Nordea

Interim Report January-June 2016
Nordea Bank Danmark

Business registration number 13522197

Nordea Bank Danmark A/S is part of the Nordea Group. Nordea is among the ten largest universal banks in Europe in terms of total market capitalisation and has around 11 million customers, 30,000 employees and approximately 600 branch office locations. The Nordea share is listed on the Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen exchanges. We have a broad expertise across the wide range of products, services and solutions that we provide within banking, asset management and insurance. In Nordea we build trusted relationships through our strong engagement with both customers and society.

Contents

Key financial figures, Group

Income statement (DKKm)	Jan-Jun 2016	Jan-Jun 2015	Change %
Net interest income	4,821	5,124	-6
Net fee and commission income	2,589	3,357	-23
Net result from items at fair value	-113	-114	-1
Equity method	44	53	-17
Other operating income	427	229	86
Total operating income	**7,768**	**8,649**	**-10**
Staff costs	-2,861	-2,853	0
Other expenses	-1,956	-2,012	-3
Depreciation of tangible and intangible assets	-114	-129	-12
Other operating expenses	-	-	-
Total operating expenses	**-4,931**	**-4,994**	**-1**
Profit before loan losses	**2,837**	**3,655**	**-22**
Net loan losses	-398	-623	-36
Operating profit	**2,439**	**3,032**	**-20**
Income tax expense	-427	-715	-40
Net profit for the period	**2,012**	**2,317**	**-13**

Business volumes, key items (DKKbn)	30 Jun 2016	31 Dec 2015	Change %	30 Jun 2015	Change %
Loans to the public	602	602	0	604	0
Deposits and borrowings from the public	288	285	1	285	1
Equity	47	43	8	41	12
Total assets	811	800	1	807	0

Ratios and key figures	Jan-Jun 2016	Jan-Jun 2015
Return on equity, excl. additional tier 1 capital,%	9.0	10.8
Return on equity, incl. additional tier 1 capital, %	9.0	10.8
Cost/income ratio, %	63	58
Loan loss ratio, basis points	13	21
Tier 1 capital, excl. profit, DKKbn[1]	43	38
Common Equity Tier 1 capital ratio, excl. profit and excl. Basel I floor[1]	15.7	15.0
Tier 1 capital ratio, excl. profit and excl. Basel I floor[1]	17.5	15.0
Total capital ratio, excl. profit and excl. Basel I floor[1]	20.7	18.7
Risk exposure amount, excl. Basel I floor, DKKbn	248	256
Number of employees (full-time equivalents)	6,418	6,312

1 End of period.

Nordea Bank Danmark Group
Directors' report

Results summary January-June 2016

The business environment was relatively stable in most of the first half of 2016, while it ended with turbulence due to the outcome of the British EU referendum. Lower interest rates and low volume growth have put pressure on revenues. Costs are under strict control and are performing in line with plans. Credit quality remains solid. Given the environment, net profit for the period is acceptable.

Net profit for the period decreased 13% to DKK 2.0bn (DKK 2.3bn) (the comparative figures in brackets refer to the first half of 2015). Total operating income was down by 10% to DKK 7.8bn (DKK 8.6bn).Total operating expenses were down to DKK 4.9bn (DKK 5.0bn). Loan losses decreased to DKK 0.4bn (DKK 0.6bn). NBD's operating profit decreased to DKK 2.4bn (DKK 3.0bn).

NBD has a strong capital position. The tier 1 capital ratio excluding profit for the first half of 2016 increased to 17.5% compared to 15.2% at end-2015 driven by new additional tier 1 capital of DKK 4.5bn issued in February 2016.

Income

Total operating income decreased to DKK 7.8bn (DKK 8.6bn) mainly affected by lower net fee and commission income and lower net interest income.

Net interest income decreased 6% to DKK 4.8bn (DKK 5.1bn) due to lower lending margins for both corporate and household customers and lower deposit margins for household customers driven by continued low interest rates. Loans to the public decreased to DKK 602bn (DKK 604bn). Deposits from the public increased to DKK 288bn (DKK 285bn).

Net fee and commission income decreased 23% to DKK 2.6bn (DKK 3.4bn) mainly due to lower savings-related commissions, down from an extraordinary high level in the first half of 2015. Lending-related commissions were down due to very high remortgaging activity in the first half of 2015.

The net result from items at fair value amounted to DKK -0.1bn (DKK -0.1bn). Excluding the non-recurring fair value change of the mortgage portfolio in Retail of DKK -0.2bn in the first half of 2015, the net result from items at fair value was down by DKK 0.2bn mainly due to the lower performance of private equity, credit and hedge funds. The result from interest rate positions was negative, but improved somewhat compared to the first half of 2015.

