1,442	1,307
Other interest income	2,720	2,246
Total interest income[1]	**24,431**	**25,314**
Interest expense		
Deposits by credit institutions	-591	-1,675
Deposits and borrowings from the public	-2,963	-3,587
Debt securities in issue	-8,366	-7,920
Subordinated liabilities	-491	-568
Other interest expenses	-552	-433
Total interest expense[2]	**-12,963**	**-14,183**
Net interest income	**11,468**	**11,131**

[1] Of which negative interest income amounted to DKK 52m (DKK 0m).
[2] Of which positive interest expense amounted to DKK 13m (DKK 0m).

Interest income from financial instruments not measured at fair value through profit or loss amounts to DKK 13,365m (DKK 11,879m). Interest expenses from financial instruments not measured at fair value through profit or loss amount to DKK -4,527m (DKK -5,444m). Interest on impaired loans amounts to an insignificant portion of interest income.

Net interest income		
Interest income	24,206	25,074
Leasing income[1]	225	240
Interest expense	-12,963	-14,183
Total	**11,468**	**11,131**

[1] Of which contingent leasing income amounts to DKK 17m (DKK 45m). Contingent leasing income in Nordea consist of variable interest rates, excluding the fixed margin. If the contingent leasing income decreases there will be an offsetting impact from lower funding expenses.

Note G3
Net fee and commission income

DKKm	2012	2011
Asset management commissions	1,000	852
Life insurance	23	29
Brokerage, securities issues and corporate finance	1,763	1,667
Custody and issuer services	182	194
Deposits	23	24
Total savings related commissions	2,991	2,766
Payments	418	390
Cards	332	323
Total payment commissions	750	713
Lending	637	556
Guarantees and documentary payments	369	362
Total lending related to commissions	1,006	918
Other commission income	279	262
Fee and commission income	**5,026**	**4,659**
Savings and investments	-118	-108
Payments	-126	-54
Cards	-138	-132
Other commission expenses	-117	-129
Fee and commission expenses	**-499**	**-423**
Net fee and commission income	**4,527**	**4,236**

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 DKK 660m (DKK 580m). The corresponding amount for fee expenses is DKK 0m (DKK 0m).

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 amounts to DKK 2,745m (DKK 2,527m). The corresponding amount for fee expenses is DKK 0m (DKK 0m).

Note G4
Net result from items at fair value

DKKm	2012	2011
Shares/participations and other share-related instruments	714	-262
Interest-bearing securities and other interest-related instruments	-1,943	-461
Other financial instruments	1,161	742
Foreign exchange gains/losses	182	25
Investment properties	5	-6
Total	**119**	**38**
Net result from categories of financial instruments		
Available for sale assets, realised	15	-
Financial instruments designated at fair value through profit or loss	-33	-159
Financial instruments held for trading[1]	148	196
Financial instruments under fair value hedge accounting	-27	-8
of which net result on hedging instruments	-87	16
of which net result on hedged items	60	-24
Financial assets measured at amortised cost[2]	11	15
Financial liabilities measured at amortised cost	-	-
Other	5	-6
Total	**119**	**38**

1 Of which amortised deferred day one profits amount to DKK 0m for 2012 (DKK 0m).
2 Of which DKK 11m (DKK 15m) related to instruments classified into the category “Loans and receivables” and DKK 0m related to instruments classified into the category “Held to maturity”.

Note G5
Other operating income

DKKm	2012	2011
Income from group companies	226	473
Income from real estate	9	18
Disposals of tangible and intangible assets	3	3
Other	115	88
Total	**353**	**582**

Note G6
Staff costs

DKKm	2012	2011
Salaries and remuneration (specification below)	-4,625	-5,154
Pension costs (specification below)	-470	-549
Social security contributions	-632	-513
Other staff costs	-163	-211
Total	**-5,890**	**-6,427**

Salaries and remuneration		
To the Board of Directors		
- Fixed salary and benefits	0	0
- Performance-related compensation	-	-
To the Executive Management		
- Fixed salary and benefits	-11	-10
- Performance-related compensation[1]	-1	0
To employees that have significant influence on NBD's risk profile		
- Fixed salary and benefits	-318	-342
- Performance-related compensation	-47	-58
Total	**-377**	**-410**
To other employees	-4,248	-4,744
Total	**-4,625**	**-5,154**

[1] Inklusiv LTIP

Pension costs		
Defined benefits plans (Note G30)	-13	-1
Defined contribution plans:		
- The Executive Management	-6	-6
- Employees that have significant influence on NBD's risk profile	-33	-34
- Other employees	-418	-508
Total	**-470**	**-549**

Compensation including pension		
The Board of Directors[1]	0	0
The Executive Management[2, 3]	-18	-16
Employees that have significant influence on NBD's risk profile[4]	-398	-434
Total	**-416**	**-450**

[1] The Board of Directors included in 2012 unchanged 4 individuals.
[2] The Executive Management (including former members of the Executive Management) included in 2012 12 individuals (12 individuals).
[3] The Executive Management participates in the incentive programmes called VSP (Variable Salary Part) and LTIP (Long Term Incentive Programme). These programmes are described in the Remuneration section in the Directors' report.
[4] Employees that have significant influence on NBD's risk profile included in 2012 363 individuals (376 individuals).

Further information about NBD's salary policy and practice is available on www.nordea.com/remuneration.

Note G6
Staff costs *(cont.)*

Commitments with the Board of Directors and the Executive Management
Loans to and charges or guarantees issued established for the members of the bank's Executive Management and Board of Directors and their family members:

DKKm	31 Dec 2012	31 Dec 2011
Loans etc		
The Executive Management	7	7
The Board of Directors	-	-

Interest income on these loans to members of the bank's Executive Management and Board af Directors amounts to DKK 0.2m (DKK 0.2m). The Executive Management consist unchanged of 4 members.

Loans to members of the bank's Executive Management and Board of Directors consist of current accounts with overdraft facilities and mortgage loans with Nordea Kredit on terms based on market conditions. At the end of 2012 interest on the loans was payable at the rate of 2.3-2.4% and 1.7-3.4% per year, respectively. Loans to family members of the Executive Management and the Board of Directors are granted on the same terms.

Loans etc. to members of the Executive Management and the Board of Directors in the parent company Nordea Bank AB consist of current accounts with overdraft facilities and mortgage loans with Nordea Kredit on terms based on market conditions. At the end of 2012 the loans amounted to DKK 12m (DKK 14m) and interest on the loans was payable at a rate of 1.7-3.4%.

The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any member of the Executive Management and Board of Directors and their family members.

Note G6
Staff costs *(cont.)*

Long Term Incentive Programmes

Conditional Rights LTIP 2012	Matching Share	Performance Share I	Performance Share II
		2012	
Granted	273,003	691,211	273,003
Transfer during the year	5,009	10,018	5,009
Forfeited	-	-	-
Outstanding at end of year	**278,012**	**701,229**	**278,012**
Of which currently exercisable	-	-	-

Conditional Rights LTIP 2011	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
		2012			2011	
Outstanding at the beginning of year	209,434	418,868	209,434	-	-	-
Granted[1]	7,271	14,542	4,271	256,497	512,994	256,497
Transfer during the year	-17,069	-34,138	-17,069	-47,063	-94,126	-47,063
Forfeited	-1,274	-2,548	-1,274	-	-	-
Outstanding at end of year	**198,362**	**396,724**	**195,362**	**209,434**	**418,868**	**209,434**
Of which currently exercisable	-	-	-	-	-	-

Conditional Rights LTIP 2010	Matching Share	Performance Share I	Performance Share II	Matching Share	Performance Share I	Performance Share II
		2012			2011	
Outstanding at the beginning of year	219,808	439,616	219,808	255,898	511,796	255,898
Granted	-	-	-	-	-	-
Transfer during the year	-15,194	-30,388	-15,194	-35,611	-71,222	-35,611
Forfeited	-	-	-	-479	-958	-479
Outstanding at end of year	**204,614**	**409,228**	**204,614**	**219,808**	**439,616**	**219,808**
Of which currently exercisable	-	-	-	-	-	-

Rights LTIP 2009	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
		2012			2011	
Outstanding at the beginning of year	-	-	-	4,510	4,510	1,804
Forfeited	-	-	-	-	-	-
Exercised[2]	-	-	-	-4,510	-4,510	-1,804
Outstanding at end of year	**-**	**-**	**-**	**-**	**-**	**-**
Of which currently exercisable	-	-	-	-	-	-

Rights LTIP 2008	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
		2012			2011	
Outstanding at the beginning of year	24,429	24,839	19,102	38,948	37,207	30,720
Transfer during the year	-9,033	-9,032	-7,128	-	-	-
Forfeited	-	-	-	-500	-500	-500
Exercised[2]	-15,396	-15,807	-11,974	-14,019	-11,868	-11,118
Outstanding at end of year	**-**	**-**	**-**	**24,429**	**24,839**	**19,102**
Of which currently exercisable	-	-	-	24,429	24,839	19,102

[1] Granted rights in 2012 in LTIP 2011 are compensation for dividend on the underlying Nordea share during 2012.
[2] Weighted average share price during the period amounted to EUR 6.88 (EUR 7.45).

Note G6
Staff costs *(cont.)*

Participation in the Long Term Incentive programmes (LTIPs) requires that the participants take direct ownership by investing in Nordea shares.

	LTIP 2012 Matching Share	LTIP 2012 Performance Share I	LTIP 2012 Performance Share II
Ordinary share per right	1.00	1.00	1.00
Exercise price, EUR	0.00	0.00	0.00
Grant date	13 May 2012	13 May 2012	13 May 2012
Vesting period, months	36	36	36
Contractual life, months	36	36	36
Allotment	May 2015	May 2015	May 2015
Fair value at grant date, EUR	6.55	6.55	2.37

	LTIP 2011 Matching Share	LTIP 2011 Performance Share I	LTIP 2011 Performance Share II	LTIP 2010 Matching Share	LTIP 2010 Performance Share I	LTIP 2010 Performance Share II
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price, EUR	0.00	0.00	0.00	0.00	0.00	0.00
Grant date	13 May 2011	13 May 2011	13 May 2011	13 May 2010	13 May 2010	13 May 2010
Vesting period, months	36	36	36	36	36	36
Contractual life, months	36	36	36	36	36	36
First day of exercise	May 2014	May 2014	May 2014	May 2013	May 2013	May 2013
Fair value at grant date, EUR	7.90[1]	7.90[1]	2.86[1]	6.75	6.75	2.45

[1] The fair value has been recalculated due to dividend during the vesting period which the participants are compensated for through additional Matching and Performance Shares.

	LTIP 2009 A Rights	LTIP 2009 B-C Rights	LTIP 2009 D Rights	LTIP 2008 A Rights	LTIP 2008 B-C Rights	LTIP 2008 D Rights
Ordinary share per right	1.00	1.00	1.00	1.30	1.30	1.30
Exercise price, EUR	0.77	0.38	0.38	2.30	1.53	1.53
Grant date	14 May 2009	14 May 2009	14 May 2009	13 May 2008	13 May 2008	13 May 2008
Vesting period, months	24	24	24	24	24	24
Contractual life, months	48	48	48	48	48	48
First day of exercise	April 2011	April 2011	April 2011	April 2010	April 2010	April 2010
Fair value at grant date, EUR	4.66	5.01	1.75	7.53	8.45	4.14

Conditions and requirements
For each ordinary share the participants lock into 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 for 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 condition for D-rights and for Performance Share II is market related and comprises growth in total shareholder return (TSR) in comparison with a peer group's TSR.

When the performance conditions are not fully fulfilled, the rights that are no longer exercisable are shown as forfeited in the previous tables, as well as shares forfeited due to participants leaving the Nordea Group.

The exercise price for ordinary shares is adjusted for dividends, however, never adjusted below a predetermined price. Furthermore, the profit for each right is capped.

Note G6
Staff costs *(cont.)*

	LTIP 2012	LTIP 2011	LTIP 2010
Service condition, Matching Share/ Performance Share I and II	Employed with certain exemptions, within the Nordea Group during the three-year vesting period.	Employed within the Nordea Group during the three-year vesting period.	Employed within the Nordea Group during the three-year vesting period.
Performance condition, Performance Share I	Average RAROCAR during the period 2012 up to and including 2014. Full right to exercise will be obtained if the RAROCAR amounts to 17%.	Compound Annual Growth Rate in RAPPS from year 2010 (base year) up to and including year 2013. Full right to exercise will be obtained if the Compound Annual Growth Rate amounts to or exceeds 10%.	Compound Annual Growth Rate in RAPPS from year 2009 (base year) up to and including year 2012. Full right to exercise will be obtained if the Compound Annual Growth Rate amounts to or exceeds 9%.
EPS knock-out, Performance Share I	-	Average reported EPS for 2011-2013 lower than EUR 0.26.	Average reported EPS for 2010-2012 lower than EUR 0.26.
Performance conditions, Performance Share II	RAROCAR during the period 2012 up to and including 2014 and P/E-ranking year-end 2014 compared to a peer group. Full right to exercise will be obtained if the RAROCAR amounts to 14% and if Nordea's P/E-ranking is 1-5.	TSR during 2011-2013 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.	TSR during 2010-2012 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.
Cap	The market value of the allotted shares is capped to the participant's annual salary for year-end 2011.	The market value of the allotted shares is capped to the participant's annual salary for year-end 2010.	The market value of the allotted shares is capped to the participant's annual salary for year-end 2009.
Dividend compensation	The number of Matching Shares and Performance Shares will be adjusted for dividends on the underlying Nordea share during the vesting period, as if assuming that each dividend was used to immediately invest in additional Nordea shares.		-

	LTIP 2009[1]	LTIP 2008[1]
Service condition, A-D-rights	Employed within the Nordea Group during the two-year vesting period.	Employed within the Nordea Group during the two-year vesting period.
Performance condition, B-rights	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.
EPS knock-out, B-rights	Reported EPS for 2009 lower than EUR 0.17.	Reported EPS for 2008 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.
EPS knock-out, C-rights	Reported EPS for 2010 lower than EUR 0.17.	Reported EPS for 2009 lower than EUR 0.52.
Performance conditions, D-rights	TSR during 2009-2010 in comparison to a peer group. Full right to exercise was obtained if Nordea was ranked number 1.	TSR during 2008-2009 in comparison to a peer group. Full right to exercise was obtained if Nordea was ranked number 1.
Cap	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.
Dividend compensation	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.

[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 and LTIP 2008 has been adjusted due to the financial effects of the new rights issue in 2009.

Note G6
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 2012	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008
Weighted average share price, EUR	6.70	8.39	6.88	5.79	11.08
Right life, years	3.0	3.0	3.0	2.5	2.5
Deduction of expected dividends	No	No	No	Yes	Yes
Risk free rate, %	Not applicable	Not applicable	Not applicable	1.84	3.83
Expected volatility, %	Not applicable	Not applicable	Not applicable	29	21

Expected volatility is based on historical values. As the exercise price (zero for LTIP 2010, LTIP 2011 and LTIP 2012) is significantly below the share price at grant date, the value has a limited sensitivity to expected volatility and risk-free interest. The fair value calculations are also based on estimated early exercise behaviour during the programme's exercise windows, however, not applicable for LTIP 2010, LTIP 2011 and LTIP 2012.

The value of the D-rights/Performance Share II is based on market-related conditions and fulfilment of the TSR targets has been taken into consideration when calculating the right's fair value at grant. When calculating the impact from the TSR target, it has been assumed that all possible outcomes have equal possibilities. Also the caps in each programme have been taken into consideration when calculating the rights' fair value at grant. The adjustment to fair value is approximately 2-3% of the weighted average share price.

Expenses for equity-settled share-based payment programmes[1]

DKKm	LTIP 2012	LTIP 2011	LTIP 2010	LTIP 2009	LTIP 2008	Total
Expected expense	31	26	38	-	26	
Maximum expense	52	43	42	-	26	
Total expense 2012[2]	7	7	3	-	-	17
Total expense 2011	-	6	8	0	-	14

[1] All amounts excluding social security contribution.
[2] Of which DKK 0.4m (DKK 0.4m) is related to the executive management and DKK 0.0m (DKK 0.0m) is related to the Board of Directors.

When calculating the expected expense an expected annual employee turnover of 5% has been used in LTIP 2010, LTIP 2011 and LTIP 2012. The expected expense is recognised over the vesting period of 36 months (LTIP 2010, 2011 and 2012) and 24 months (LTIP 2009 and 2008).

Cash-settled share-based payment transaction
Nordea operates share-linked deferrals on parts of variable compensation for certain employee categories, indexed with Nordea Total Shareholder Returns (TSR) and either vesting after three years or vesting in equal instalments over a three- to five-year period. Since 2011 Nordea has also operated TSR-linked retention on part of variable compensation for certain employee categories.

DKKm	2012	2011
Deferred TSR-linked compensation at beginning of year	29	48
Accrued deferred/retained TSR-linked compensation during the year	41	6
TSR indexation during the year	12	-9
Payments during the year[1]	-14	-16
Translation differences	0	0
Deferred TSR-linked compensation at end of year[2]	**68**	**29**

[1] There have been no adjustments due to forfeitures in 2012.
[2] Of which DKK 14m is available for disposal by the employees in 2013.