Other operating income increased to DKK 0.4bn (DKK 0.2bn). Other operating income was positively affected by additional proceeds of DKK 0.2bn from the sale of Nets Holding A/S deriving from the recent sale of shares in Visa Europe Ltd. to Visa Inc.

Expenses

Total operating expenses decreased to DKK 4.9bn (DKK 5.0bn).

Staff costs were unchanged at DKK 2.9bn (DKK 2.9bn). Lower performance-related expenses were offset by increased fixed salaries due to the increase in FTEs and increased payroll taxes. The payroll tax rate increased from 12.2% in 2015 to 13.6% in 2016. At the end of June 2016 the number of FTEs increased to 6,418 compared to 6,312 FTEs at the end of June 2015 (6,136 FTEs at end-December 2015) due to an increase in FTEs within eBranch, the anti-money laundering and sanctions units and the Simplification Programme.

Other expenses decreased 3% to DKK 2.0bn mainly related to the Danish Deposit Guarantee Fund as the payments in 2015 and previous years fully covered the capital required. The decrease was partly offset by increased IT costs and con-

Throughout this report the terms "Nordea Bank Danmark" and "NBD" refer to the parent company Nordea Bank Danmark A/S, business registration number 13522197, and its subsidiaries. The interim report comprises the activities of the legal entity Nordea Bank Danmark A/S and its subsidiaries. The registered office of the company is in Copenhagen. Nordea Bank Danmark A/S is a wholly owned subsidiary of Nordea Bank AB (publ), the listed parent company of the whole Nordea Group. The Second Quarter Results 2016 for Nordea Bank AB (publ) is available on nordea.com. The consolidated interim report for Nordea Bank AB (publ) embraces all the activities of the Nordea Group and provides the most complete and fair view.

sulting expenses that were driven by the transformational change agenda. Other cost items in general were down.

The cost/income ratio was 63% compared to 58% in the first half of 2015 due to lower operating income. The cost/income ratio adjusted for non-recurring items was 61% for the full year of 2015.

Net loan losses
Net loan losses were down to DKK 0.4bn compared to DKK 0.6bn in the first half of 2015. The development was driven by lower loan losses on both corporate and household customers in Retail. While the agricultural sector remains challenged, net loan losses in the first half of 2016 were lower than in the first half of 2015.

The loan loss ratio improved to 13 bp (17 bp for the full year of 2015 and 21 bp in the first half of 2015).

Income tax expense
Income tax expense was DKK 0.4bn (DKK 0.7bn). The effective tax rate was 18% (24%) positively affected by tax-exempt income from Nets Holding A/S and tax credits.

In addition to corporation tax, payroll tax expenses in the first half of 2016 amounted to DKK 0.3bn (DKK 0.3bn). Moreover, NBD's general administrative expenses were negatively affected by DKK 0.1bn (DKK 0.2bn) as financial institutions cannot deduct VAT.

Net profit for the period
Net profit for the period decreased to DKK 2.0bn (DKK 2.3bn), corresponding to a return on equity in the first half of 2015 of 9.0% (10.8%).

Credit portfolio
Loans to the public were unchanged at DKK 602bn compared to the end of 2015 (DKK 602bn).

Impaired loans, gross were DKK 23.8bn and at the same level as at the end of 2015. Performing loans and non-performing loans accounted for 76% and 24%, respectively, of impaired loans, gross.

Impaired loans, net after allowances for individually assessed impaired loans amounted to DKK 15.8bn (end-2015: DKK 15.4bn), corresponding to 234 bp of total lending.

Supervisory diamond
Also throughout the first half of 2016 the parent company NBD A/S complied with the requirements of the supervisory diamond introduced by the Danish Financial Supervisory Authority (FSA).

	30 Jun 2016	31 Dec 2015	30 Jun 2015
Sum of large exposures (max 125%)	0	14	10
Lending growth (max 20%)	-5	-3	-1
Commercial property exposure (max 25%)	9	8	8
Funding ratio (max 1)	0.64	0.62	0.68
Excess liquidity coverage (min 50%)	142	132	163

NBD A/S continues to have a strong funding position with a surplus of deposits. At 30 June 2016 the funding ratio excluding group internal subordinated loans and equity was 0.76 (0.74 at end-2015).

The Danish FSA has changed the requirement for the limit value related to large exposures from 1 January 2018. The sum of large exposures, including the 20 largest exposures, must be below 175% of the common equity tier 1 capital. The new value of large exposures was 128% at 30 June 2016.

The new common European liquidity requirement – the liquidity coverage ratio (LCR) requirement – has been effective from October 2015. For NBD A/S the combined LCR, as specified by the Delegated Act, was 202% at the end of June 2016 compared to the required combined level of 100%. The liquidity requirement in section 152 of the Danish Financial Business Act will be phased out by the end of 2016. The Danish FSA has not yet decided on a new liquidity requirement for the FSA diamond.