Note G7
Other expenses

DKKm	2012	2011
Information technology	-1,495	-1,145
Marketing and representation	-161	-171
Postage, transportation, telephone and office expenses	-391	-357
Rents, premises and real estate	-801	-958
Other[1]	-1,081	-721
Total	**-3,929**	**-3,352**

[1] Including DKK 240m to the Danish Guarantee Scheme.

Note G8
Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation/amortisation

DKKm	2012	2011
Property and equipment (Note G19)		
Equipment	-169	-150
Buildings	-1	-1
Intangible assets (Note G18)		
Computer software	-163	-62
Other intangible assets	-52	-52
Total	**-385**	**-265**

Impairment charges/reversed impairment charges

DKKm	2012	2011
Property and equipment (Note G19)		
Equipment	-	-
Intangible assets (Note G18)		
Computer software	-66	-4
Other intangible assets	-	-
Total	**-66**	**-4**
Total	**-451**	**-269**

Note G9
Net loan losses

Divided by class

DKKm	2012	2011
Loans to central banks and credit institutions	0	0
- of which provisions	0	-
- of which write-offs	-	-
- of which allowances used for covering write-offs	-	-
- of which reversals	-	0
Loans to the public	-4,294	-2,578
- of which provisions	-6,670	-4,623
- of which write-offs	-2,164	-1,815
- of which allowances used for covering write-offs	1,820	1,546
- of which reversals	2,579	2,144
- of which recoveries	141	170
Off-balance sheet items[1]	31	-183
- of which provisions	-124	-188
- of which write-offs	-	-1,839
- of which allowances used for covering write-offs	-	1,839
- of which reversals	155	5
Total	**-4,264**	**-2,761**

Specification		
Changes of allowance accounts in the balance sheet	-4,060	-2,662
- of which Loans, individually assessed[2]	-4,567	-3,143
- of which Loans, collectively assessed[2]	476	664
- of which Off-balance sheet items, individually assesed[1]	40	-185
- of which Off-balance sheet items, collectively assessed[1]	-9	2
Changes directly recognised in the income statement	-203	-99
- of which realised loan losses, individually assessed	-344	-269
- of which realised recoveries, individually assessed	141	170
Total	**-4,264**	**-2,761**

[1] Included in Note G29 Provisions as “Transfer risk, off-balance” and “Individually assessed guarantees and other commitments”.
[2] Included in Note G11 Loans and impairment.

Note G10
Taxes

Income tax expense

DKKm	2012	2011
Current tax[1]	-466	-569
Deferred tax[1]	-56	-92
Total	**-522**	**-661**

[1] Including adjustments relating to prior years (see below).

Current and deferred tax recognised in Other comprehensive income		
Current tax relating to available-for-sale investments	4	-8
Total	**4**	**-8**

The tax on the operating profit differs from the theoretical amount that would arise using the tax rate of Denmark as follows:

Profit before tax	2,036	2,849
Tax calculated at a tax rate of 25%	-509	-712
Tax-exempt income	47	99
Adjustment of tax assets related to tax losses	-10	-4
Non-deductible expenses	-20	-47
Adjustments relating to prior years	-10	18
Not creditable foreign taxes	-20	-15
Tax charge	**-522**	**-661**
Average effective tax rate, %	26	23

	Deferred tax assets		Deferred tax liabilities	
DKKm	2012	2011	2012	2011
Deferred tax related to:				
Tax losses carry forward	92	116	-	-
Loans to the public	-	-	464	471
Shares	-	-	145	41
Intangible assets	-	-	486	456
Property and equipment	23	6	-	-
Retirement benefit assets	-	-	54	57
Liabilities/provisions	183	161	-	-
Netting of deferred tax assets and liabilities	-212	-167	-212	-167
Total	**86**	**116**	**937**	**858**
Of which expected to be settled after more than 1 year, gross	86	116	937	858

Note G10
Taxes *(cont.)*

DKKm	2012	2011
Movements in deferred tax assets/liabilities, net are as follows:		
Amount at beginning of year (net)	-742	-651
Deferred tax relating to items recognised in other comprehensive income	-	-
Reclassifications	-53	-
Deferred tax in the income statement	-56	-92
Amount at end of year (net)	**-851**	**-742**
Current tax assets	**129**	**101**
Of which expected to be settled after more than 1 year	-	-
Current tax liabilities	**201**	**199**
Of which expected to be settled after more than 1 year	201	199
Unrecognised deferred tax assets		
Unused tax losses carry forward	397	389
Unused tax credits	-	-
Total	**397**	**389**

There is no deferred tax relating to temporary differences associated with investments in group undertakings and associated undertakings except from a private equity investment.

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related benefit is probable. The tax asset recognised relates mainly to Fionia Asset Company A/S.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

Note G11
Loans and impairment

	Central banks and credit institutions[2]		The public[1]		Total	
DKKm	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Loans, not impaired	57,874	84,150	591,319	596,850	649,193	681,000
Impaired loans:	-	-	28,042	18,387	28,042	18,387
- of which performing	-	-	20,265	12,673	20,265	12,673
- of which non-performing	-	-	7,777	5,714	7,777	5,714
Loans before allowances	**57,874**	**84,150**	**619,361**	**615,237**	**677,235**	**699,387**
Allowances for individually assessed impaired loans	-	-	-9,581	-6,839	-9,581	-6,839
- of which performing	-	-	-5,986	-4,269	-5,986	-4,269
- of which non-performing	-	-	-3,595	-2,570	-3,595	-2,570
Allowances for collectively assessed impaired loans	0	0	-840	-1,316	-840	-1,316
Allowances	**0**	**0**	**-10,421**	**-8,155**	**-10,421**	**-8,155**
Loans, carrying amount	**57,874**	**84,150**	**608,940**	**607,082**	**666,814**	**691,232**

1 Finance leases, where the NBD Group is a lessor, are included in Loans to the public, see Note G20 Leasing.
2 Consists of loans to central banks of DKK 44,811m (DKK 54,126m) and loans to credit institutions of DKK 13,063m (DKK 30,024m).

Note G11
Loans and impairment *(cont.)*

Reconciliation of allowance accounts for impaired loans[1]

DKKm	Central banks and credit institutions Individually assessed	Central banks and credit institutions Collectively assessed	Central banks and credit institutions Total	The public Individually assessed	The public Collectively assessed	The public Total
Opening balance at 1 Jan 2012	**-**	**0**	**0**	**-6,839**	**-1,316**	**-8,155**
Provisions	-	-	-	-6,321	-349	-6,670
Reversals	-	0	0	1,754	825	2,579
Changes through the income statement	**-**	**0**	**0**	**-4,567**	**476**	**-4,091**
Allowances used to cover write-offs	-	-	-	1,820	-	1,820
Translation differences	-	-	-	5	-	5
Closing balance at 31 Dec 2012	**-**	**0**	**0**	**-9,581**	**-840**	**-10,421**
Opening balance at 1 Jan 2011	**-**	**0**	**0**	**-5,247**	**-1,975**	**-7,222**
Provisions	-	-	-	-4,427	-196	-4,623
Reversals	-	0	0	1,284	860	2,144
Changes through the income statement	**-**	**0**	**0**	**-3,143**	**664**	**-2,479**
Allowances used to cover write-offs	-	-	-	1,546	-	1,546
Translation differences	-	-	-	5	-5	-
Closing balance at 31 Dec 2011	**-**	**-**	**-**	**-6,839**	**-1,316**	**-8,155**

DKKm	Total Individually assessed	Total Collectively assessed	Total
Opening balance at 1 Jan 2012	**-6,839**	**-1,316**	**-8,155**
Provisions	-6,321	-349	-6,670
Reversals	1,754	825	2,579
Changes through the income statement	**-4,567**	**476**	**-4,091**
Allowances used to cover write-offs	1,820	-	1,820
Translation differences	5	-	5
Closing balance at 31 Dec 2012	**-9,581**	**-840**	**-10,421**
Opening balance at 1 Jan 2011	**-5,247**	**-1,976**	**-7,222**
Provisions	-4,427	-196	-4,623
Reversals	1,284	860	2,144
Changes through the income statement	**-3,143**	**664**	**-2,479**
Allowances used to cover write-offs	1,546	-	1,546
Translation differences	5	-5	-
Closing balance at 31 Dec 2011	**-6,839**	**-1,316**	**-8,155**

[1] See Note G9 Net loan losses.

Note G11
Loans and impairment *(cont.)*

Allowances and provisions

DKKm	Central banks and credit institutions 31 Dec 2012	31 Dec 2011	The public 31 Dec 2012	31 Dec 2011	Total 31 Dec 2012	31 Dec 2011
Allowances for items in the balance sheet	0	0	-10,421	-8,155	-10,421	-8,155
Provisions for off-balance sheet items	-22	-13	-280	-320	-302	-333
Total allowances and provisions	**-22**	**-13**	**-10,701**	**-8,475**	**-10,723**	**-8,488**

Key ratios (basis points)[1]	31 Dec 2012	31 Dec 2011
Impairment rate, gross	414.1	262.9
Impairment rate, net	272.6	165.1
Total allowance rate	153.9	116.6
Allowance in relation to impaired loans, %	34.2	37.2
Total allowances in relation to impaired loans, %	37.2	44.4
Non-performing loans, not impaired, DKKm	1,672	1,048

[1] For definitions, see Business definitions on page 30.

Note G12
Interest-bearing securities

DKKm	31 Dec 2012	31 Dec 2011
Issued by public bodies	25,480	26,802
Issued by other borrowers	62,596	81,850
Total	**88,076**	**108,652**
Of which financial instruments pledged as collateral (Note G13)	-5,827	-8,095
Total	**82,249**	**100,557**
Listed and unlisted securities incl. financial instruments pledged as collateral		
Listed securities	88,076	108,652
Unlisted securities	-	-
Total	**88,076**	**108,652**

Note G13
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.

DKKm	31 Dec 2012	31 Dec 2011
Interest bearing securities	5,827	8,095
Shares	-	4,833
Total	**5,827**	**12,928**

For information on transferred assets, see Note G39.

Note G14
Shares

DKKm	31 Dec 2012	31 Dec 2011
Shares	6,782	12,128
Shares taken over for protection of claims	128	162
Fund units, equity related	18,444	6,653
Fund units, interest related	4	6
Total	**25,358**	**18,949**
Of which financial instruments pledged as collateral (Note G13)	-	-4,833
Total	**25,358**	**14,116**
Of which expected to be settled after more than 1 year	1,017	2,819
Listed and unlisted shares incl. financial instruments pledged as collateral		
Listed shares	20,859	12,939
Unlisted shares	4,499	6,010
Total	**25,358**	**18,949**

Note G15
Derivatives and hedge accounting

DKKm, 31 Dec 2012	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	533	1,112	123,679
Futures and forwards	2,042	1,776	310,350
Options	55	55	33
Total	**2,630**	**2,943**	**434,062**
Equity derivatives			
Futures and forwards	67	87	620
Options	14	14	0
Total	**81**	**101**	**620**
Foreign exchange derivatives			
Currency and interest rate swaps	17	6	44,466
Total	**17**	**6**	**44,466**
Credit derivatives			
Credit default swaps	-	71	3,730
Total	**-**	**71**	**3,730**
Total derivatives held for trading	**2,728**	**3,121**	**482,878**
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	299	750	144,092
Total	**299**	**750**	**144,092**
Foreign exchange derivatives			
Currency and interest rate swaps	39	3	65,644
Total	**39**	**3**	**65,644**
Total derivatives used for hedge accounting	**338**	**753**	**209,736**
Total derivatives	**3,066**	**3,874**	**692,614**

Note G15
Derivatives and hedge accounting *(cont.)*

DKKm, 31 Dec 2011	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	528	2,860	736,179
FRAs	7	14	6,000
Futures and forwards	2,935	2,541	357,496
Options	34	42	95
Total	**3,504**	**5,457**	**1,099,770**
Equity derivatives			
Futures and forwards	175	186	3,617
Options	38	37	0
Total	**213**	**223**	**3,617**
Foreign exchange derivatives			
Currency and interest rate swaps	3	118	22
Total	**3**	**118**	**22**
Credit derivatives			
Credit default swaps	285	1,493	9,293
Total	**285**	**1,493**	**9,293**
Total derivatives held for trading	**4,005**	**7,291**	**1,112,702**
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	251	546	154,705
Total	**251**	**546**	**154,705**
Foreign exchange derivatives			
Currency and interest rate swaps	16	85	107,442
Total	**16**	**85**	**107,442**
Total derivatives used for hedge accounting	**267**	**631**	**262,147**
Total derivatives	**4,272**	**7,922**	**1,374,849**

Note G16
Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets

DKKm	31 Dec 2012	31 Dec 2011
Carrying amount at beginning of year	423	293
Changes during the year:		
Revaluation of hedged items	78	130
Carrying amount at end of year	**501**	**423**

Liabilities

Carrying amount at beginning of year	180	-12
Changes during the year:		
Revaluation of hedged items	32	192
Carrying amount at end of year	**212**	**180**
Net carrying amount at end of year	**289**	**243**

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 or 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 G17
Investments in associated undertakings

DKKm	31 Dec 2012	31 Dec 2011
Acquisition value at beginning of year	909	521
Acquisitions during the year	20	400
Sales during the year	-	-
Share in earnings	155	103
Dividend received	-117	-125
Reclassifications	-	-
Translation differences	-	10
Acquisition value at end of year	**967**	**909**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**967**	**909**
Of which listed shares	-	-

The total amount is expected to be settled after more than 1 year.

NBD's share of the associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

DKKm	31 Dec 2012	31 Dec 2011
Total assets	8,148	7,225
Total liabilities	6,215	5,429
Operating income	444	403
Operating profit	291	232

31 Dec, DKKm	Registration number	Domicile	Carrying amount 2012	Carrying amount 2011	Voting power of holding 2012, %	Voting power of holding 2011, %
Credit institutions						
LR Realkredit A/S	26045304	Copenhagen	96	28	39	39
Total			**96**	**28**		
Other						
Fleggaard Busleasing GmbH	134650777	Harrislee	7	6	39	39
Agro & Ferm A/S	29636672	Esbjerg	0	0	34	34
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	65	65	33	33
Axcel IKU Invest A/S	24981800	Copenhagen	5	11	33	33
Bluegarden Holding A/S	27226027	Ballerup	0	65	29	29
KIFU-AX II A/S	25893662	Copenhagen	20	21	25	25
Nets Holding A/S	27225993	Ballerup	738	680	21	21
E-nettet Holding A/S	28308019	Copenhagen	11	11	20	20
Nordea Fleet (NF-fleet A/S)	29185263	Taastrup	3	2	20	20
Bankernes Kontantservice A/S	33077599	Copenhagen	22	20	20	20
Total			**871**	**881**		
Total			**967**	**909**		

Note G18
Intangible assets

DKKm	31 Dec 2012	31 Dec 2011
Goodwill[1, 2]		
Roskilde Bank	135	135
Fionia Bank	1,177	1,177
Goodwill, total	**1,312**	**1,312**
Computer software	1,291	1,353
Other intangible assets	323	375
Other intangible assets, total	**1,614**	**1,728**
Total	**2,925**	**3,040**
Goodwill		
Acquisition value at beginning of year	1,312	1,312
Acquisitions during the year	-	-
Acquisition value at end of year	**1,312**	**1,312**
Accumulated amortisation at beginning of year	-	-
Amortisation according to plan for the year	-	-
Accumulated amortisation at end of year	**-**	**-**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**1,312**	**1,312**
Computer software[3]		
Acquisition value at beginning of year	1,613	1,249
Acquisitions during the year	167	367
Sales/disposals during year	-	-3
Reclassifications	-	-
Acquisition value at end of year	**1,780**	**1,613**
Accumulated amortisation at beginning of year	-239	-178
Amortisation according to plan for the year	-163	-62
Accumulated amortisation on sales/disposals during the year	-	2
Reclassifications	-	-
Accumulated amortisation at end of year	**-402**	**-239**
Accumulated impairment charges at beginning of year	-21	-17
Impairment charges during the year	-66	-4
Accumulated impairment charges at end of year	**-87**	**-21**
Total	**1,291**	**1,353**

1 The goodwill has been allocated to the cash generating unit Retail Banking Denmark.
2 Excluding goodwill in associated undertakings.
3 Mainly internally developed software.

Note G18
Intangible assets *(cont.)*

DKKm	31 Dec 2012	31 Dec 2011
Other intangible assets		
Acquisition value at beginning of year	495	493
Acquisitions during the year	-	2
Sales/disposals during the year	-	-
Reclassifications	-	-
Acquisition value at end of year	**495**	**495**
Accumulated amortisation at beginning of year	-120	-68
Amortisation according to plan for the year	-52	-52
Accumulated amortisation on sales/disposals during the year	-	-
Reclassifications	-	-
Accumulated amortisation at end of year	**-172**	**-120**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**323**	**375**

The total amount is expected to be settled after more than one year.

Impairment test
A cash-generating unit, defined as the operating segment, is the basis for the goodwill impairment test.

The impairment test is performed for each cash-generating unit by comparing the carrying amount of the net assets, including goodwill, with the recoverable amount. The recoverable amount is the value in use and is estimated based on discounted cash flows. Cash flows have been estimated for 30 years.

Cash flows in the near future (between 2 and 3 years) are based on financial forecasts, derived from forecast margins, volumes, sales and cost development. These input variables are based on historical data adjusted to reflect Nordea's assumptions about the future. Cash flows for the period beyond the forecasting period are based on estimated sector growth rates. For impairment testing, a growth rate of 2,5% has been used for all cash-generating units. 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 a rate based on the long-term risk-free interest rate plus a risk premium. The post-tax discount rate used for the impairment test 2012 is 8.5% (9%), which equals a pre-tax rate of 11.3% (11.9%).

The impairment tests conducted in 2012 did not indicate any need for goodwill impairment. See Note G1 section 15 for more information.

A reasonably possible change in key assumptions, an increase in the discount rate of 1 percentage point or a reduction in the future growth rate of 2 percentage points, would not result in an impairment in any of the cash-generating units.

Note G19
Property and equipment

DKKm	31 Dec 2012	31 Dec 2011
Property and equipment	**697**	**763**
of which buildings for own use	292	293
Equipment		
Acquisition value at beginning of year	1,245	1,035
Acquisitions during the year[1]	117	168
Sales/disposals during the year	-48	-27
Reclassifications	-	69
Acquisition value at end of year	**1,314**	**1,245**
Accumulated depreciation at beginning of year	-775	-636
Accumulated depreciation on sales/disposals during the year	35	22
Reclassifications	-	-11
Depreciations according to plan for the year	-169	-150
Accumulated depreciation at end of year	**-908**	**-775**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**405**	**470**

[1] Of which no acquisitions through business combinations.

Land and buildings		
Acquisition value at beginning of year	297	324
Acquisitions during the year	1	12
Sales/disposals during the year	-1	-39
Reclassifications	-	-
Acquisition value at end of year	**297**	**297**
Accumulated depreciation at beginning of year	-4	-41
Accumulated depreciation on sales/disposals during the year	-	38
Reclassifications	-	-
Depreciation according to plan for the year	-1	-1
Accumulated depreciation at end of year	**-5**	**-4**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**292**	**293**

Note G20
Leasing

Nordea as a lessor

Finance leases

The Nordea Bank Danmark Group owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in ”Loans to the public” (see Note G11) 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:

DKKm	31 Dec 2012	31 Dec 2011
Gross investments	6,810	6,830
Less unearned finance income	-501	-457
Net investments in finance leases	**6,309**	**6,373**
Less unguaranteed residual values accruing to the benefit of the lessor	-	-
Present value of future minimum lease payments receivable	**6,309**	**6,373**
Accumulated allowance for uncollectible minimum lease payments receivable	-	-

As of 31 December 2012 the gross investment and the net investment by remaining maturity were distributed as follows:

31 Dec 2012, DKKm	Gross investment	Net investment
0-1 year	976	939
1-5 year	4,646	4,338
> 5 year	1,188	1,032
Total	**6,810**	**6,309**

Operating leases

Nordea Bank Danmark has not entered into operating lease agreements.

Note G20
Leasing *(cont.)*

Nordea as a lessee

Finance leases

NBD has only to a minor extent entered into finance lease agreements.

Operating leases

NBD has entered into operating lease agreements for premises and office equipment.

Leasing expenses during the year, DKKm	31 Dec 2012	31 Dec 2011
Leasing expenses during the year	395	546
of which minimum lease payments	389	528
of which contingent rents	6	18
Leasing income during the year regarding sub-lease payments	54	40

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

2013	180
2014	178
2015	173
2016	121
2017	121
Later years	121
Total	**894**

Total sub-lease payments expected to be received under non-cancellable sub-leases amount to DKK 0m.

Note G21
Investment property

Movement in the balance sheet

DKKm	31 Dec 2012	31 Dec 2011
Carrying amount at beginning of year	342	199
Acquisitions during the year	227	431
Sales/disposals during the year	-418	-288
Net result from fair value adjustments	-	-
Transfers/reclassifications during the year	-	-
Translation differences	-	-
Carrying amount at end of year	**151**	**342**
Of which expected to be settled after more than 1 year	-	-

Amounts recognised in the income statement[1]

Rental income	-	-
Direct operating expenses that generate rental income	-	-
Direct operating expenses that did not generate rental income	5	-6
Total	**5**	**-6**

[1] Together with fair value adjustments included in Net result from items at fair value.

Investment properties consist of the portfolio of repossessed properties. 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 G22
Other assets

DKKm	31 Dec 2012	31 Dec 2011
Claims on securities settlement proceeds[1]	19,768	61,338
Other	2,342	1,788
Total	**22,110**	**63,126**
Of which expected to be settled after more than 1 year	105	18

[1] The amount reflects trade date accounting and primarily relates to receivables on sold bonds at year-end.

Note G23
Prepaid expenses and accrued income

Accrued interest income	1,046	1,256
Prepaid expenses	663	653
Total	**1,709**	**1,909**
Of which expected to be settled after more than 1 year	134	106

Note G24
Deposits by credit institutions

Central banks	1,672	3,748
Other banks	108,672	137,817
Other credit institutions	8,197	3,784
Total	**118,541**	**145,349**

Note G25
Deposits and borrowings from the public

Deposits from the public	318,925	311,426
Borrowings from the public	295	1,696
Total	**319,220**	**313,122**

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 DKK 31,948m (DKK 28,976m) are also included in Deposits.

Note G26
Debt securities in issue

Bond loans issued by Nordea Kredit	290,425	287,257
Total	**290,425**	**287,257**

Note G27
Other liabilities

Liabilities on securities settlement proceeds[1]	37,510	61,107
Sold, not held, securities	854	15,953
Other	11,540	10,880
Total	**49,904**	**87,940**
Of which expected to be settled after more than 1 year	246	204

[1] The amount reflects trade date accounting and primarily relates to payables on purchased bonds at year-end.

Note G28
Accrued expenses and prepaid income

DKKm	31 Dec 2012	31 Dec 2011
Accrued interest	4,021	4,415
Other accrued expenses	1,976	1,827
Prepaid income	157	58
Total	**6,154**	**6,300**
Of which expected to be settled after more than 1 year	123	96

Note G29
Provisions

Reserve for restructuring costs	135	317
Transfer risk, off-balance	22	13
Individually assessed guarantees and other commitments	280	320
Other	75	5
Total	**512**	**655**

Movement in the balance sheet

DKKm, 31 Dec 2012	Restructuring	Transfer risk	Off-balance sheet	Other	Total
At beginning of year	317	13	320	5	655
New provisions made	77	12	112	62	263
Provisions utilised	-207	-	-	-18	-225
Reversals	-52	-3	-152	-	-207
Reclassifications	-	-	-	26	26
At end of year	**135**	**22**	**280**	**75**	**512**
Of which expected to be settled after more than 1 year	-	22	243	22	287

Provision for restructuring costs amounts to DKK 135m (317mDKK) and covers termination benefits and other provisions mainly related to redundant premises. The restructuring activities have mainly been launched to reach the anticipated cost efficiency and profitability, and as a part of this NBD's plans to reduce the number of employees, partly through close down of branches. The majority of the provision is expected to be used during 2013. As with any other provision there is an uncertainty around timing and amount, which is expected to be decreased as the plan is being executed.

NBD's transfer risk exposure is dominated by a few countries and is primarily short term and trade related. Provision for Transfer risk of DKK 22m (DKK 13m) 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 G11. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed guarantees and other commitments amounted to DKK 280m (DKK 320m).

Provisions of DKK 34m for the winding-up unit of the Danish Deposit Guarantee Fund are included under the item Other.

Note G30
Retirement benefit obligations

DKKm	31 Dec 2012	31 Dec 2011
Defined benefit plans, net	194	197
Total	**194**	**197**

IAS 19 secures that the market based value of pension obligations net of plan assets backing these obligations will be reflected on the balance sheet. Some plans are funded schemes covered by assets in pension funds/foundations. Some other pension plans are recognised directly on the balance sheet as a liability.

Funded schemes	2012	2011
Members	55	57
Average member age	75	74

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 (%)	2012	2011
Discount rate	3.5	3.5
Salary increase	2.5	3.5
Inflation	2.0	2.0
Expected return on assets before taxes	4.5	4.5

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 vice versa.

Asset composition
The combined return on assets in 2012 was 8.4% (2.6%). At the end of the year, the equity exposure in pension funds/foundations represented 10% (8%) of total assets.

Asset composition in funded schemes (%)	2012	2011
Equity	10	8
Bonds	69	70
Real estate	-	-
Other plan assets	21	22

Note G30
Retirement benefit obligations *(cont.)*

Amounts recognised in the balance sheet

DKKm	31 Dec 2012	31 Dec 2011
Pension Benefit Obligations (PBO)	867	975
Plan assets	982	954
Total surplus/deficit(-)	**115**	**-21**
Of which unrecognised actuarial gains/losses(-)	-79	-218
Of which recognised in the balance sheet	**194**	**197**
- of which retirement benefit assets	215	227
- of which retirement benefit obligations	21	30
- of which related to unfunded plans (PBO)	21	30

Overview of surplus or deficit in the plans

DKKm	Total 2012	Total 2011	Total 2010	Total 2009	Total 2008
Pension Benefit Obligations	867	975	862	815	809
Plan assets	982	954	927	886	826
Funded status - surplus/deficit(-)	**115**	**-21**	**65**	**71**	**17**

Changes in the Pension Benefit Obligations

DKKm	31 Dec 2012	31 Dec 2011
Pension Benefit Obligations at 1 Jan	975	862
Service cost	-	3
Interest cost	30	33
Pensions paid	-65	-59
Curtailments and settlements	-	-
Past service cost	-	-
Actuarial gains(-)/losses	-73	136
Pension Benefit Obligations at 31 Dec	**867**	**975**

Changes in the fair value of plan assets

Assets at 1 Jan	954	927
Expected return on assets	32	36
Pensions paid	-54	-50
Contributions	-	53
Actuarial gains/losses(-)	50	-12
Plan assets at 31 Dec	**982**	**954**
Actual return on plan assets	**82**	**24**

Overview of actuarial gains/losses

DKKm	Total 2012	Total 2011	Total 2010	Total 2009	Total 2008
Effects of changes in actuarial assumptions	0	0	0	0	-66
Experience adjustments	123	-148	-31	26	8
- of which on plan assets	50	-12	38	48	5
- of which on plan liabilities	73	-136	-69	-22	3
Actuarial gains/losses	**123**	**-148**	**-31**	**26**	**-58**

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 DKK -13m (DKK -1m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note G6).

Note G30
Retirement benefit obligations *(cont.)*

Recognised net defined benefit cost, DKKm	31 Dec 2012	31 Dec 2011
Service cost	-	-3
Interest cost	-31	-33
Expected return on assets	32	36
Recognised actuarial gains(-)/losses	-14	-1
Pension cost on defined benefit plans	**-13**	**-1**

The pension cost is in line with what was expected at the start of the year. The net pension cost on defined benefit plans is expected to decrease in 2013. NBD expects to contribute DKK 0m to its defined benefit plans in 2013.

Key management personnel
Nordea Bank Danmark has pension obligations regarding present and former members of the Executive Management. Defined benefit plans for the Executive Management are funded, meaning that these obligations are backed with plan assets with fair value generally on a similar level as obligations except for DKK 21m (DKK 30m) booked as Retirement benefit obligations in the bank at the end of the year. Nordea Bank Danmark has no pensions obligations related to the Board of Directors and the employees that have significant influence on NBD’s risk profile.

Note G31
Subordinated liabilities

DKKm	31 Dec 2012	31 Dec 2011
Hybrid capital loans	-	-
Other subordinated loans	18,093	20,258
Total	**18,093**	**20,258**

Subordinated loans are subordinated to other liabilities.

Pursuant to the Danish Financial Business Act repayment of subordinated loans may not take place at the initiative of the lender nor without the approval of the Danish Financial Supervisory Authority.

See Note P22 for a specification of subordinated loans.

Note G32
Assets pledged as security for own liabilities

DKKm	31 Dec 2012	31 Dec 2011
Assets pledged for own liabilities		
Securities related to repurchase agreements and securities lending[1]	5,827	12,928
Loans to the public	358,371	340,874
Other pledged assets[2]	6,112	9,780
Total	**370,310**	**363,582**
The above pledges pertain to the following liabilities		
Deposits by credit institutions	9,580	9,534
Deposits and borrowings from the public	-	636
Derivatives	1,733	4,741
Debt securities in issue after eliminations	290,264	287,095
Other liabilities	190	7
Total	**301,767**	**302,013**

[1] Relates only to securities recognised in the balance sheet. Securities borrowed or bought under repurchase agreements are not recognised in the balance sheet and thus not included in the amount. Such transactions are disclosed in Note G39 Transferred financial assets and obtained collaterals.

[2] Other pledged assets mainly relating to bonds and cash had been transferred to the FUTOP Clearing Centre and clearing centres outside Denmark pursuant to margin requirements.

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 mortgage bonds in line with legislation. In the event of the company´s insolvency, the holders of these bonds have priority to the assets registered as collateral.

Note G33
Other assets pledged

DKKm	31 Dec 2012	31 Dec 2011
Other assets pledged[1]		
Lease agreements	-	-
Securities etc	-	-
Other assets pledged	-	-
Total	**-**	**-**

[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.

Note G34
Contingent liabilities

DKKm	31 Dec 2012	31 Dec 2011
Guarantees:		
Loan guarantees	8,037	8,137
Other guarantees	15,232	16,662
Documentary credits	3,053	3,270
Other contingent liabilities	56	118
Total	**26,378**	**28,187**

In the normal business of NBD, 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 considered as off-balance-sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

As from the accounting period 2005 NBD is taxed jointly with the Danish companies, branches etc of the Nordea Group, according to the new rules for joint taxation for 2005, and is liable for that part of the tax of the jointly taxed income concerning the company until payment to Nordea Bank Danmark A/S has taken place.

In terms of payroll tax and VAT, NBD is registered jointly with Nordea, Branch of Nordea Bank AB, Sweden, the Danish PE agency of Nordea Bank Finland and with the majority of the Danish subsidiary undertakings in the Nordea Bank AB Group and these companies are jointly and severally liable for such taxes.

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age.

NBD has entered into an agreement with certain conditions concerning the new lease in Ørestad City. Relocation of a number of head office functions will take place before the end of 2016. The lease agreement of the Torvegade building expires the same year.

Other guarantees include guarantees to the Danish Guarantee Scheme.

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

Note G35
Commitments

DKKm	31 Dec 2012	31 Dec 2011
Credit commitments[1]	179,642	180,215
Other commitments	-	-
Total	**179,642**	**180,215**

[1] Including unutilised portion of approved overdraft facilities of DKK 142,945m (DKK 144,691m).

For information about derivatives, see Note G15 and about reverse repos, see Note G39.

Note G36
Capital adequacy

NBD performs an ICAAP with the purpose to review the management, mitigation and measurement of material risks in order to assess the adequacy of capitalisation and to determine an internal capital requirements reflecting the risk appetite of the bank.

The ICAAP is a continuous process within NBD which contributes to increased awareness of NBD's capital requirements and exposure to material risks throughout the organisation, in both the business area and legal entity dimensions. Stress tests are an important driver of the increased risk awareness, looking at capital and risk from a firm-wide perspective or, on an ad-hoc basis, on more specific areas or segments. The process includes a regular dialogue with Nordea's supervisors, rating agencies and other external stakeholders with respect to risk and capital management, measurement and mitigation techniques used within NBD.

NBD's capital levels have been and continue to be adequate to support the risks taken from an internal perspective as well as from the perspective of supervisors.

NBD's internal capital requirements are defined using a "pillar I plus pillar II" approach. This methodology uses the pillar I capital requirements for credit risk, market risk and operational risk as outlined in the legislation as the starting point for its risk assessment. Therefore, a key component of ICAAP is the pillar I capital requirements.

In the next step, pillar II risks, i.e. risks not included in pillar I, are considered. NBD uses its economic capital framework to identify and assess pillar II risks, and as its primary tool for internal capital allocation considering all risk types. Another important component of assessing capital adequacy is stress testing. NBD stress tests both pillar I and pillar II risks and the stress tests are considered when determining NBD's internal capital requirements. By considering the stress test results in the assessment of internal capital requirements the pro-cyclical effects inherent in the risk adjusted capital calculations of the economic capital and IRB approaches are addressed.