Capital adequacy
At the end of June 2016 NBD's risk exposure amounts (REA) excluding the Basel I floor decreased to DKK 248bn (end-2015: DKK 256bn) mainly due to improved credit quality.

The common equity tier 1 and tier 1 capital ratios excluding profit for the first half of 2016 increased to 15.7% (end-2015: 15.2%) and 17.5% (end-2015: 15.2%), respectively. The total capital ratio excluding profit for the first half of 2016 increased to 20.7% (end-2015: 18.4%). The increase in the tier 1 capital ratio and the total capital ratio was mainly driven by an increase in Tier 1 capital. A tier 2 loan of EUR 1.5bn was replaced in February 2016 by an additional tier 1 (AT1) loan of EUR 0.6bn and a tier 2 loan of EUR 0.9bn. The old tier 2 loan was not fully recognised in own funds due to the transitional rules while the new AT1 and tier 2 loans are fully recognised.

Under Danish law, NBD must publish its individual solvency need on a quarterly basis. For further information, see Nordea.com/investor-relations.

Anti-money laundering

In June 2015 the Danish FSA investigated how NBD applies the regulations regarding anti-money laundering (AML). In June 2016 the outcome resulted in criticism and the matter was handed over to the police for further handling and possible sanctions in accordance with Danish administrative practices.

Compliance risk in Nordea

Nordea is subject to various legal regimes relating to AML and economic sanctions, including those of the European Union and the United States. Governmental authorities that administer and enforce those regimes are regularly conducting investigations with regards to Nordea's regulatory compliance. The outcome of certain investigations is pending, and criticism and sanctions cannot be ruled out. This includes the investigation and related report from the Danish FSA regarding AML procedures in Nordea Bank Danmark A/S. The report was published in June, but the final outcome is still pending. Similarly, Nordea is also responding to inquiries from U.S. governmental authorities regarding historical compliance with U.S. financial sanctions, as well as inquiries from U.S. and other governmental authorities related to the law firm Mossack Fonseca and the "Panama Papers" documents.

Nordea is addressing the identified deficiencies within the area of Financial Crime (including AML) through the Financial Crime Change Program which was launched in June 2015, and significantly ramped up during 2016.

In addition in mid-April Nordea initiated an internal investigation to assess whether the business activities in our Private Banking operations are in line with internal policies as well as external tax rules and AML regulations. The investigation covered Panama-related offshore structures in Nordea Bank S.A. in Luxembourg (NBSA) as well as Nordic Private Banking. The main conclusions from the investigation are presented in a separate press release that Nordea will issue 20 July.

Systemically important financial institutions (SIFI)

On 29 June the Danish FSA announced that NBD is still considered to be a SIFI in Denmark. NBD therefore has to apply a systemic risk buffer (SRB). This is relevant for the NBD Group as well as for the parent company NBD and the subsidiary Nordea Kredit Realkreditaktieselskab. The SRB requirement is 2% in 2019 after full implementation. Due to transitional rules the buffer in 2016 and 2017 is 0.8% and 1.2%, respectively.

The countercyclical capital buffer is at end-June 2016 confirmed to remain at 0%.

Recovery and resolution of banks

The Bank Recovery and Resolution Directive (BRRD) outlines the tools and powers available to the relevant authorities in the EU, which are aimed at both preventing bank defaults as well as handling banks in crises, while maintaining financial stability. The BRRD requires banks to draw up recovery plans to describe the measures they would take in order to remain viable if their financial situation is considerably weakened. The BRRD also sets the minimum requirement for own funds and eligible liabilities (MREL) for all EU banks. The EBA technical standards on MREL are expected to be finally adopted by the EU Commission in the second half of 2016 and will be applied to all EU banks during 2016.

In November 2015 the Financial Stability Board (FSB) published its final standards on the total loss absorbing capacity (TLAC). The TLAC is intended to ensure adequate availability of loss absorbing capacity for global systemic banks in resolution. The objective of the TLAC is the same as that of MREL. However, the details are different both in terms of calibration of the requirement and which instruments are eligible to meet the requirement. The TLAC requirement will not be applied before 2019. Work is ongoing at EU level to implement the FSB's TLAC standards.

Delivering on the Simplification Programme

In the coming years we will execute on our transformational change agenda in order to generate a truly digital bank and to deliver on the future relationship bank. The Simplification Programme is crucial to making this possible and has now been running for a year and a half. Through the programme, we are building three new platforms: the Core Banking Platform, the New Payment Platform and the information platform with Group common data. These will work together and, with the benefit of increased agility, scale and resilience, enable greater customer orientation and flexibility. The programme is proceeding as expected.