Key capital adequacy figures see page 20 Annual report

Calculation of total capital base

DKKm	31 Dec 2012	31 Dec 2011
Equity	37,100	31,854
Minority interest	1,255	1,253
Equity method	-	-
Fair value adjustment of owner occupied property	20	20
Retirement benefit assets after tax	-60	-163
Equity reported to the Danish FSA	**38,315**	**32,965**
Proposed/actual dividend	-	-
Deferred tax assets	-86	-116
Intangible assets	-2,925	-3,040
IRB provisions excess (+)/shortfall (–)	-1,268	-358
Deduction for investments in credit institutions (50%)	-	-63
Transferred to Tier 2 capital	-20	-20
Other items, net	-7	-55
Tier 1 capital (net after deduction)	**34,009**	**29,312**
– of which hybrid capital	-	-
Tier 2 capital	**18,113**	**20,278**
– of which perpetual subordinated loans	-	-
IRB provisions excess (+)/shortfall (–)	-1,268	-358
Deduction for investments in credit institutions (50%)	-	-63
Other deduction	-	-
Total capital base	**50,854**	**49,169**

Note G36
Capital adequacy *(cont.)*

Capital requirement and RWA

DKKm	31 Dec 2012 Capital requirement	31 Dec 2012 RWA	31 Dec 2011 Capital requirement	31 Dec 2011 RWA
Credit risk	**18,850**	**235,611**	**20,272**	**253,400**
IRB foundation	17,589	219,854	18,755	234,432
- of which corporate	10,968	137,095	12,103	151,283
- of which institutions	335	4,190	388	4,856
- of which retail	5,988	74,848	6,043	75,535
- of which retail SME	161	2,019	192	2,406
- of which retail real estate	2,918	36,474	2,756	34,444
- of which retail other	2,908	36,355	3,095	38,685
- of which other	298	3,721	221	2,758
Standardised	1,261	15,757	1,517	18,968
- of which sovereign	38	471	54	676
- of which retail	318	3,971	306	3,821
- of which other	905	11,315	1,158	14,471
Market risk[1]	**1,140**	**14,254**	**550**	**6,877**
- of which trading book, Internal Approach	450	5,627	293	3,660
- of which trading book, Standardised Approach	690	8,627	257	3,217
- of which banking book, Standardised Approach	0	0	0	0
Operational risk	**2,424**	**30,304**	**2,295**	**28,692**
- of which standardised	2,424	30,304	2,295	28,692
Total	**22,414**	**280,169**	**23,118**	**288,969**
Adjustment for transition rules				
Additional capital requirement according to transition rules	9,913	123,915	8,306	103,824
Total	**32,327**	**404,084**	**31,423**	**392,793**

[1] The comparison figures are not restated with respect to CRD III.

Capital situation

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 the local regulator and are of importance when governing the capital position within the Group. The guarantee shemes introduced within EU during 2008 has under certain circumstances limited the transferability of capital with impact on cross border financial groups. There are no such restrictions directly affecting NBD as per end of 2012.

More Capital Adequacy information for the Group can be found in the Risk, liquidity and capital management section pages 8-20.

Note G37
Classification of financial instruments

DKKm, 31 Dec 2012	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 demand balances with central banks	32,390	-	-	-	-	-	-	32,390
Loans to credit institutions and central banks	49,745	-	7,737	392	-	-	-	57,874
Loans to the public	246,971	-	86	361,883	-	-	-	608,940
Interest-bearing securities[1]	-	-	52,425	-	-	29,824	-	82,249
Financial instruments pledged as collateral	-	-	5,827	-	-	-	-	5,827
Shares[1]	-	-	25,230	128	-	-	-	25,358
Derivatives	-	-	2,728	-	338	-	-	3,066
Fair value changes of the hedged items in portfolio hedge of interest rate risk	501	-	-	-	-	-	-	501
Investments in associated undertakings	-	-	-	-	-	-	967	967
Intangible assets	-	-	-	-	-	-	2,925	2,925
Property and equipment	-	-	-	-	-	-	697	697
Investment property	-	-	-	-	-	-	151	151
Deferred tax assets	-	-	-	-	-	-	86	86
Current tax assets	-	-	-	-	-	-	129	129
Retirement benefit assets	-	-	-	-	-	-	215	215
Other assets	22,110	-	-	-	-	-	-	22,110
Prepaid expenses and accrued income	880	-	829	-	-	-	-	1,709
Total	**352,597**	**-**	**94,862**	**362,403**	**338**	**29,824**	**5,170**	**845,194**

DKKm, 31 Dec 2012	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	7,412	4,638	-	106,491	-	118,541
Deposits and borrowings from the public	-	36,140	-	283,080	-	319,220
Debt securities in issue	-	290,264	-	161	-	290,425
Derivatives	3,121	-	753	-	-	3,874
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	212	-	212
Current tax liabilities	-	-	-	-	201	201
Other liabilities	854	-	-	49,050	-	49,904
Accrued expenses and prepaid income	1	3,905	-	280	1,968	6,154
Deferred tax liabilities	-	-	-	-	937	937
Provisions	-	-	-	-	512	512
Retirement benefit obligations	-	-	-	-	21	21
Subordinated liabilities	-	-	-	18,093	-	18,093
Total	**11,388**	**334,947**	**753**	**457,367**	**3,639**	**808,094**

[1] Interest-bearing securities and shares in customers' portfolio schemes are classified as Held for Trading. See Note G40 Investments, customer bearing the risk.

Note G37
Classification of financial instruments *(cont.)*

DKKm, 31 Dec 2011	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 demand balances with central banks	7,863	-	-	-	-	-	-	7,863
Loans to credit institutions and central banks	27,581	-	23,917	32,652	-	-	-	84,150
Loans to the public	255,818	-	7,054	344,210	-	-	-	607,082
Interest-bearing securities[1]	-	-	81,825	-	-	18,732	-	100,557
Financial instruments pledged as collateral	-	-	12,928	-	-	-	-	12,928
Shares[1]	-	-	13,954	162	-	-	-	14,116
Derivatives	-	-	4,005	-	267	-	-	4,272
Fair value changes of the hedged items in portfolio hedge of interest rate risk	423	-	-	-	-	-	-	423
Investments in associated undertakings	-	-	-	-	-	-	909	909
Intangible assets	-	-	-	-	-	-	3,040	3,040
Property and equipment	-	-	-	-	-	-	763	763
Investment property	-	-	-	-	-	-	342	342
Deferred tax assets	-	-	-	-	-	-	116	116
Current tax assets	-	-	-	-	-	-	101	101
Retirement benefit assets	-	-	-	-	-	-	227	227
Other assets	63,126	-	-	-	-	-	-	63,126
Prepaid expenses and accrued income	833	-	1,076	-	-	-	-	1,909
Total	**355,644**	**-**	**144,759**	**377,024**	**267**	**18,732**	**5,498**	**901,924**

DKKm, 31 Dec 2011	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	15,872	-	-	129,477	-	145,349
Deposits and borrowings from the public	1,345	47,994	-	263,783	-	313,122
Debt securities in issue	-	287,096	-	161	-	287,257
Derivatives	7,291	-	631	-	-	7,922
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	180	-	180
Current tax liabilities	-	-	-	-	199	199
Other liabilities	15,953	-	-	71,987	-	87,940
Accrued expenses and prepaid income	7	4,211	-	255	1,827	6,300
Deferred tax liabilities	-	-	-	-	858	858
Provisions	-	-	-	-	655	655
Retirement benefit obligations	-	-	-	-	30	30
Subordinated liabilities	-	-	-	20,258	-	20,258
Total	**40,468**	**339,301**	**631**	**486,101**	**3,569**	**870,070**

[1] Interest-bearing securities and shares in customers' portfolio schemes are classified as Held for Trading. See Note G40 Investments, customer bearing the risk.

Note G37
Classification of financial instruments *(cont.)*

Loans designated at fair value through profit or loss

DKKm	31 Dec 2012	31 Dec 2011
Carrying amount	362,403	377,024
Maximum exposure to credit risk	362,403	377,024
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 of financial liabilities attributable to changes in credit risk
The financial liabilities designated at fair value through profit or loss exposed to changes in credit risk are issued bonds in the subsidiary Nordea Kredit Realkreditaktieselskab, DKK 336bn (DKK 303bn) and the funding of the Markets operation, DKK 41bn (DKK 48bn). The funding of Markets is generally of such a short-term nature that the effect of changes in own credit risk is not significant. For the issued mortgage bonds in Nordea Kredit Realkreditaktieselskab 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 fair value of bonds issued in Nordea Kredit Realkreditaktieselskab increased in 2012 by approximately DKK 0.7bn (decrease of approximately DKK 2bn) due to changes in own credit risk. The cumulative change since designation was a decrease of approximately DKK 5bn (decrease of approximately DKK 5bn). The calculation method of the estimated fair value changes attributable to changes in market conditions is based on relevant benchmark interest rates, which are the average yield on Danish and German government bonds and for variable rate loans, the swap rate. The calculation method is subject to uncertainty related to a number of assumptions and estimates.

Changes in fair values of financial assets attributable to changes in credit risk
Lending designated at fair value through profit or loss exposed to changes in credit risk consist of lending in the Danish subsidiary Nordea Kredit Realkreditaktieselskab, DKK 358bn (DKK 341bn) and lending in the Markets operation, DKK 4bn (DKK 36bn). The fair value of lending in Nordea Kredit Realkreditaktieselskab decreased by DKK 0.9bn (decreased DKK 0.4bn) in 2012 due to changes in credit risk. The cumulative change since designation is a decrease of DKK 1.3bn (decrease DKK 0.8bn). The method used to estimate the amount of change in the fair value attributable to changes in credit risk is simular to the incurred loss impairment model for amortised cost assets under IAS 39. The lending in Markets is generally of such a short-term nature (mainly overnight deposits) that the effect of changes in credit risk is not significant. Also instruments classified as “Other assets” and “Prepaid expenses and accrued income” are of such a short-term nature that the impact from changes in credit risk is not significant.

Comparison of carrying amount and contractual amount to be paid at maturity

DKKm, 31 Dec 2012	Carrying amount	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	334,947	325,697

DKKm, 31 Dec 2011		
Financial liabilities at fair value through profit or loss	339,301	328,778

Note G38
Assets and liabilities at fair value

DKKm	31 Dec 2012 Carrying amount	31 Dec 2012 Fair value	31 Dec 2011 Carrying amount	31 Dec 2011 Fair value
Assets				
Cash and demand balances with central banks	32,390	32,390	7,863	7,863
Loans to credit institutions and central banks	57,874	57,874	84,150	84,150
Loans to the public	608,940	608,940	607,082	607,082
Interest-bearing securities[1]	82,249	82,249	100,557	100,557
Financial instruments pledged as collateral	5,827	5,827	12,928	12,928
Shares[1]	25,358	25,358	14,116	14,116
Derivatives	3,066	3,066	4,272	4,272
Fair value changes of the hedged items in portfolio hedge of interest rate risk	501	501	423	423
Investments in associated undertakings	967	967	909	909
Intangible assets	2,925	2,925	3,040	3,040
Property and equipment	697	717	763	783
Investment property	151	151	342	342
Deferred tax assets	86	86	116	116
Current tax assets	129	129	101	101
Retirement benefit assts	215	215	227	227
Other assets	22,110	22,110	63,126	63,126
Prepaid expenses and accrued income	1,709	1,709	1,909	1,909
Total assets	**845,194**	**845,214**	**901,924**	**901,944**
Liabilities				
Deposits by credit institutions	118,541	118,541	145,349	145,349
Deposits and borrowings from the public	319,220	319,220	313,122	313,122
Debt securities in issue	290,425	290,425	287,257	287,257
Derivatives	3,874	3,874	7,922	7,922
Fair value changes of the hedged items in portfolio hedge of interest rate risk	212	212	180	180
Current tax liabilities	201	201	199	199
Other liabilities	49,904	49,904	87,940	87,940
Accrued expenses and prepaid income	6,154	6,154	6,300	6,300
Deferred tax liabilities	937	937	858	858
Provisions	512	512	655	655
Retirement benefit obligations	21	21	30	30
Subordinated liabilities	18,093	18,093	20,258	20,258
Total liabilities	**808,094**	**808,094**	**870,070**	**870,070**

[1] Include investments in interest-bearing securities and shares financed by customers' portfolio schemes. See Note G40 Investments, customer bearing the risk.

Estimation of fair value for financial instruments
Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of some loans and deposits.

The carrying amounts on loans and deposits are adjusted for the value of the fixed interest term, unless the interest rate 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, intangible assets, property and equipment and provisions.

For further information about valuation of items normally measured at fair value, see Note G1 Accounting policies.

Note G38
Assets and liabilities at fair value *(cont.)*

Deferred Day 1 profit or loss

In accordance with the Group's accounting policy as described in Note G1, 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).

DKKm	31 Dec 2012	31 Dec 2011
Amount at beginning of year	-	-
Deferred profit/loss on new transactions	-	-
Recognised in the income statement during the year	-	-
Amount at end of year	-	**-**

Determination of fair value from quoted market prices or valuation techniques

Fair value measurements are categorised using a fair value hierarchy. The financial instruments carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy that reflects the significance of inputs. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. To categorise the instruments into the three levels, the relevant pricing models for each product is considered in combination with used input market data, the significance of derived input data, the complexity of the model and the accessible pricing data to verify model input. Although the complexity of the model is considered, a high complexity does not by default require that products are categorised into level 3.

It is the use of model parameters and the extent of unobservability that defines the fair value hierarchy levels. For bonds the categorisation into the three levels are based on the internal pricing methodology. The bonds can either be directly quoted in active markets (level 1) or measured using a methodology giving a quote based on observable inputs (level 2). Level 3 bonds are characterised by illiquidity.

Valuations of Private Equity Funds (PEF) and unlisted equities will in nature be more uncertain than valuations of more actively traded equity instruments. Emphasis is put on using a consistent approach across all assets and over time. The methods are consistent with the guideline "International Private Equity and Venture Capital Valuation Guidelines" issued by EVCA (European Venture Capital Association). The EVCA guidelines are considered as best practice in the PEF industry. For US based funds, similar methods are applied.

Level 1 consist of financial assets and financial liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.This category includes listed derivatives, listed equities, government bonds in developed countries, and most liquid mortgage bonds and corporate bonds where quotes in active markets exist.

Level 2 consists of financial assets and financial liabilities which do not have directly quoted market prices available from an active market. The fair values are estimated using a valuation technique or valuation model based on market prices or rates prevailing at the balance sheet date and any unobservable inputs are insignificant in the fair 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 active markets supply the input to the valuation technique or model.

Level 3 consists of those types of financial instruments which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for private equity instruments in unlisted securities, private equity funds, hedge funds, and both more complex or less active markets supplying input to the technique or model for OTC derivatives, certain complex or structured financial instruments such as CLNs and illiquid bonds.

Note G38
Assets and liabilities at fair value *(cont.)*

DKKm, 31 Dec 2012	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 central banks and credit institutions	-	8,129	-	8,129
Loans to the public	-	361,969	-	361,969
Debt securities	78,499	3,691	59	82,249
Financial instruments pledged as collateral	5,827	-	-	5,827
Shares	20,954	-	4,404	25,358
Derivatives	-	3,066	-	3,066
Prepaid expenses and accrued income	-	829	-	829
Liabilities				
Deposits by credit institutions	-	12,050	-	12,050
Deposits and borrowings from the public	-	36,140	-	36,140
Debt securities in issue	290,264	-	-	290,264
Derivatives	-	3,874	-	3,874
Other liabilities	854	-	-	854
Accrued expenses and prepaid income	-	3,906	-	3,906

DKKm, 31 Dec 2011	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 central banks and credit institutions	-	56,569	-	56,569
Loans to the public	-	351,264	-	351,264
Debt securities	87,094	13,258	205	100,557
Financial instruments pledged as collateral	12,928	-	-	12,928
Shares	8,222	-	5,894	14,116
Derivatives	3,425	847	-	4,272
Prepaid expenses and accrued income	-	1,076	-	1,076
Liabilities				
Deposits by credit institutions	-	15,872	-	15,872
Deposits and borrowings from the public	-	49,339	-	49,339
Debt securities in issue	287,096	-	-	287,096
Derivatives	1,285	6,637	-	7,922
Other liabilities	-	15,953	-	15,953
Accrued expenses and prepaid income	-	4,218	-	4,218

Transfers between level 1 and 2

During the year, Nordea Group transferred debt securities of DKK 0m from level 1 to level 2 of the fair value hierarchy for financial assets and liabilities which are recorded at fair value. The transfer was an outcome of a further developed fair value hierarchy classification due to a more detailed assessment of the liquidity in the market. The fair values were consequently obtained using valuation techniques using observable market inputs.

Note G38
Assets and liabilities at fair value *(cont.)*

Movements in level 3
The following table shows a reconciliation of the opening and closing carrying amounts of level 3 financial assets and liabilities at fair value.

DKKm, 31 Dec 2012	At 1 Jan 2012	Fair value gains/losses recognised in the income statement during the year: Realised	Fair value gains/losses recognised in the income statement during the year: Unrealised[1]
Debt securities	205	-	-
Shares	5,894	74	321
Derivatives (net of assets and liabilities)	-	-	-

DKKm, 31 Dec 2012 *(cont.)*	Purchases	Sales	Transfers into level 3	Transfers out from level 3	Translation differences	At 31 Dec 2012
Debt securities	59	-205	-	-	-	59
Shares	495	-2,354	-	-	-26	4,404
Derivatives (net of assets and liabilities)	-	-	-	-	-	-

DKKm, 31 Dec 2011	At 1 Jan 2011	Fair value gains/losses recognised in the income statement during the year: Realised	Fair value gains/losses recognised in the income statement during the year: Unrealised[1]
Debt securities	1,133	-	-8
Shares	6,207	131	-323
Derivatives (net of assets and liabilities)	-	-	-

DKKm, 31 Dec 2011 *(cont.)*	Purchases	Sales	Transfers into level 3	Transfers out from level 3	Translation differences	At 31 Dec 2011
Debt securities	-	-920	-	-	-	205
Shares	588	-724	-	-	15	5,894
Derivatives (net of assets and liabilities)	-	-	-	-	-	-

[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 G4.

Note G38
Assets and liabilities at fair value *(cont.)*

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 G1 section 10 "Determination of fair value of financial instruments".

This disclosure shows the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable input parameters. The estimates disclosed below are likely to be greater than the true uncertainty in fair value of these instruments, as it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. The disclosure is neither predictive nor indicative of future movements in fair value.

The following table shows the sensitivity of the fair value of level 3 instruments to changes in key assumptions, by class of instruments. Where the exposure to an unobservable parameter is offset across different instruments then only the net impact is disclosed in the table.

		Effect of reasonably possible alternative assumptions	
DKKm, 31 Dec 2012	Carrying amount	Favourable	Unfavourable
Debt securities	59	6	-6
Shares	4,404	440	-440
DKKm, 31 Dec 2011			
Debt securities	205	10	-10
Shares	5,894	610	-610

In order to calculate the effect on level 3, fair values from altering the assumptions of the valuation technique or model, the sensitivity to unobservable input data is assessed. For the derivatives portfolio key inputs that are based on pricing model assumptions or unobservability of market data inputs are replaced by alternative estimates or assumptions and impact on valuation computed. The majority of the effect on the Derivatives is related to various types of correlations or correlation related inputs in credit derivatives, interest rate OTC derivatives or OTC structured equity derivatives. For the level 3 portfolios of shares and debt securities the fair value was increased and decreased with reasonable changes in market movements.

Note G39
Transferred financial assets and obtained collaterals

Transferred assets that are still recognised on the balance sheet and associated liabilities

All assets transferred continue to be recognised on the balance sheet if NBD is still exposed to changes in the fair value of the assets. This is the case for repurchase agreements and securities lending transactions.

Repurchase agreements are a form of collateralised borrowing where NBD sells securities with an agreemement to repurchase them at a later date at a fixed price. The cash received is recognised as a deposit (liability). Securities delivered under repurchase agreements are not derecognised from the balance sheet.

Securities lending transactions are transactions where NBD lends securities it holds to a counterpart and receives a fee.

As both repurchase agreements and securities lending transactions results in the securities are returned to NBD, all risks and rewards of the instruments transferred is retained by NBD, although they are not available for NBD during the period during which they are transferred. The counterpart in the transactions holds the securities as collateral, but has no recourse to other assets in NBD.

Securitisation consists of a Special Purpose Entity, that NBD has established to allow customers to invest in structured products.

The securities still reported in the balance sheet and the corresponding liabilities are in general measured at fair value.

DKKm	31 Dec 2012	31 Dec 2011
Repurchase agreements		
Interest-bearing securities	5,827	8,095
Shares	-	-
Securities lending agreements		
Interest-bearing securities	-	-
Shares	-	4,833
Securitisations		
Interest-bearing securities	171	172
Other	-	-
Total	**5,998**	**13,100**

Liabilities associated with the assets

DKKm	31 Dec 2012	31 Dec 2011
Repurchase agreements		
Deposits by credit institutions	5,872	7,504
Deposits and borrowings from the public	-	636
Other	-	-
Securities lending agreements		
Deposits by credit institutions	-	-
Deposits and borrowings from the public	-	-
Other	-	7
Securitisations		
Debt securities in issue	161	161
Other	-	-
Total	**6,033**	**8,308**
Net	**-35**	**4,792**

For information on financial instruments pledged as collateral, see Note G13.

Note G39
Transferred financial assets and obtained collaterals *(cont.)*

Obtained collaterals which are permitted to be sold or repledged
Nordea Bank Danmark 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 is disclosed below.

DKKm	31 Dec 2012	31 Dec 2011
Reverse repurchase agreements		
Received collaterals which can be repledged or sold	6,060	36,544
of which repledged or sold	4,752	15,966
Securities borrowing agreements		
Received collaterals which can be repledged or sold	-	-
of which repledged or sold	-	-
Total	**6,060**	**36,544**

Note G40
Investments, customer bearing the risk

Nordea Bank Danmark A/S's assets and liabilities include customers' portfolio schemes, the return on which correlates directly with the assets financed by these portfolio schemes. Since the assets and liabilities legally belong to Nordea Bank Danmark, these assets and liabilities are included in the bank's balance sheet. A breakdown is shown below:

DKKm	31 Dec 2012	31 Dec 2011
Assets		
Interest-bearing securities	13,710	14,713
Shares	16,477	12,597
Other assets	159	199
Total assets[1]	**30,346**	**27,509**
Liabilities		
Deposits and borrowings from the public	31,948	28,976
Total liabilities	**31,948**	**28,976**

[1] In addition, cash deposits amounted to DKK 1,602m (DKK 1,467m).

Note G41
Maturity analysis for assets and liabilities

Remaining maturity

DKKm, 31 Dec 2012	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and demand balances with central banks		32,390	-	-	-	-	-	32,390
Loans to credit institutions and central banks	G11	45,543	11,722	15	385	209	-	57,874
Loans to the public	G11	83,934	6,711	11,039	62,877	444,379	-	608,940
Interest bearing securities	G12	-	22,096	37,084	13,377	9,692	-	82,249
Financial instruments pledged as collateral	G13	-	-	5,827	-	-	-	5,827
Derivatives	G15	-	2,235	71	539	221	-	3,066
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G16	-	1	15	250	235	-	501
Total assets with fixed maturities		**161,867**	**42,765**	**54,051**	**77,428**	**454,736**	**-**	**790,847**
Other assets		-	-	-	-	-	54,347	54,347
Total assets		**161,867**	**42,765**	**54,051**	**77,428**	**454,736**	**54,347**	**845,194**
Deposits by credit institutions	G24	43,931	54,629	10,113	6,726	3,142	-	118,541
Deposits and borrowings from the public	G25	202,675	55,785	8,335	595	51,830	-	319,220
- of which Deposits		202,675	55,490	8,335	595	51,830	-	318,925
- of which Borowings		-	295	-	-	-	-	295
Debt securities in issue	G26	-	40,501	54,211	67,318	128,395	-	290,425
- of which Debt securities in issue		-	40,501	54,211	67,318	128,395	-	290,425
- of which Other		-	-	-	-	-	-	-
Derivatives	G15	-	2,321	101	993	459	-	3,874
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G16	-	3	10	137	62	-	212
Subordinated liabilities	G31	-	-	-	18,093	-	-	18,093
Total liabilities with fixed maturities		**246,606**	**153,239**	**72,770**	**93,862**	**183,888**	**-**	**750,365**
Other liabilities		-	-	-	-	-	57,729	57,729
Equity		-	-	-	-	-	37,100	37,100
Total liabilities and equity		**246,606**	**153,239**	**72,770**	**93,862**	**183,888**	**94,829**	**845,194**

Mortgage loans are match-funded and is undertaken on the basis of the statutory balance principle. The majority of these loans are long-term loans and is therefore categorised as >5 years in the Maturity analysis, while the debt securities in issue are allocated through the maturity distribution in comparison to the re-financing period.

Note G41
Maturity analysis for assets and liabilities *(cont.)*

Remaining maturity

DKKm, 31 Dec 2011	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and demand balances with central banks		7,863	-	-	-	-	-	7,863
Loans to credit institutions and central banks	G11	46,177	37,100	128	599	146	-	84,150
Loans to the public	G11	74,439	16,337	7,825	62,077	446,404	-	607,082
Interest bearing securities	G12	-	30,699	54,025	4,589	11,244	-	100,557
Financial instruments pledged as collateral	G13	-	1,721	11,207	-	-	-	12,928
Derivatives	G15	-	3,129	292	556	295	-	4,272
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G16	-	1	18	265	139	-	423
Total assets with fixed maturities		**128,479**	**88,987**	**73,495**	**68,086**	**458,228**	**-**	**817,275**
Other assets		-	-	-	-	-	84,649	84,649
Total assets		**128,479**	**88,987**	**73,495**	**68,086**	**458,228**	**84,649**	**901,924**
Deposits by credit institutions	G24	58,817	75,593	3,738	5,120	2,081	-	145,349
Deposits and borrowings from the public	G25	208,390	51,749	3,397	605	48,981	-	313,122
- of which Deposits		208,390	50,053	3,397	605	48,981	-	311,426
- of which Borowings		-	1,696	-	-	-	-	1,696
Debt securities in issue	G26	-	48,675	52,008	42,652	143,922	-	287,257
- of which Debt securities in issue		-	48,675	52,008	42,652	143,922	-	287,257
- of which Other		-	-	-	-	-	-	-
Derivatives	G15	-	4,330	1,044	1,987	561	-	7,922
Fair value changes of the hedged items in portfolio hedge of interest rate risk	G16	-	1	23	156	-	-	180
Subordinated liabilities	G31	-	-	2,230	18,028	-	-	20,258
Total liabilities with fixed maturities		**267,207**	**180,348**	**62,440**	**68,548**	**195,545**	**-**	**774,088**
Other liabilities		-	-	-	-	-	95,982	95,982
Equity		-	-	-	-	-	31,854	31,854
Total liabilities and equity		**267,207**	**180,348**	**62,440**	**68,548**	**195,545**	**127,836**	**901,924**

Mortgage loans are match-funded and is undertaken on the basis of the statutory balance principle. The majority of these loans are long-term loans and is therefore categorised as >5 years in the Maturity analysis, while the debt securities in issue are allocated through the maturity distribution in comparison to the re-financing period.

Note G42
Related-party transactions

The information below is presented from a NBD Group perspective, meaning that the information shows the effect from related-party transactions on the NBD Group.

DKKm	Shareholders with significant influence 31 Dec 2012	Shareholders with significant influence 31 Dec 2011	Other Nordea Group Companies 31 Dec 2012	Other Nordea Group Companies 31 Dec 2011	Associated undertakings 31 Dec 2012	Associated undertakings 31 Dec 2011	Other related parties[1] 31 Dec 2012	Other related parties[1] 31 Dec 2011
Assets								
Loans	181	216	10,524	26,582	950	680	-	0
Interest-bearing securities	-	-	1,467	1,305	-	-	-	-
Shares	-	-	-	-	-	-	-	-
Derivatives	-	13	708	750	-	-	-	-
Other assets	28	-	51	-	-	-	-	-
Total assets	**209**	**229**	**12,750**	**28,637**	**950**	**680**	**-**	**0**
Liabilities								
Deposits	53,267	2,228	31,615	115,020	580	427	83	87
Debt securities in issue	1,306	8,525	55,618	42,491	-	-	-	-
Derivatives	4	3	1,466	4,433	-	-	-	-
Other liabilities	172	-	439	-	-	-	-	-
Subordinated liabilities	18,093	20,258	-	-	-	-	-	-
Total liabilities	**72,842**	**31,014**	**89,138**	**161,944**	**580**	**427**	**83**	**87**
Off balance								
Contingent liabilities	-	-	-	-	10	10	-	-

DKKm	Shareholders with significant influence 2012	Shareholders with significant influence 2011	Other Nordea Group Companies 2012	Other Nordea Group Companies 2011	Associated undertakings 2012	Associated undertakings 2011	Other related parties[1] 2012	Other related parties[1] 2011
Net interest income	-614	-738	-1,411	-1,559	16	12	-1	-1
Net fee and commission income	10	7	1,080	1,119	10	-1	-	-
Net result from items at fair value	-1	14	317	2,330	0	0	-	-
Other operating income	42	101	183	372	0	0	-	-
Total operating expenses	-915	-46	-46	38	-182	-175	-	-
Profit before loan losses	**-1,478**	**-662**	**123**	**2,300**	**-156**	**-164**	**-1**	**-1**

[1] Close family members to key management personnel in NBD as well as companies significantly influenced by key management personnel or by close family members to key management personnel in NBD are considered to be related parties to NBD. If transactions with these related parties are made in NBD's and the related parties' ordinary course of business and on the same criteria and terms as those for comparable transactions with parties of similar standing, and if they did not involve more than normal risk-taking, the transactions are not included in the table.

Note G42
Related-party transactions *(cont.)*

Related-party transactions (arms length basis)
Material transactions recognised during 2012 between Nordea Bank Danmark Group and other group companies in Nordea include the following:

- Services rendered to Nordea Bank Finland Plc regarding trading, sale, controlling and settlement of financial instruments.

- Derivates with Nordea Bank Finland Plc for hedging market and credit risk.

- Services regarding IT activities and liquidity management with Nordea Bank AB (publ.), Nordea Bank Norge ASA and Nordea Bank Finland Plc.

Otherwise, Nordea Bank Danmark's activities with companies in the Nordea include lending, deposits, interest-bearing securities, trading in securities, derivatives, etc as part of its normal banking business.

Compensation to and commitments with Board of Directors and the Executive Management (Key management personnel)
Compensation to and commitments with Board of Directors and the Executive Management are specified in Note G6.

Note G43
Credit risk disclosures

Group
Credit risk management and credit risk analysis etc is described in the Risk, liquidity and capital management section pages 8-20 of the Directors´ report. Additional information on credit risk is also disclosed in the Capital and Risk management Report (Pillar 3) 2012, which is available at www.nordea.com. Much of the information in this note is collected from the Pillar 3 report in order to fulfill 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

DKKm	31 Dec 2012	31 Dec 2011
On-balance sheet items	769,670	748,076
Off-balance sheet items	70,712	73,667
Securities financing	-	78
Derivatives	2,835	14,781
Exposure At Default (EAD)	**843,217**	**836,602**

Tables presented in this note, containing exposure, are presented as Exposure At Default (EAD). EAD is the exposure after applying credit conversion factors (CCF).

Link between credit risk exposure and the balance sheet
This section discloses the link between the loan portfolio as defined in accordance with accounting standards and exposure as defined in accordance with the CRD II. The main differences are outlined in this section to illustrate the link between the different reporting methods.

Original exposure is the exposure before taking into account substitution effects stemming from credit risk mitigation, credit conversion factors for off-balance exposure and allowances within the standardised approach. In this note, however, exposure is defined as exposure at default (EAD) for IRB exposure and exposure value for standardised exposure if nothing else is stated. Credit risk exposure presented in this report, in accordance with the CRD, is divided between exposure classes where each exposure class is divided into exposure types as follows:

- On-balance sheet items
- Off-balance sheet items (e.g. guarantees and unutilised amounts of credit facilities)
- Securities financing (e.g. reversed repurchase agreements and securities lending)
- Derivatives

Items presented in the Annual Report, in accordance with the accounting standards, are divided as follows:

- On-balance sheet items (e.g. loans to credit institutions, loans to the public, reversed repurchase agreements, positive fair value for derivatives, treasury bills and interest-bearing securities)
- Off-balance sheet items (e.g. guarantees and unutilised amounts of credit facilities)

Note G43
Credit risk disclosures *(cont.)*

On-balance sheet items

31 Dec 2012, DKKm	Original exposure	Items related to market risk	Repos, derivatives	Other	Balance sheet
Cash and balances with central banks	77,200	-	-	-	77,201
Interest-bearing securities and pledged instruments	57,461	30,615	-	-	88,076
Loans to central banks and credit institutions	5,325	-	7,737	-	13,063
Loans to the public	619,275	-	86	-10,421	608,940
Derivatives[1]	-	-	3,567	-	3,567
Intangible assets	-	-	-	2,925	2,925
Other assets and prepaid expenses	10,541	21,028	-	19,854	51,422
Total assets	**769,803**	**51,643**	**11,390**	**12,358**	**845,194**
Exposure at default[2]	**769,670**				

31 Dec 2011, DKKm	Original exposure	Items related to market risk	Repos, derivatives	Other	Balance sheet
Cash and balances with central banks	61,989	-	-	-	61,989
Interest-bearing securities and pledged instruments	60,865	52,619	-	-	113,485
Loans to central banks and credit institutions	6,107	-	23,917	-	30,024
Loans to the public	608,183	-	7,054	-8,155	607,082
Derivatives[1]	-	-	4,695	-	4,695
Intangible assets	-	-	-	3,040	3,040
Other assets and prepaid expenses	11,051	9,104	-	61,453	81,609
Total assets	**748,195**	**61,723**	**35,666**	**56,339**	**901,924**
Exposure at default[2]	**748,076**				

[1] Derivatives are included in banking and trading books, but not at carrying amounts. Counterparty risk in trading derivatives is included in the credit risk.

[2] The on-balance exposures have a CCF of 100% but can still have a lower EAD due to allowances in the standardised approach, that are deducted from the original exposure when calculating EAD.