Legal structure

At the annual general meeting of Nordea Bank AB (publ) (NBAB), shareholders approved the plan for the merger of NBD with NBAB. On May 17, the Swedish Financial Supervisory Authority approved the plan for the merger of NBD with NBAB. Our intention is to execute the merger plan by early 2017 with accounting effect at 31 December 2016. The changes to the legal structure depend, among other things, on regulatory approvals and a satisfactory outcome of the discussions with the authorities.

Changes to the Executive Management and the Board of Directors

Torsten Hagen Jørgensen left the Board of Directors of NBD in February 2016. Heikki Ilkka and Snorre Storset were appointed members of the Board of Directors at 8 February 2016. David Hellemann left the Executive Management in June 2016.

At 30 June 2016 the Executive Management consists of Peter Lybecker (CEO), Jørgen Høholt and Ellen Pløger. The Board of Directors consists of Mads G. Jakobsen (Chairman), Søren Dahlgaard, Heikki Ilkka, Snorre Storset and Anne Rømer.

At an extraordinary Board of Directors meeting on 8 July 2016, the Executive Management was strengthened with Torben Laustsen and Mikael Bjertrup with effect from 1 August 2016.

New organisation in Retail Banking

To facilitate an even sharper customer focus it has been decided to adjust the organisation and divide Retail Banking into two business areas, Personal Banking and Commercial & Business Banking. The organisational changes will be effective from 1 July and fully finalised before year-end.

Risks and uncertainties

For information on risks and uncertainties, see Note G10.

Ratings

The ratings of NBD are unchanged compared to January 2016.

The ratings of Nordea Kredit's bonds remain unchanged. The bonds have been assigned the highest ratings by the ratings agencies Moody's Investors Service (Aaa) and Standard & Poor's (AAA).

Income statement, Group

DKKm	Note	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Operating income				
Interest income		9,103	9,845	19,294
Interest expenses		-4,282	-4,721	-9,190
Net interest income		**4,821**	**5,124**	**10,104**
Fee and commission income		3,041	3,667	6,986
Fee and commission expenses		-452	-310	-750
Net fee and commission income	G2	**2,589**	**3,357**	**6,236**
Net result from items at fair value	G3	-113	-114	-254
Profit from companies accounted for under the equity method		44	53	49
Other operating income		427	229	550
Total operating income		**7,768**	**8,649**	**16,685**
Operating expenses				
General administrative expenses:				
Staff costs		-2,861	-2,853	-5,945
Other expenses		-1,956	-2,012	-4,373
Depreciation, amortisation and impairment charges of tangible and intangible assets		-114	-129	-268
Other operating expenses		-	-	-
Total operating expenses		**-4,931**	**-4,994**	**-10,586**
Profit before loan losses		**2,837**	**3,655**	**6,099**
Net loan losses	G4	-398	-623	-1,013
Operating profit		**2,439**	**3,032**	**5,086**
Income tax expenses		-427	-715	-1,145
Net profit for the period		**2,012**	**2,317**	**3,941**
Attributable to:				
Shareholder and additional tier 1 capital holder of Nordea Bank Danmark A/S		2,012	2,317	3,941
Non-controlling interests		-	-	-
Total		**2,012**	**2,317**	**3,941**

Statement of comprehensive income

DKKm	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Net profit for the period	**2,012**	**2,317**	**3,941**
Items that may be reclassified subsequently to the income statement			
Currency translation differences during the period	0	0	8
Available for sale investments:[1]			
Valuation gains/losses during the period	186	-83	-194
Tax on valuation gains/losses during the period	-41	21	46
Items that may not be reclassified subsequently to the income statement			
Defined benefit plans:			
Remeasurement of defined benefit plans	-31	65	73
Tax on remeasurement of defined benefit plans	7	-14	-16
Other comprehensive income, net of tax	**121**	**-11**	**-83**
Total comprehensive income	**2,133**	**2,306**	**3,858**
Attributable to:			
Shareholder and additional tier 1 capital holder of Nordea Bank Danmark A/S	2,133	2,306	3,858
Non-controlling interests	-	-	-
Total	**2,133**	**2,306**	**3,858**