Note G43
Credit risk disclosures *(cont.)*

Off-balance sheet items

31 Dec 2012, DKKm	Credit risk in Basel II calculation	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	26,378	-	26,378
Commitments	179,642	-	179,642
Total off-balance sheet items	**206,021**	**-**	**206,021**

31 Dec 2012, DKKm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities and checking accounts	176,852	-	176,852	29%	51,052
Loan commitments	2,790	-	2,790	100%	2,782
Guarantees	22,745	-	22,745	66%	15,061
Other	3,633	-	3,633	50%	1,817
Total	**206,021**	**-**	**206,021**		**70,712**

31 Dec 2011, DKKm	Credit risk in Basel II calculation	Included in derivatives and securities financing	Off-balance sheet
Contingent liabilities	28,187	-	28,187
Commitments	180,215	-	180,215
Total off-balance sheet items	**208,401**	**-**	**208,401**

31 Dec 2011, DKKm	Credit risk in Basel II calculation	Items not included in accounts	Original exposure	Average conversion factor	Exposure at default EAD
Credit facilities and checking accounts	176,245	-	176,245	30%	53,217
Loan commitments	3,970	-	3,970	70%	2,780
Guarantees	24,255	-	24,255	64%	15,709
Other	3,932	-	3,932	50%	1,961
Total	**208,401**	**-**	**208,401**		**73,667**

Note G43
Credit risk disclosures *(cont.)*

Exposure classes split by exposure type

31 Dec 2012, DKKm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	90,783	1,149	-	-	91,932
Institutions	49,023	878	-	2,833	52,735
Corporate	245,162	43,308	-	-	288,470
Retail	363,885	24,857	-	1	388,742
Other	20,818	520	-	-	21,338
Total exposure	**769,670**	**70,712**	**-**	**2,835**	**843,217**

31 Dec 2011, DKKm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	81,652	837	-	-	82,489
Institutions	45,694	1,099	78	14,779	61,650
Corporate	247,481	44,060	-	2	291,543
Retail	354,016	26,852	-	0	380,868
Other	19,233	819	-	-	20,052
Total exposure	**748,076**	**73,667**	**78**	**14,781**	**836,602**

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2012, DKKm	Original exposure	EAD	- of which secured by guarantees and credit derivatives	- of which secured by collateral
Government, local authorities and central banks	93,857	91,932	2,788	-
Institutions	54,326	52,735	297	1
Corporate	403,712	288,470	5,921	114,188
Retail	399,043	388,742	2,257	281,234
Other	27,721	21,338	-	-
Total exposure	**978,658**	**843,217**	**11,263**	**395,422**

31 Dec 2011, DKKm	Original exposure	EAD	- of which secured by guarantees and credit derivatives	- of which secured by collateral
Government, local authorities and central banks	82,996	82,489	1,684	-
Institutions	65,125	61,650	349	12
Corporate	404,645	291,543	2,707	111,996
Retail	392,223	380,868	84	274,177
Other	26,467	20,052	-	-
Total exposure	**971,456**	**836,602**	**4,824**	**386,185**

Note G43
Credit risk disclosures *(cont.)*

Collateral distribution

	31 Dec 2012	31 Dec 2011
Other physical collateral	2%	3%
Receivables	0%	0%
Residential real estate	71%	70%
Commercial real estate	26%	26%
Financial collateral	1%	1%

Restructured loans

DKKm	31 Dec 2012	31 Dec 2011
Loans before restructuring, carrying amount	88	334
Loans after restructuring, carrying amount	37	273

Assets taken over for protection of claims[1]

DKKm	31 Dec 2012	31 Dec 2011
Current assets, carrying amount:		
Land and buildings	151	342
Shares and other participations	128	162
Total	**279**	**504**

[1] In accordance with Nordea's policy for taking over assets for protection of claims, which is in compliance with the local Banking Business Act. 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 2012		31 Dec 2011	
DKKm	Corporate customers	Household customers	Corporate customers	Household customers
6-30 days	5,852	1,754	4,628	1,644
31-60 days	1,154	119	502	107
61-90 days	290	175	524	175
>90 days	1,340	758	977	850
Total	**8,636**	**2,807**	**6,631**	**2,776**
Past due not impaired/loans in %	2.94	0.92	2.21	0.93

Loans to corporate customers, by size of loan

DKKm		31 Dec 2012	%	31 Dec 2011	%
0-10	(EURm)	147,441	50.2	146,930	49.0
10-50	(EURm)	48,954	16.7	49,535	16.5
50-100	(EURm)	24,319	8.3	27,558	9.2
100-250	(EURm)	39,263	13.4	42,251	14.1
250-500	(EURm)	29,024	9.9	29,618	9.9
500-	(EURm)	4,738	1.6	3,861	1.3
Total		**293,739**	**100.0**	**299,753**	**100.0**

Note G43
Credit risk disclosures *(cont.)*

Interest-bearing securities

DKKm	31 Dec 2012 At fair value	31 Dec 2012 At amortised cost	31 Dec 2011 At fair value	31 Dec 2011 At amortised cost
State and sovereigns	25,480	-	26,790	-
Municipalities and other public bodies	-	-	12	-
Mortgage institutions	60,205	-	74,093	-
Other credit institutions	2,114	-	2,602	-
Corporates	277	-	5,155	-
Total	**88,076**	**-**	**108,652**	**-**

NBD's portfolio of interest-bearing securities consists of high graded securities.

Note G44
The Danish Financial Supervisory Authority's ratio system

%	2012	2011	2010	2009	2008
Capital ratios					
Total capital ratio	18.2	17.0	11.9	12.0	12.4
Tier 1 capital ratio	12.1	10.1	8.9	8.9	9.4
Earnings					
Pre-tax return on equity	5.9	8.8	14.4	7.3	12.0
Post-tax return on equity	4.4	6.8	11.0	4.8	9.1
Income/cost ratio (not %)	1.1	1.2	1.3	1.1	1.4
Market risk					
Interest rate risk	2.3	1.2	1.9	5.3	2.1
Foreign exchange position	7.6	3.7	2.2	2.3	1.6
Currency risk	0.0	0.0	0.0	0.0	0.0
Liquidity					
Excess cover relative to statutory liquidity requirements	138.9	85.3	84.6	128.2	59.3
Credit risk					
Total amount of large exposures	11.4	26.0	73.6	91.0	68.7
Impairment ratio for the year	0.7	0.5	0.4	0.5	0.2
Growth in loans and receivables for the year	0.3	-10.6	1.4	9.2	15.0
Loans and receivables relative to equity	16.4	19.1	20.6	22.2	20.3

See definitions on page 104.

Financial statements, Parent company – Contents

Income statement, parent company

DKKm	Note	2012	2011
Interest income		12,295	14,356
Interest expenses		-4,070	-6,234
Net interest income	P3	**8,225**	**8,122**
Dividends on shares etc		637	524
Fee and commission income	P4	5,349	5,021
Fees and commissions paid		-400	-335
Net interest and fee income		**13,811**	**13,332**
Value adjustments	P5	-114	310
Other operating income		391	646
Staff and administrative expenses	P6	-9,334	-9,618
Amortisation and depreciation as well as impairment losses on tangible and intangible assets		-436	-248
Other operating costs		-52	-432
Impairment losses on loans and guarantees etc	P7	-3,704	-2,380
Profit from equity investments in associates and group undertakings	P13, P14	1,178	925
Profit before tax		**1,740**	**2,535**
Tax	P8	-136	-432
Net profit for the year		**1,604**	**2,103**

Statement of comprehensive income, parent company

DKKm	2012	2011
Net profit for the year	**1,604**	**2,103**
Currency translation differences during the year	3	11
Tax on other comprehensive income for the year	-	-
Other comprehensive income, net of tax	**3**	**11**
Total comprehensive income	**1,607**	**2,114**

Balance sheet, parent company

DKKm	Note	31 Dec 2012	31 Dec 2011
Assets			
Cash in hand and demand deposits with central banks		32,020	7,863
Receivables from credit institutions and central banks	P9	105,112	136,648
Loans and other receivables at fair value	P10	86	7,054
Loans and other receivables at amortised cost	P11	251,304	260,379
Bonds at fair value		173,926	195,605
Bonds at amortised cost	P12	3,750	3,794
Shares etc		8,565	6,192
Equity investments in associates	P13	946	890
Equity investments in group undertakings	P14	26,793	25,972
Assets linked to pooled schemes	P15	30,346	27,509
Intangible assets		2,891	3,010
Total land and buildings		33	34
Owner-occupied properties	P16	33	34
Other tangible assets	P17	387	443
Current tax assets	P8	120	-
Assets held temporarily		66	49
Other assets	P18	51,970	99,204
Prepaid expenses and accrued income		446	474
Total assets		**688,761**	**775,120**
Equity and liabilities			
Debt			
Debt to credit institutions and central banks	P19	113,594	130,795
Deposits and other debt	P20	289,616	285,233
Deposits with pooled schemes	P15	31,948	28,976
Other non-derivative financial liabilities at fair value		49,663	45,360
Current tax liabilities	P8	201	219
Other equity and liabilities	P21	146,730	230,967
Accrued expenses and prepaid income		45	54
Total debts		**631,797**	**721,604**
Provisions			
Provisions for pensions and similar liabilities		21	30
Provisions for deferred tax	P8	425	271
Provisions for losses on guarantees		1,168	936
Other provisions		207	320
Total provisions		**1,821**	**1,557**
Subordinated debt			
Subordinated debt	P22	18,093	20,258
Equity			
Share capital		5,000	5,000
Accumulated value changes		26	23
Reserve for net revaluation under the equity method		10,614	9,748
Retained earnings		21,410	16,930
Proposed dividend		-	-
Total equity		**37,050**	**31,701**
Total equity and liabilities		**688,761**	**775,120**
Contingent liabilities	P23	333,011	302,624

Statement of changes in equity, parent company

DKKm	Share-capital[1,2]	Accumulated value changes: Translation of foreign operations	Accumulated value changes: Revaluation-reserves	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend[4]	Total equity
Balance at 1 Jan 2012	**5,000**	**3**	**20**	**9,748**	**16,930**	**-**	**31,701**
Capital contribution	-	-	-	-	3,725	-	3,725
Net profit for the year	-	-	-	866	738	-	1,604
Other comprehensive income	-	3	-	-	-	-	3
Share-based payments[3]	-	-	-	-	16	-	16
Dividends paid	-	-	-	-	-	-	-
Proposed dividend	-	-	-	-	-	-	-
Balance at 31 Dec 2012	**5,000**	**6**	**20**	**10,614**	**21,410**	**-**	**37,050**
Balance at 31 Dec 2010	**5,000**	**-**	**-**	**-**	**15,281**	**3,350**	**23,631**
Change in accounting policies		-8	20	9,408	-127	-	9,293
Balance at 1 Jan 2011	**5,000**	**-8**	**20**	**9,408**	**15,154**	**3,350**	**32,924**
Net profit for the year	-	-	-	340	1,763	-	2,103
Other comprehensive income	-	11	-	-	-	-	11
Share-based payments	-	-	-	-	13	-	13
Dividends paid	-	-	-	-	-	-3,350	-3,350
Proposed dividend	-	-	-	-	-	-	-
Balance at 31 Dec 2011	**5,000**	**3**	**20**	**9,748**	**16,930**	**-**	**31,701**

1 Share capital was at 31 Dec 2012 DKK 5,000m (DKK 5,000m). Unrestricted capital was at 31 Dec 2012 DKK 21,410m (DKK 16,930m).
2 Total shares registered were 50 million (50 million) owned by Nordea Bank AB, Stockholm, Sweden. Nominal amount per share is DKK 100. All issued shares are fully paid. All shares are of the same class and hold equal rights. The annual report for Nordea Bank AB is available on www.nordea.com.
3 Refers to the Long Term Incentive Programme (LTIP).
4 The proposed dividend payment of DKK 0m is equivalent to DKK 0 (DKK 0) per share.

Five-year financial summary, parent company

Financial and operating data (DKKm)	2012	2011	2010	2009	2008
Net interest and fee income	13,811	13,332	15,692	16,085	11,289
Value adjustments	-114	310	-1,120	-873	-61
Staff and administrative expenses	-9,334	-9,618	-8,663	-8,651	-7,753
Impairment losses on loans and guarantees etc	-3,704	-2,380	-3,172	-4,815	-1,457
Profit from equity investments in associates and group undertakings	1,178	925	1,814	1,006	1,589
Net profit for the year	1,604	2,103	3,456	1,423	2,718
Loans	351,390	267,433	361,419	369,073	348,683
Equity	37,050	31,701	32,924	30,186	30,257
Total assets	688,761	775,120	901,570	932,058	756,667

Financial ratios (%)	2012	2011	2010	2009	2008
Solvency ratio	19.2	17.7	12.0	13.2	12.5
Core capital ratio	12.6	10.3	8.8	9.7	9.4
Return on equity before tax	5.1	7.8	13.3	6.3	12.0
Return on equity after tax	4.7	6.5	11.0	4.7	9.1
Ratio of operating income to operating expenses	1.1	1.2	1.3	1.1	1.4
Interest-rate risk	2.4	-0.2	2.0	5.2	2.1
Currency position	8.0	3.6	2.7	1.8	1.1
Exchange-rate risk	0.0	0.0	0.1	0.0	0.0
Loans related to deposits	80.9	87.3	120.3	134.1	118.8
Loans related to equity	6.8	8.4	11.0	12.2	11.5
Growth in loans for the year	-6.0	-26.0	-2.1	5.8	18.7
Excess liquidity in relation to statutory requirements for liquidity	179.8	121.5	107.5	128.2	84.8
The sum of large exposures	11.7	26.1	69.4	82.9	77.6
Write-down ratio for the year	1.0	0.6	0.6	1.0	0.3
Average number of employees	6,770	7,707	7,523	7,441	7,297

The financial ratios are calculated in accordance with the definitions of the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Credit Institutions and Investment Firms etc.

Solvency ratio
Base capital as a percentage of risk-weighted assets.

Core capital ratio
Tier 1 capital net after deduction as a percentage of risk-weighted assets.

Return on equity before tax
Profit before tax as a percentage of average equity. Average equity is calculated as the simple average of equity at the beginning and at the end of the year.

Return on equity after tax
Profit after tax as a percentage of average equity. Average equity is calculated as the simple average of equity at the beginning and at the end of the year.

Ratio of operating income to operating expenses
Net interest and fee income, Value adjustments, Other operating income and Profit from equity investments in associates and group undertakings as a percentage of Staff and administrative expenses, Amortisation and depreciation as well as impairment losses on tangible and intangible assets, Other operating costs and Impairment losses on loans and guarantees etc.

Interest-rate risk
Interest-rate risk as a percentage of tier 1 capital net after deduction.

Currency position
Currency indicator 1 as a percentage of tier 1 capital net after deduction.

Exchange-rate risk
Currency indicator 2 as a percentage of tier 1 capital net after deduction.

Loans related to deposits
Loans as a percentage of deposits.

Loans related to equity
Loans/equity.

Growth in loans for the year
Growth in loans from the beginning to the end of the year in per cent.

Excess liquidity in relation to statutory requirements
Cash in hand, demand deposits with the Danish central bank, fully secure and liquid demand deposits with credit institutions, certificates of deposit issued by the Danish central bank and not used as collateral as well as secure, easily realisable (listed) securities not used as collateral as a percentage of 10 per cent of reduced debt and guarantee commitments.

The sum of large exposures
The sum of large exposures as a percentage of the base capital, adjusted for exposures with credit institutions etc below DKK 1bn net after deduction of specifically secure components and obtained collaterals, guarantees etc.

Write-down ratio for the year
Impairment losses on loans and guarantees etc. during the year as a percentage of loans and guarantees etc before impairment losses on loans and guarantees.

Note P1
Accounting policies

Basis for presentation

The financial statements for the parent company Nordea Bank Danmark A/S are prepared in accordance with the Danish Financial Business Act, including the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Credit Institutions and Investment Firms etc (the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements).

The accounting policies applied by the Group, described in Note G1, are, in consideration of the following, also applicable to the parent company.

Changed accounting policies and presentation

The annual report for 2011 for the parent company Nordea Bank Danmark A/S are prepared in accordance with the International Financial Reporting Standards (IFRS). As a result of the amendment of the Danish Financial Business Act, passed on 28 February 2012, the parent company is required to present the financial statements for 2012 in accordance with the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements. Comparative figures have been restated with retrospective effect. The most material differences between presentation in accordance with the IFRS and the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements are as follows:

Financial assets available for sale
In accordance with the IFRS, financial assets categorised as being available for sale are measured at fair value, and changes in fair value are recognised directly in equity through the statement of comprehensive income. The category Financial assets available for sale is not applied in the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements, so value adjustments are recognised in the income statement.

Equity investments in group undertakings and associates
NBD has previously recognised equity investments in group undertakings and associates at cost in accordance with the IFRS. Under the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements, these equity investments are measured at equity value. Profit from equity investments in group undertakings and associates includes tax on profit for the year.

Owner-occupied properties
Owner-occupied properties were previously recognised at cost in accordance with the IFRS. Pursuant to the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements, owner-occupied properties are measured at estimated fair value (remeasured value).

Plan assets
NBD previously applied the so-called corridor approach of the IFRS for defined benefit plans. Pursuant to the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements, the corridor approach may not be applied, so all actuarial gains/losses must be recognised in full in the income statement.

Presentation of income statement and balance sheet
The income statement and balance sheet are prepared in accordance with the formats of the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements.

Equity investments in group undertakings and associates
Equity investments in subsidiaries and associates are measured at the proportional share of the equity value of the undertakings calculated in accordance with the accounting policies of the parent company net after deducting or adding unrealised intra-group gains and losses.

Net revaluation of equity investments in subsidiaries and associates is transferred to the reserve for net revaluation under the equity method to the extent that the carrying amount exceeds the acquisition value.

Dividends
Dividends paid to the shareholder of Nordea Bank Danmark A/S are recognised as a liability after approval by the Annual General Meeting.

Accounting effect of change in accounting policies
The transition of the parent company Nordea Bank Danmark A/S to financial reporting in accordance with the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements has had the following effect on net profit for the year and equity:

Note P1
Accounting policies *(cont.)*

DKKm	Net profit for the year 2012	Net profit for the year 2011	Equity 31 Dec 2012	Equity 31 Dec 2011
Parent company determined in accordance with the IFRS	632	1,685	26,373	22,003
Differences between the IFRS and the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements:				
- Difference in cost and equity value of group undertakings and associates	881	343	10,736	9,861
- Financial assets available for sale	-17	33	-	-
- Fair value adjustment of owner-occupied properties	-	-	20	20
- Defined benefit plans – adjustment for the corridor approach	139	-147	-79	-218
- Tax effect	-31	189	0	35
Parent company determined in accordance with the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements	1,604	2,103	37,050	31,701

Comparative figures have been restated in accordance with the above.