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

Balance sheet, Group

DKKm	Note	30 Jun 2016	31 Dec 2015	30 Jun 2015
Assets				
Cash and balances with central banks		5,471	13,576	37,664
Loans to central banks	G5	41,568	43,785	26,826
Loans to credit institutions	G5	23,363	14,060	34,201
Loans to the public	G5	601,862	602,367	604,038
Interest-bearing securities		92,539	84,821	59,190
Financial instruments pledged as collateral		7	153	1,420
Shares		3,983	4,101	4,050
Assets in pooled schemes		28,736	28,711	30,143
Derivatives		545	575	464
Fair value changes of the hedged items in portfolio hedge of interest rate risk		337	322	308
Investments in associated undertakings		221	216	240
Intangible assets		1,763	1,801	1,844
Property and equipment		765	738	759
Deferred tax assets		55	55	65
Current tax assets		887	255	-
Retirement benefit assets		202	229	167
Other assets		8,661	4,374	5,847
Total assets		**810,965**	**800,139**	**807,226**
Liabilities				
Deposits by credit institutions		31,304	31,511	55,561
Deposits and borrowings from the public		287,926	284,745	285,092
Deposits in pooled schemes		31,513	32,039	33,029
Debt securities in issue		379,941	376,008	357,143
Derivatives		1,760	1,684	1,508
Fair value changes of the hedged items in portfolio hedge of interest rate risk		61	60	89
Current tax liabilities		-	-	880
Other liabilities		21,940	16,629	18,292
Deferred tax liabilities		426	433	539
Provisions		874	882	507
Retirement benefit liabilities		16	11	2
Subordinated liabilities		8,576	13,087	13,085
Total liabilities		**764,337**	**757,089**	**765,727**
Equity				
Non-controlling interests		10	10	10
Share capital		5,000	5,000	5,000
Additional tier 1 capital		4,478	-	-
Other reserves		145	24	96
Proposed dividends		-	2,950	-
Retained earnings		36,995	35,066	36,393
Total equity		**46,628**	**43,050**	**41,499**
Total liabilities and equity		**810,965**	**800,139**	**807,226**
Assets pledged as security for own liabilities		395,005	388,880	386,248
Contingent liabilities		30,776	28,956	30,112
Credit commitments[1]		132,845	139,851	150,511

[1] Including unutilised portion of approved overdraft facilities of DKK 87bn (31 Dec 2015: DKK 95bn, 30 Jun 2015: DKK 115bn).

Statement of changes in equity, Group

	Attributable to the shareholder of Nordea Bank Danmark A/S									
			Other reserves							
DKKm	Share capital[1]	Additional tier 1 capital[2]	Translation of foreign operations	Available-for-sale investments	Deferred benefit plans	Proposed dividends	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2016	**5,000**	**-**	**0**	**-88**	**112**	**2,950**	**35,066**	**43,040**	**10**	**43,050**
Issued capital	-	4,478	-	-	-	-	-	4,478	-	4,478
Total comprehensive income	-	105	0	145	-24	-	1,907	2,133	-	2,133
Interests paid	-	-105	-	-	-	-	-	-105	-	-105
Tax on interests paid	-	-	-	-	-	-	22	22	-	22
Share-based payments	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-2,950	-	-2,950	-	-2,950
Proposed dividends	-	-	-	-	-	-	-	-	-	-
Balance at 30 Jun 2016	**5,000**	**4,478**	**0**	**57**	**88**	**-**	**36,995**	**46,618**	**10**	**46,628**
Balance at 1 Jan 2015	**5,000**	**-**	**-8**	**60**	**55**	**5,500**	**34,070**	**44,677**	**10**	**44,687**
Total comprehensive income	-	-	8	-148	57	-	3,941	3,858	-	3,858
Share-based payments	-	-	-	-	-	-	5	5	-	5
Dividends paid	-	-	-	-	-	-5,500	-	-5,500	-	-5,500
Proposed dividends	-	-	-	-	-	2,950	-2,950	-	-	-
Balance at 31 Dec 2015	**5,000**	**-**	**0**	**-88**	**112**	**2,950**	**35,066**	**43,040**	**10**	**43,050**
Balance at 1 Jan 2015	**5,000**	**-**	**-8**	**60**	**55**	**5,500**	**34,070**	**44,677**	**10**	**44,687**
Total comprehensive income	-	-	0	-62	51	-	2,317	2,306	-	2,306
Share-based payments	-	-	-	-	-	-	6	6	-	6
Dividends paid	-	-	-	-	-	-5,500	-	-5,500	-	-5,500
Proposed dividends	-	-	-	-	-	-	-	-	-	-
Balance at 30 Jun 2015	**5,000**	**-**	**-8**	**-2**	**106**	**-**	**36,393**	**41,489**	**10**	**41,499**

[1] Total shares registered were 50 million (31 Dec 2015: 50 million, 30 Jun 2015: 50 million).

[2] At 15 February 2016 NBD issued EUR 600m in Additional Tier 1 (AT1) capital. The AT1 instrument is a perpetual subordinated instrument where the interest payments are at the fully discretion of NBD and non-accumulating. NBD classifies the instrument as equity for accounting purposes.

Cash flow statement, Condensed, Group

DKKm	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Operating activities			
Operating profit	2,439	3,032	5,086
Adjustments for items not included in cash flow	487	739	1,065
Income taxes paid	-1,100	-133	-1,555
Cash flow from operating activities before changes in operating assets and liabilities	**1,826**	**3,638**	**4,596**
Changes in operating assets and liabilities	-7,120	8,544	10,140
Cash flow from operating activities	**-5,294**	**12,182**	**14,736**
Investing activities			
Associated undertakings	-	-	18
Property and equipment	-91	-82	-141
Intangible assets	-12	-14	-29
Cash flow from investing activities	**-103**	**-96**	**-152**
Financing activities			
Redeemed subordinated liabilities	-4,511	-1,465	-1,463
Issued additional tier 1 capital	4,478	-	-
Dividends paid	-2,950	-5,500	-5,500
Cash flow from financing activities	**-2,983**	**-6,965**	**-6,963**
Cash flow for the period	**-8,380**	**5,121**	**7,621**
Cash and cash equivalents at the beginning of the period	63,723	56,102	56,102
Cash and cash equivalents at the end of the period	55,343	61,223	63,723
Change	**-8,380**	**5,121**	**7,621**

Cash and cash equivalents

The following items are included in cash and cash equivalents:

DKKm	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Cash and balances with central banks	47,035	55,651	50,147
Loans to credit institutions, payable on demand	8,308	5,572	13,576
Total	**55,343**	**61,223**	**63,723**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with the Danish central bank where the balance on the account is readily available at any time.

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

Notes to the financial statements, Group

Note G1
Accounting policies

1. Basis for presentation
The consolidated financial statements for the Nordea Bank Danmark Group are presented in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission, and additional Danish disclosure requirements for interim reports laid down in the Danish IFRS Executive Order on financial services enterprises issued pursuant to the Danish Financial Business Act.

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

The same accounting policies and methods of computation are followed as compared to the Annual Report 2015, for more information see Note G1 in the Annual Report 2015. For changes implemented during 2016, see "Changed accounting policies and presentation" below.

The financial statements have not been reviewed or audited.

2. Changed accounting policies and presentation
The following amendments published by the IASB were implemented 1 January 2016 but have not had any significant impact on NBD's financial statements:
- Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"
- IAS 1 "Disclosure Initiative"
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Annual Improvements to IFRSs, 2012-2014 Cycle

Changed presentation of refinancing fees and payout fees
Refinancing fees and pay-out fees received in connection with mortgage lending have been reclassified from "Net result from items at fair value" to "Net fee and commission income" in the income statement, in order to align with Nordea's classification policy for loan processing fees. A refinancing fee is charged when an adjustable rate mortgage loan is refinanced, and a pay-out fee when a loan is initially paid out. The comparable figures have been restated and the impact on the current and comparative periods can be found in the below table.

	Jan-Jun 2016			Jan-Jun 2015			Full year 2015		
DKKm	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy	Old policy	Restate-ement	New policy
Net fee and commission income	2,421	168	2,589	3,117	240	3,357	5,803	433	6,236
Net result from items at fair value	55	-168	-113	126	-240	-114	179	-433	-254

The changes in the presentation have no impact on the operating profit, balance sheet or equity.

Changed presentation of 'Net fee and commission income'
The presentation within Note G2 "Net fee and commission income" has, in addition to the changes described above, been changed. Commission income in connection with initial public offerings (IPOs) has been reclassified from "Custody and issuer services" to "Brokerage, securities issues and corporate finance" (impact half year 2016 DKK 48m, full year 2015 DKK 41m and half year 2015 DKK 21m). The reclassification has been made to better reflect the purpose of services performed. The comparable figures have been restated.

The changes in the presentation have no impact on the operating profit, balance sheet or equity.

Additional tier 1 capital
NBD issued in February 2016 an Additional Tier 1 instrument (AT1) of EUR 600m (DKK 4,478m) hold by the parent company Nordea Bank AB (publ). The AT1 instrument is included in the Tier 1 capital as it meets the criteria of the Capital Requirements Regulation.

The AT1 instrument is a perpetual subordinated instrument where the interest payments are at the sole discretion of NBD and non-accumulating. The AT1 does not qualify as a financial liability according to IAS 32. The AT1 is therefore recognised as an increase in equity. Interest payments are recognised as dividends in equity. The related tax effect is recognised directly in equity.

Note G1
Accounting policies *(cont.)*

3. Impact on capital adequacy from new or amended IFRS standards not yet applied

IFRS 9 "Financial instruments"

IASB has completed the new standard for financial instruments, IFRS 9 "Financial instruments". IFRS 9 covers classification and measurement, impairment and general hedging and replaces the current requirements covering these areas in IAS 39. IFRS 9 is effective as from annual periods beginning on or after 1 January 2018. Earlier application is permitted, but IFRS 9 is not yet endorsed by the EU commission. NBD does not currently intend to early adopt the standard.