The change in accounting policies has not had any effect on the statement of capital adequacy of the parent company.

Changed accounting estimate

The Danish Financial Supervisory Authority has made a number of clarifications to the accounting principles for loan losses. On implementation of the clarified and stricter principles, losses on individually assessed loans increased. The increase in losses on individually assessed loans was to a large extent covered by losses on collectively assessed loans, which were consequently reversed. As a result, on implementation the Danish Financial Supervisory Authority's new accounting principles did not have any material impact on the total loan loss level.

Differences between Group IFRS financial statements and parent company financial statements determined in accordance with the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements.

The principles of measurement and recognition of the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements are in accordance with the Group principles pursuant to the IFRS, the exceptions being:
- The category Financial assets available for sale is not applied
- Owner-occupied properties are measured at fair value (remeasured value)
- The corridor approach is not applied to defined benefit plans

Furthermore, differences exist between the parent company and the Group in the presentation of income statement, balance sheet etc.

The difference in amounts in the income statement and equity between the Group and the parent company has been determined below:

DKKm	Net profit for the year 2012	Net profit for the year 2011	Equity 31 Dec 2012	Equity 31 Dec 2011
Group determined in accordance with the IFRS	1,514	2,188	37,100	31,854
Differences between the IFRS and the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements:				
- Financial assets available for sale	-17	33	-	-
- Fair value adjustment of owner-occupied properties	-	-	20	20
- Defined benefit plans	139	-147	-79	-218
- Tax effect	-31	29	19	55
- Minority interests	-	-	1,255	1,253
Group determined in accordance with the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements	1,604	2,103	38,315	32,965
Minority interests	-	-	-1,265	-1,263
Parent company determined in accordance with the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements	1,604	2,103	37,050	31,701

[1] Minority interests relate to pro rata consolidation of a restricted reserve in a consolidated undertaking.

Note P2
Net interest and fee income as well as value adjustments, broken down by categories of activity and into geographical markets

Activities

DKKm	2012	2011
Retail	12,044	11,703
Wholesale	2,988	3,449
Treasury	717	515
Wealth	-896	-1,058
Other	-1,156	-967
Total	**13,697**	**13,642**

Geographical markets
Pursuant to section 119 of the Danish Financial Supervisory Authority's Executive Order on the Presentation of Financial Statements, NBD's net interest and fee income as well as value adjustments must be broken down into geographical markets if the markets deviate from each other. NBD only conducts activities to a minor extent outside Denmark, and, consequently, information is not disclosed about geographical markets.

Note P3
Net interest income

DKKm	2012	2011
Interest income		
Receivables from credit institutions and central banks	336	551
Reverse repurchase agreements, credit institutions and central banks	45	460
Loans and other receivables	9,931	10,223
Reverse repurchase agreements, loans	22	403
Bonds	2,084	2,650
Derivatives	-604	-347
Other interest income	481	416
Total interest income	**12,295**	**14,356**
Interest expenses		
Credit institutions and central banks	-553	-1,241
Repurchase agreements, credit institutions and central banks	-66	-794
Deposits and other debt	-2,959	-3,532
Repurchase agreements, deposits and other debt	-1	-77
Subordinated debt	-491	-568
Other interest expenses	0	-22
Total interest expenses	**-4,070**	**-6,234**
Net interest income	**8,225**	**8,122**

Note P4
Fee and commission income

DKKm	2012	2011
Securities trading and custody accounts	1,714	1,639
Payment services	456	415
Arrangement fees	451	458
Guarantee commission	946	884
Other fees and commissions	1,782	1,625
Total fee and commission income	**5,349**	**5,021**

Note P5
Value adjustments

DKKm	2012	2011
Other loans and receivables at fair value	-3	-5
Bonds	-362	364
Shares etc	238	-192
Currency	163	74
Derivatives	-167	62
Assets linked to pooled schemes	2,264	-861
Deposits with pooled schemes	-2,264	861
Other assets	-	-
Other liabilities	17	7
Total value adjustments	**-114**	**310**

Note P6
Staff and administrative expenses

DKKm	2012	2011
Salaries and remuneration (specification below)	-4,440	-4,970
Pension costs (specification below)	-313	-672
Social insurance contributions	-621	-502
Other staff expenses	-178	-208
Other administrative expenses	-3,782	-3,266
Total	**-9,334**	**-9,618**

Salaries and remuneration		
To the Board of Directors		
- Fixed salary and expenses	0	0
- Performance-related compensation	-	-
To the Executive Management		
- Fixed salary and expenses	-11	-10
- Performance-related compensation[1]	-1	0
To employees that have significant influence on NBD’s risk profile		
- Fixed salary and expenses	-309	-334
- Performance-related compensation	-46	-57
Total	**-367**	**-401**
To other employees	-4,073	-4,569
Total	**-4,440**	**-4,970**

[1] Including LTIP.

Pension costs		
Defined benefit plans	125	-147
Defined contribution plans:		
- The Executive Management	-6	-6
- Employees that have significant influence on NBD’s risk profile	-32	-34
- Other employees	-400	-485
Total	**-313**	**-672**

Compensation including pension		
The Board of Directors[1]	0	0
The Executive Management[2,3]	-18	-16
Employees that have significant influence on NBD’s risk profile[4]	-387	-425
Total	**-405**	**-441**

[1] The Board of Directors included unchanged 4 individuals.
[2] The Executive Management (including former members of the Executive Management) included 12 (12) individuals.
[3] The Executive Management participates in incentive programmes, including LTIP.
[4] Employees that have significant influence on NBD’s risk profile included 355 (370) individuals.

Note P6
Staff and administrative expenses *(cont.)*

Share-based payment (LTIP) is described in the Directors' report on page 21 as well as in Note G6 and the total pension obligations are described in Note G30 to the consolidated financial statements. Further information about NBD's salary policy and practice is available on www.nordea.com/remuneration.

Disclosure according to section 77d (3) of the Financial Business Act
The total remuneration to the Board of Directors and the Executive Management paid by the Nordea Bank AB Group is disclosed below according to section 77d (3) of the Financial Business Act.

DKKm	2012	2011
Board of Directors		
Ari Kaperi	6.8	7.7
Fredrik Rystedt	8.5	9.0
Gunn Wærsted	13.4	10.6
Anne Rømer	0.2	0.2

DKKm	2012	2011
Executive Management		
Michael Rasmussen	9.9	8.4
Peter Lybecker	6.3	6.6
Peter Nyegaard	7.1	2.1
Anders Jensen	4.0	1.2
Peter Schütze	-	4.6

According to section 77d (3) of the Financial Business Act, NBD is required to disclose the total remuneration for members of the Board of Directors and the Executive Management, including the remuneration the person has received as a member of the Board of Directors and/or the Executive Management in companies within the Nordea Bank AB Group.

Ari Kaperi, Fredrik Rystedt and Gunn Wærsted earn no remuneration as members of the Board of Directors of NBD. All remuneration is earned from Nordea Bank AB or its other undertakings. Approximately 40% of the total remuneration for Gunn Wærsted is pension service costs, ie service cost, past service costs and curtailments and settlements as defined in IAS 19 as well as changed actuarial assumptions. Anne Rømer is an external member of the Board of Directors. Remuneration for Peter Nyegaard and Anders Jensen for 2011 is for the period 1 September - 31 December 2011. Remuneration for Peter Schütze for 2011 is for the period 1 January - 31 May 2011.

Note P7
Impairment losses on loans and guarantees etc

DKKm	Loans and guarantees, individual impairment losses	Loans and guarantees, group impairment losses	Other receivables, individual impairment losses	Other receivables, group impairment losses	Total
Balance at 1 Jan 2012	**6,623**	**1,247**	**13**	**-**	**7,883**
Impairment losses during the year	5,276	326	9	-	5,611
Reversal of impairment losses effected in previous financial years	-1,580	-784	-2	-	-2,366
Other changes	-	-	-	-	-
Finally lost, previously individually written down	-1,179	-	-	-	-1,179
Balance at 31 Dec 2012	**9,140**	**789**	**20**	**-**	**9,949**
Balance at 1 Jan 2011	**6,892**	**1,900**	**11**	**-**	**8,803**
Impairment losses during the year	3,331	168	3	-	3,502
Reversal of impairment losses effected in previous financial years	-518	-821	-1	-	-1,340
Finally lost, previously individually written down	-3,082	-	-	-	-3,082
Balance at 31 Dec 2011	**6,623**	**1,247**	**13**	**-**	**7,883**

The amount finally lost (written off) not previously individually written down/provided for was DKK 584m (DKK 385m). Recoveries amounted to DKK -125m (DKK -167m).

Note P8
Tax

Income tax expense

DKKm	2012	2011
Current tax[1]	-96	-363
Deferred tax[1]	-39	-69
Total	**-136**	**-432**

[1] Including adjustments relating to prior years (see below).

The tax on NBD's operating profit differs from the theoretical amount that would arise using the tax rate of Denmark as follows:

DKKm	2012	2011
Profit before tax	1,740	2,535
Tax calculated at a tax rate of 25%	-435	-634
Tax-exempt income	302	263
Non-deductible expenses	-14	-30
Adjustments relating to prior years	32	-16
Not creditable foreign taxes	-20	-15
Tax charge	**-136**	**-432**
Average effective tax rate	8%	19%

	Deferred tax assets		Deferred tax liabilities	
DKKm	2012	2011	2012	2011
Deferred tax related to:				
Shares etc	-	-	116	-
Intangible assets	-	-	484	451
Tangible assets	23	24	-	-
Retirement benefit assets	-	-	33	3
Liabilities/provisions	185	159	-	-
Net statement of deferred tax assets and liabilities	-208	-183	-208	-183
Total	**-**	**-**	**425**	**271**
Of which expected to be settled after more than 1 year, gross			425	271

DKKm	2012	2011
Movements in deferred tax assets/liabilities, net are as follows:		
Amount at beginning of year (net)	-271	-202
Deferred tax relating to items recognised in other comprehensive income	-	-
Reclassifications	-116	-
Deferred tax in the income statement	-39	-69
Amount at end of year (net)	**-425**	**-271**

Current tax assets	**120**	**-**
Of which expected to be settled after more than 1 year	-	-
Current tax liabilities	**201**	**219**
Of which expected to be settled after more than 1 year	201	199

There is no deferred tax relating to temporary differences associated with equity investments in group undertakings and associates except from a private equity investment.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

Note P9
Receivables from credit institutions and central banks

DKKm	31 Dec 2012	31 Dec 2011
Receivables with notice from central banks	41,511	43,509
Receivables from credit institutions	63,601	93,139
Total	**105,112**	**136,648**
Of which genuine purchase and resale transactions	43,753	60,200

Note P10
Loans and other receivables at fair value

DKKm	31 Dec 2012	31 Dec 2011
Loans and other receivables at fair value	**86**	**7,054**
Of which genuine purchase and resale transactions	86	7,054

Loans and other receivables at fair value grouped by sectors and industries

Pct.	2012	2011
Public authorities	-	-
Trade and industry		
- Agriculture, hunting, forestry and fisheries	-	-
- Industry and extraction of raw materials	-	8.1
- Energy supply	-	3.4
- Building and construction	-	4.4
- Trade	-	10.4
- Transport, hotels and restaurants	-	0.2
- Information and communication	-	-
- Finance and insurance	-	73.1
- Real property	-	-
- Other trades and industries	100.0	0.4
Trade and industry, total	100.0	100.0
Private individuals	-	-
Total	**100.0**	**100.0**

Note P11
Loans and other receivables at amortised cost

DKKm	31 Dec 2012	31 Dec 2011
Loans and other receivables at amortised cost	**251,304**	**260,379**

Loans and guarantees grouped by sectors and industries

Pct.		
Public authorities	2.2	2.3
Trade and industry:		
- Agriculture, hunting, forestry and fisheries	6.7	6.5
- Industry and extraction of raw materials	4.4	4.7
- Energy supply	2.6	2.7
- Building and construction	1.4	1.4
- Trade	7.2	7.8
- Transport, hotels and restaurants	2.9	3.4
- Information and communication	1.2	1.0
- Finance and insurance	11.7	13.6
- Real property	7.6	7.1
- Other trades and industries	15.2	13.7
Trade and industry, total	60.9	61.8
Private individuals	36.9	35.8
Total	**100.0**	**100.0**

Loans and receivables, with objective evidence of impairment

DKKm	31 Dec 2012	31 Dec 2011
Loans and receivables, with objective evidence of impairment, individually, before allowances	15,436	10,101
Loans and receivables, with objective evidence of impairment, individually, after allowances	9,261	6,126
Loans and receivables, with objective evidence of impairment, collectively, before allowances	177,978	138,070
Loans and receivables, with objective evidence of impairment, collectively, after allowances	177,409	136,986

Note P12
Bonds at amortised cost

DKKm	31 Dec 2012	31 Dec 2011
Carrying amount of held-to-maturity bonds	3,750	3,794
Fair value of held-to-maturity bonds	3,750	3,794

Note P13
Equity investments in associates

DKKm	31 Dec 2012	31 Dec 2011
Acquisition value at beginning of year	533	133
Additions during the year	21	400
Disposals during the year	-2	-
Acquisition value at end of year	**552**	**533**
Accumulated impairment losses and revaluations at beginning of year	357	368
Net profit for the year	153	104
Dividends	-117	-125
Exchange-rate differences	1	10
Accumulated impairment losses and revaluations at end of year	**394**	**357**
Total	**946**	**890**
Of which listed shares	-	-

Associates

	CVR number	Registered office	Profit DKKm[1]	Equity DKKm [1]	Voting power of holding %
Credit institutions					
LR Realkredit A/S	26045304	Copenhagen	39	3308	39
Other					
Agro & Ferm A/S	29636672	Esbjerg	0	0	34
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	6	51	33
Axcel IKU Invest A/S	24981800	Copenhagen	0	58	33
Bluegarden Holding A/S	27226027	Ballerup	-36	185	29
KIFU-AX II A/S	25893662	Copenhagen	11	175	25
Nets Holding A/S	27225993	Ballerup	621	2,071	21
Bankernes Kontantservice A/S	33077599	Taastrup	-23	77	20

[1] Net profit for the period and equity of equity investments in associates in accordance with the latest published financial statements.

Note P14
Equity investments in group undertakings

DKKm	31 Dec 2012	31 Dec 2011
Acquisition value at beginning of year	16,623	16,610
Acquisitions during the year	6	13
Acquisition value at end of year	**16,629**	**16,623**
Accumulated impairment losses and revaluations at beginning of year	9,349	8,989
Net profit or loss for the year	1,025	821
Dividends	-213	-463
Exchange-rate differences	2	2
Accumulated impairment losses and revaluations at end of year	**10,163**	**9,349**
Total	**26,793**	**25,972**
Of which listed shares	-	-

Group companies

	Number of shares	Profit DKKm	Equity DKKm	Voting power of holding %	Registered office	CVR number
Fionia Asset Company A/S	148,742,586	58	8,678	100	Copenhagen	31934745
Nordea Finans Danmark A/S	20,006	145	1,322	100	Høje-Taastrup	89805910
Nordea Kredit Realkreditaktieselskab	17,172,500	703	16,461	100	Copenhagen	15134275
Danbolig A/S	1	1	14	100	Copenhagen	13186502
Structured Finance Servicer A/S	2	2	6	100	Copenhagen	24606910
NJK1 ApS	34,562,926	118	259	100	Copenhagen	32771610
Nordea Finance Ltd.	2	0	53	100	London	1654761
Nordea Trade Services Ltd.	2	-2	0	100	Hong-Kong	04548614-003-10-09-7
Total		**1,025**	**26,793**			

Special Purpose Entity (SPE) – consolidated

DKKm	Purpose	Duration	Nordea's investment	Total assets
Kalmar Structured Finance A/S[1]	Credit Linked Note	Between 1-5 years	17	172
Total			**17**	**172**

[1] 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 financial instrument transactions. The total notional of outstanding CLNs in this category was DKK 172m at year-end 2012. Nordea holds CLNs issued by the SPE as part of offering a secondary market for the notes. The investment amounted to DKK 17m at year-end 2012.

Note P15
Assets linked to pooled schemes

The assets and liabilities of Nordea Bank Danmark A/S include customers' pooled schemes, the return on which correlates directly with the return on the assets financed by these pooled schemes. Since the assets and liabilities legally belong to Nordea Bank Danmark, these assets and liabilities are included in the bank's balance sheet. A breakdown is shown below:

DKKm	31 Dec 2012	31 Dec 2011
Assets		
Interest-bearing securities	13,710	14,713
Shares etc.	16,477	12,597
Other assets	159	199
Total assets[1]	**30,346**	**27,509**
Liabilities		
Deposits and other debt	31,948	28,976
Total liabilities	**31,948**	**28,976**
Return to participants in pooled schemes	2,658	-423

[1] In addition cash balances amount to DKK 1,602m (DKK 1,467m).