The changes in classification and measurement are not expected to have a significant impact on NBD's income statement or balance sheet as the mixed measurement model will be maintained, and as there will still be a measurement category similar to the current Available For Sale (AFS) category in IAS 39. Significant reclassifications between fair value and amortised cost or impact on the capital adequacy and large exposures are not expected in the period of initial application, but this is naturally dependent on the financial instruments on NBD's balance sheet at transition.

The impairment requirements in IFRS 9 are based on an expected loss model as opposed to the current incurred loss model in IAS 39. In general, it is expected that the new requirements will increase loan loss provisions, decrease equity and have a negative impact on capital adequacy, but no impact on large exposures, in the period of initial application. IFRS 9 requires all assets measured at amortised cost and fair value through other comprehensive income, as well as guarantees and loan commitments, to be included in the impairment test. Currently NBD does not calculate collective provisions for off balance sheet exposures or the AFS portfolio. The assets to test for impairment will be divided into three groups depending on the stage of credit deterioration. Stage 1 includes assets where there has been no significant deterioration in credit risk, stage 2 includes assets where there has been a significant deterioration and stage 3 includes assets that have been individually assessed to be impaired. In stage 1, the provisions should equal the 12 month expected loss. In stage 2 and 3, the provisions should equal the lifetime expected losses. NBD's current model for calculating collective provisions defines a loss event as a deterioration in rating/scoring, but it is not expected that the loss event in the current model will equal the trigger event for moving items from stage 1 to stage 2 under IFRS 9. Currently NBD does not, in addition, hold any provisions for assets where there has been no deterioration in credit risk. For assets where there has been a significant deterioration in credit risk, NBD currently holds provisions based on the losses estimated to occur during the period between the date when the loss event occurred and the date when the loss event is identified on an individual basis, the so called "Emergence period", while IFRS 9 will require provisions equal to the lifetime expected loss. This means total provisions will increase when IFRS 9 is implemented.

The main change to the general hedging requirements is that the standard aligns hedge accounting more closely with the risk management activities. As NBD generally uses macro (portfolio) hedge accounting NBD's assessment is that the new requirements will not have any significant impact on NBD's financial statements, capital adequacy, or large exposures in the period of initial application.

NBD has not yet finalised the impact assessment of the implementation of IFRS 9.

IFRS 15 "Revenue from Contracts with Customers"

The IASB has published the new standard, IFRS 15 "Revenue from Contracts with Customers". The new standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition standards and interpretations within IFRS, such as IAS 18 "Revenue". The new standard is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. The EU-commission is expected to endorse the standard during the third quarter 2016. NBD does not currently intend to early adopt the standard. The standard does not apply to financial instruments or lease contracts. NBD has not finalised the investigation of the impact on the financial statements but the current assessment is that the new standard will not have any significant impact on NBD's financial statements, capital adequacy, or large exposures in the period of initial application.

IFRS 16 "Leases"

The IASB has published the new standard, IFRS 16 "Leases". The new standard changes the accounting requirements for lessees. All leases (except for short term- and small ticket leases) should be accounted for on the balance sheet of the lessee as a right to use the asset and a corresponding liability, and the lease payments should be recognised as amortisation and interest expense. The accounting requirements for lessors are unchanged. Additional disclosures are also required. The new standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The new standard is not yet endorsed by the EU-commission. NBD does not currently intend to early adopt IFRS 16. NBD's current assessment is that the new standard will change the accounting of property leases which mainly affects NBD's balance sheet.

Other amendments to IFRS

Other amendments to IFRS are not assessed to have any significant impact on NBD's financial statements, capital adequacy or large exposures in the period of initial application.

Note G2
Net fee and commission income

DKKm	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Asset management commissions	697	858	1,736
Life insurance	12	12	23
Brokerage, securities issues and corporate finance	965	1,233	2,231
Custody and issuer services	117	95	251
Deposits	23	16	41
Total savings and investments	1,814	2,214	4,282
Payments	206	208	417
Cards	208	220	443
Total payments and cards	414	428	860
Lending	497	680	1,225
Guarantees and documentary payments	131	178	321
Total lending related to commissions	628	858	1,546
Other commission income	185	167	298
Fee and commission income	**3,041**	**3,667**	**6,986**
Savings and investments	-110	-74	-212
Payments	-159	-88	-228
Cards	-97	-72	-155
Other commission expenses	-86	-76	-155
Fee and commission expense	**-452**	**-310**	**-750**
Net fee and commission income	**2,589**	**3,357**	**6,236**

Note G3
Net result from items at fair value

DKKm	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Equity related instruments	-26	331	456
Interest related instruments and foreign exchange gains/losses	-90	-457	-709
Other financial instruments	1	12	-2
Investment properties	2	0	1
Total	**-113**	**-114**	**-254**