Note P16
Owner-occupied properties

DKKm	31 Dec 2012	31 Dec 2011
Revalued amount at beginning of year	34	34
Additions during the year	-	-
Disposals during the year	-	-
Depreciation for the year	-1	-1
Revalued amount at end of year	**33**	**34**

Note P17
Other tangible assets

DKKm	31 Dec 2012	31 Dec 2011
Acquisition value at beginning of year	1,172	958
Additions during the year	114	168
Disposals during the year	-31	-23
Reclassifications	-	69
Exchange-rate differences	-	-
Acquisition value at end of year	**1,255**	**1,172**
Accumulated depreciation at beginning of year	-729	-593
Accumulated depreciation on sales/disposals during the year	22	17
Reclassifications	-	-11
Depreciation for the year	-161	-142
Exchange-rate differences	-	-
Accumulated depreciation at end of year	**-868**	**-729**
Accumulated impairment losses at beginning of year	-	-
Impairment losses during the year	-	-
Exchange-rate differences	-	-
Accumulated impairment losses at end of year	**-**	**-**
Total	**387**	**443**

Note P18
Other assets

DKKm	31 Dec 2012	31 Dec 2011
Claims on securities settlement proceeds[1]	46,977	92,976
Derivatives	3,066	4,272
Other	1,927	1,956
Total	**51,970**	**99,204**

[1] The amount reflects trade date accounting and primarily relates to receivables on sold bonds at year-end.

Note P19
Debt to credit institutions and central banks

DKKm	31 Dec 2012	31 Dec 2011
Debt to credit institutions and central banks	**113,594**	**130,795**

Note P20
Deposits and other debt

DKKm	31 Dec 2012	31 Dec 2011
Demand	207,994	191,784
With notice period	2,410	2,289
Time deposits	54,238	66,837
Special types of deposit	24,974	24,323
Total	**289,616**	**285,233**

Note P21
Other equity and liabilities

DKKm	31 Dec 2012	31 Dec 2011
Liabilities on securities settlement proceeds[1]	112,815	171,191
Sold, not held, securities	17,451	39,710
Derivatives	3,874	7,922
Other	12,590	12,144
Total	**146,730**	**230,967**

[1] The amount reflects trade date accounting and primarily relates to receivables on bought bonds at year-end.

Note P22
Subordinated debt

DKKm	31 Dec 2012	31 Dec 2011
Hybrid capital loans	-	-
Other subordinated debt	18,093	20,258
Total	**18,093**	**20,258**

Subordinated debt is subordinated to other liabilities.

Pursuant to the Danish Financial Business Act repayment of subordinated debt may not take place at the initiative of the lender nor without the approval of the Danish Financial Supervisory Authority.

Note P22
Subordinated debt *(cont.)*

At 31 December 2012 five loans – with terms specified below – were outstanding:

Issued by	Year of issue/ maturity	Call date	Nom. value EURm	Carrying amount DKKm	Interest rate (coupon)
Nordea Bank Danmark A/S	2009/2017	28 May 2014	275	2,052	Floating rate
Nordea Bank Danmark A/S	2009/2017	17 December 2014	200	1,492	Floating rate
Nordea Bank Danmark A/S	2010/2018	24 June 2015	200	1,492	Floating rate
Nordea Bank Danmark A/S	2011/2019	14 February 2016	1.450	10,819	Floating rate
Nordea Bank Danmark A/S	2011/2019	26 May 2016	300	2,238	Floating rate
Total				**18,093**	

DKKm	2012	2011
Interest etc for the year amounted to:		
Interest	-491	-568
Costs of increases in and repayments of subordinated debt	-	-
Amount included in the capital base at end of year	18.093	20.258

Note P23
Contingent liabilities

DKKm	31 Dec 2012	31 Dec 2011
Guarantees and other liabilities		
Guarantees:		
- Loan guarantees	104,588	95,218
- Other guarantees	15,155	16,635
Other liabilities:		
- Credit commitments[1]	210,159	187,383
- Documentary credits	3,053	3,270
- Other contingent liabilities	56	118
Total	**333,011**	**302,624**

[1] Including unutilised portion of approved overdraft facilities.

In the normal business of NBD, 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 considered as off-balance-sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

As from the accounting period 2005 NBD is taxed jointly with the Danish companies, branches etc of the Nordea Group, according to the new rules for joint taxation for 2005, and is liable for that part of the tax of the jointly taxed income concerning the company until payment to Nordea Bank Danmark A/S has taken place. In terms of payroll tax and VAT, NBD is registered jointly with Nordea, Branch of Nordea Bank AB, Sweden, the Danish PE agency of Nordea Bank Finland and with the majority of the Danish subsidiary undertakings in the Nordea Bank AB Group and these companies are jointly and severally liable for such taxes.

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age.

NBD has entered into an agreement with certain conditions concerning the new lease in Ørestad City. Relocation of a number of head office functions will take place before the end of 2016. The lease agreement of the Torvegade building expires the same year.

Other guarantees include guarantees to the Danish guarantee scheme.

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

Note P24
Assets pledged as security for own liabilities

DKKm	31 Dec 2012	31 Dec 2011
Assets pledged for own liabilities		
Securities related to repurchase agreements and securities lending[1]	34,513	36,305
Other pledged assets[2]	6,112	9,780
Total	**40,625**	**46,085**
The above pledges pertain to the following liability and commitment items		
Debt to credit institutions	38,612	33,096
Deposits and other debt	-	636
Derivatives	1,733	4,741
Other liabilities and commitments	-	7
Total	**40,345**	**38,480**

[1] Relates only to securities recognised in the balance sheet. Securities borrowed or bought under repurchase agreements are not recognised in the balance sheet and thus not included in the amount.

[2] Other pledged assets mainly relating to bonds and cash had been transferred to the FUTOP Clearing Centre and clearing centres outside Denmark pursuant to margin requirements.

Assets pledged for own liabilities contain securities pledged as security in repurchase agreements and in securities lending. The transactions are conducted under standard agreements employed by financial market participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months.

Note P25
Hedge accounting

Derivatives used for hedging

	2012			2011		
	Fair value		Total nom.	Fair value		Total nom.
DKKm	Positive	Negative	amount	Positive	Negative	amount
Derivatives						
Interest rate derivatives	299	750	144,092	251	546	154,705
Foreign exchange derivatives	39	3	65,644	16	85	107,442
Total derivatives used for hedge accounting	**338**	**753**	**209,736**	**267**	**631**	**262,147**
Of which						
- Fair value hedges	338	753	209,736	267	631	262,147
- Cash flow hedges	-	-	-	-	-	-

Fair value changes of the hedged items in portfolio hedge of interest rate risk

DKKm	31 Dec 2012	31 Dec 2011
Assets		
Carrying amount at beginning of year	423	293
Revaluation of hedged items during the year	78	130
Carrying amount at end of year	501	423
Liabilities		
Carrying amount at beginning of year	180	-12
Revaluation of hedged items during the year	32	192
Carrying amount at end of year	212	180
Net carrying amount at end of year	**289**	**243**

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 or a liability.

Note P26
Capital adequacy

Calculation of total capital base

DKKm	31 Dec 2012	31 Dec 2011
Equity	37,050	31,701
Proposed/actual dividend	-	-
Intangible assets	-2,891	-3,010
IRB provisions excess (+)/shortfall (-)	-531	-
Deduction for equity investments in credit institutions (50%)	-	-63
Transferred to Tier 2 capital	-20	-20
Other items, net	-7	-55
Tier 1 capital (net after deduction)	**33,600**	**28,552**
- of which hybrid capital	-	-
Tier 2 capital	**18,113**	**20,278**
- of which perpetual subordinated loans	-	-
IRB provisions excess (+)/shortfall (-)	-531	170
Deduction for equity investments in credit institutions (50%)	-	-63
Other deduction	-	-
Total capital base	**51,182**	**48,938**

See capital adequacy ratios on page 20 of the annual report.

Note P27
Maturity analysis for selected assets and liabilities

Remaining maturity

31 Dec 2012	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Receivables from credit institutions and central banks	61,607	42,896	15	384	210	105,112
Loans and other receivables at fair value	-	86	-	-	-	86
Loans and other receivables at amortised cost	80,274	13,244	9,672	47,244	100,870	251,304
Debt to credit institutions and central banks	47,813	45,800	10,113	6,726	3,142	113,594
Deposits and other debt	195,278	33,609	8,335	595	51,799	289,616

Remaining maturity

31 Dec 2011	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Total
Receivables from credit institutions and central banks	73,009	62,766	128	599	146	136,648
Loans and other receivables at fair value	-	7,054	-	-	-	7,054
Loans and other receivables at amortised cost	80,464	16,593	6,617	51,688	105,017	260,379
Debt to credit institutions and central banks	60,063	59,792	3,738	5,120	2,082	130,795
Deposits and other debt	181,114	51,136	3,397	605	48,981	285,233

Note P28
Related-party transactions

DKKm	Group undertakings 31 Dec 2012	Group undertakings 31 Dec 2011	Other Nordea Group Companies[1] 31 Dec 2012	Other Nordea Group Companies[1] 31 Dec 2011	Associated undertakings 31 Dec 2012	Associated undertakings 31 Dec 2011	Other related parties 31 Dec 2012	Other related parties 31 Dec 2011
Assets								
Loans	64,398	77,408	9,768	24,856	653	255	-	0
Interest-bearing securities	86,884	101,524	1,467	1,305	-	-	-	-
Shares etc	-	-	-	-	-	-	-	-
Derivatives	-	-	708	763	-	-	-	-
Other assets	27,394	31,789	62	-	-	-	-	-
Total assets	**178,676**	**210,721**	**12,006**	**26,924**	**653**	**255**	**-**	**0**
Liabilities								
Deposits	46,851	31,713	84,879	117,248	564	427	83	87
Derivatives	-	-	1,469	4,436	-	-	-	-
Other liabilities	91,902	110,084	171	-	-	-	-	-
Subordinated debt	-	-	18,093	20,258	-	-	-	-
Total liabilities	**138,753**	**141,797**	**104,612**	**141,942**	**564**	**427**	**83**	**87**
Off balance[2]								
Contingent liabilities	96,679	87,273	-	-	10	10	-	-

DKKm	Group undertakings 31 Dec 2012	Group undertakings 31 Dec 2011	Other Nordea Group Companies 31 Dec 2012	Other Nordea Group Companies 31 Dec 2011	Associated undertakings 31 Dec 2012	Associated undertakings 31 Dec 2011	Other related parties 31 Dec 2012	Other related parties 31 Dec 2011
Net interest income	1,471	1,866	-1,249	-1,713	7	-2	-1	-1
Net fee and commission income	695	597	1,090	1,126	9	2	-	-
Value adjustments	0	0	316	2,530	0	0	-	-
Other operating income	94	131	226	473	0	0	-	-
Total operating costs	-16	-14	-916	-7	-177	-170	-	-
Profit before impairment losses	**2,244**	**2,580**	**-533**	**2,409**	**-161**	**-170**	**-1**	**-1**

1 Including figures for shareholders with significant influence.
2 Nordea Bank Danmark A/S provides on an ongoing basis 5-year and 10-year guarantees in favour of its wholly-owned mortgage banking subsidiary Nordea Kredit Realkreditaktieselskab, typically to cover the top 25% of the principal of mortgage loans disbursed. This guarantee commitment is computed on the basis of the remaining cash balance and amounted to DKK 81,557m at end 2012 (72,564 m).

Compensation and loans to Board of Directors and the Executive Management (Key management personnel)
Compensation to Board of Directors and the Executive Management is specified in Note P6.
Loans to Board of Directors and the Executive Management and their family members are specified in Note G6 of the consolidated financial statements.

Related-party transactions (arms length basis)
Related-party transactions are described in Note G42 of the consolidated financial statements.

Otherwise, Nordea Bank Danmark's activities with companies in the Nordea Group include lending, deposits, debt securities in issue, trading in securities, derivative financial instruments, guarantees etc as part of its normal banking business.

Note P29
Risk disclosures

NBD's financial risks and policies as well as financial risk management targets are described in the Risk, liquidity and capital management section on page 8-20 in the Directors' report.

Proposed distribution of earnings

According to the parent company's balance sheet, the following amount is available for distribution by the Annual General Meeting of Shareholders:

DKKm	
Retained earnings	20,672
Net profit for the year	1,604
Of which transferred to reserves	-866
Total	**21,410**

The Board of Directors proposes that the 2012 earnings are distributed as follows:

DKKm	
Dividends paid to the shareholder	-
To be carried forward	21,410
Total	**21,410**

The parent company's distributable earnings amount to DKK 21,410m. After the proposed distribution of earnings, the parent company's unrestricted shareholders' equity amounts to DKK 21,410m.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today discussed and approved the Annual Report of NBD Group and Nordea Bank Danmark A/S for the financial year 2012.

The annual report for the group has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the annual report for the parent company has been prepared in accordance with the Financial Business Act. The annual report for the group has furthermore been prepared in accordance with additional Danish disclosure requirements for annual reports of financial companies. It is our opinion that the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2012 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 January – 31 December 2012.

Further, in our opinion, the Directors' report provides a fair review of the development in the Group's and the parent company's operations and financial matters, the results of the Group's and the parent company's operations and financial position and describes the material risks and uncertainties affecting the Group and the parent company.

We propose to the Annual General Meeting that the annual report should be adopted.

Stockholm, 6 February 2013

Board of Directors

Ari Kaperi (Chairman) Torsten Hagen Jørgensen Gunn Wærsted

Anne Rømer

Executive Management

Michael Rasmussen (CEO) Peter Lybecker Anders Jensen

Peter Nyegaard

Independent auditors' report

To the shareholders of Nordea Bank Danmark A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements
We have audited the consolidated financial statements and the parent company financial statements of Nordea Bank Danmark A/S for the financial year 1 January – 31 December 2012, page 23-121. The consolidated financial statements and parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements are prepared in accordance with the Danish Financial Business Act. Further, the consolidated financial statements are prepared in accordance with Danish disclosure requirements for financial institutions.

Management's responsibility for the consolidated financial statements and the parent company financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU (the consolidated financial statements), the Danish Financial Business Act (the parent company financial statements) and Danish disclosure requirements for financial institutions and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2012 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 January – 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for financial institutions in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the parent company financial statements.

Statement on the Management's review
Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 6 February 2013

KPMG
Statsautoriseret Revisionspartnerselskab

Finn L. Meyer
State Authorised Public Accountant

Henrik Barner Christiansen
State Authorised Public Accountant

Management

Board of Directors of Nordea Bank Danmark

Ari Kaperi
(Chairman and chairman of the audit committee)
External assignments
Vice Chairman of the Board of The Federation of Finnish Financial Services.
Member of the board of Varma Mutual Pension Insurance Company.
Member of the Supervisory Board of Luottokunta.
Member of the Advisory Board of Central Chamber of Commerce.
Member of the Advisory Board of Finnish Business and Policy Forum Eva/ETLA.
Member of the Advisory Board of Turku University Foundation.
Member of the board of Art Foundation Merita.
Member of the board of Foundation for Economic Education.

Torsten Hagen Jørgensen
External assignments
None.

Fredrik Rystedt
External assignments
Member of the Swedish Bankers' Associations Working Committee.

Gunn Wærsted
External assignments
Member of Finance Norway (FNO).
Member of The Norwegian Depositary Guaranty Fund.
Member of the Nomination Committee of Schibsted ASA.
Member of Corporate Assembly to Orkla ASA.
Member of the counsil of Det Norske Veritas (DnV).

Anne Rømer[1] (Member of the audit committee)
External assignments
None.

Executive Management of Nordea Bank Danmark

Michael Rasmussen
Internal assignments
Member of Nordea Bank AB's Group Executive Management and Head of Retail Banking.

External assignments
Chairman of the Board of Directors of the Danish Bankers Association.
Chairman of the Boards of Directors of the Industrialisation Fund for Developing Countries, the Investment Fund for Central and Eastern Europe and the Investment Fund for Emerging Markets.
Member of the Board of Directors of Danmarks Skibskredit A/S.
Member of the European Banking Federation.

Peter Lybecker
Internal assignments
Head of Development & Projects in Retail Banking.
Chairman of the Board of Directors of Fionia Asset Company A/S.
Deputy Chairman of the Board of Directors of Nordea Kredit Realkreditaktieselskab.
Member of the Boards of Directors of Nordea Finans Danmark A/S, Nordea Finans Sverige AB and Nordea Finance Finland Ltd.
Member of the Board of Directors of OJSC Nordea Bank Russia.

External assignments
Chairman of the Board of Directors of Nets Holding A/S.
Chairman of the Boards of Directors of Bluegarden Holding A/S and Bluegarden A/S.
Chairman of the Board of Directores of Bankernes Kontant Service A/S.
Member of the Board of Directors of Insead International Council.

Anders Jensen
Internal assignments
Head of Banking Denmark.
Chairman of the Board of Directors of Nordea Kredit Realkreditaktieselskab.
Member of the Boards of Directors of Nordea Liv & Pension and Fionia Asset Company A/S.

External assignments
Member of the Board of Directors of Finanssektorens Arbejdsgiverforening.
Member of the Board of Director of LR Realkredit A/S.
Member of the Boards of Directors of Erhvervsakademiet Copenhagen Business School and FUHU.
Deputy member of the Board of Directors of the Danish Bankers Association.

Peter Nyegaard
Internal assignments
Member of Nordea Bank AB's Group Executive Management.
Chief Operating Officer of Wholesale Banking.
Member of the Boards of Directors of Structured Finance Servicer A/S and of OJSC Nordea Bank Russia.

External assignments
None.

[1] Independent member of the audit committee having special qualifications within accounting and audit. Educated as State Authorised Public Accountant and is working as director for Reporting, Consolidation and Controlling at Maersk Line.

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