Note G4
Net loan losses

DKKm	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Loan losses divided by class			
Realised loan losses	-	-	-
Allowances to cover realised loan losses	-	-	-
Recoveries on previous realised loan losses	-	-	-
Provisions	0	0	0
Reversal of previous provisions	0	0	0
Loans to credit institutions	**0**	**0**	**0**
Realised loan losses	-894	-1,074	-2,048
Allowances to cover realised loan losses	738	851	1,607
Recoveries on previous realised loan losses	86	77	239
Provisions	-1,336	-1,769	-3,972
Reversal of previous provisions	1,124	1,440	3,311
Loans to the public	**-282**	**-475**	**-863**
Realised loan losses	-29	-42	-81
Allowances to cover realised loan losses	29	42	81
Recoveries on previous realised loan losses	-	-	-
Provisions	-376	-396	-761
Reversal of previous provisions	260	248	611
Off-balance sheet items	**-116**	**-148**	**-150**
Net loan losses	**-398**	**-623**	**-1,013**

Notes to the financial statements, Group

Note G5
Loans and impairment

DKKm	Central banks and credit institutions[2] 30 Jun 2016	31 Dec 2015	30 Jun 2015	The public 30 Jun 2016	31 Dec 2015	30 Jun 2015	Total 30 Jun 2016	31 Dec 2015	30 Jun 2015
Loans, not impaired	64,931	57,845	61,027	586,996	587,997	587,511	651,927	645,842	648,538
Impaired loans:	-	-	-	23,806	23,839	26,422	23,806	23,839	26,422
- Performing	-	-	-	18,006	17,975	19,109	18,006	17,975	19,109
- Non-performing	-	-	-	5,800	5,864	7,313	5,800	5,864	7,313
Loans before allowances	**64,931**	**57,845**	**61,027**	**610,802**	**611,836**	**613,933**	**675,733**	**669,681**	**674,960**
Allowances for individually assessed impaired loans	-	-	-	-8,020	-8,404	-8,837	-8,020	-8,404	-8,837
- Performing	-	-	-	-5,382	-5,698	-5,977	-5,382	-5,698	-5,977
- Non-performing	-	-	-	-2,638	-2,706	-2,860	-2,638	-2,706	-2,860
Allowances for collectively assessed impaired loans	0	0	0	-920	-1,065	-1,059	-920	-1,065	-1,059
Allowances	**0**	**0**	**0**	**-8,940**	**-9,469**	**-9,896**	**-8,940**	**-9,469**	**-9,896**
Loans, carrying amount	**64,931**	**57,845**	**61,027**	**601,862**	**602,367**	**604,038**	**666,793**	**660,212**	**665,065**

Allowances and provisions

DKKm	30 Jun 2016	31 Dec 2015	30 Jun 2015
Allowances for items on the balance sheet	-8,940	-9,469	-9,896
Provisions for off-balance sheet items	-406	-319	-356
Total allowances and provisions	**-9,346**	**-9,788**	**-10,252**
Key ratios (basis points)[1]			
Impairment rate, gross	352.3	356.0	391.5
Impairment rate, net	233.6	230.5	260.5
Total allowance rate	132.3	141.4	146.6
Allowances in relation to impaired loans, %	33.7	35.3	33.4
Total allowances in relation to impaired loans, %	37.6	39.7	37.5
Non-performing loans, not impaired, DKKm	1,932	1,636	526

1 For definitions, see Business definitions on page 26.

2 Consists of loans to central banks of DKK 41,568m (DKK 43,785m at 31 December 2015 and DKK 28,826m at 30 June 2015) and loans to credit institutions of DKK 23,363m (DKK 14,060m at 31 December 2015 and DKK 34,201m at 30 June 2015).

Note G6
Classification of financial instruments

DKKm	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	Total
Financial assets							
Cash and demand balances with central banks	5,471	-	-	-	-	-	5,471
Loans to credit institutions and central banks	50,460	-	14,468	3	-	-	64,931
Loans to the public	207,129	-	-	394,733	-	-	601,862
Interest-bearing securities	-	-	36,598	-	-	55,941	92,539
Financial instruments pledged as collateral	-	-	7	-	-	-	7
Shares	-	-	3,797	186	-	-	3,983
Assets in pooled schemes	-	-	-	28,736	-	-	28,736
Derivatives	-	-	404	-	141	-	545
Fair value changes of the hedged items in portfolio hedge of interest rate risk	337	-	-	-	-	-	337
Other assets	8,591	-	-	70	-	-	8,661
Total 30 Jun 2016	**271,988**	**-**	**55,274**	**423,728**	**141**	**55,941**	**807,072**
Total 31 Dec 2015	286,995	-	40,492	418,427	90	50,841	796,845
Total 30 Jun 2015	293,010	-	58,901	416,514	155	35,571	804,151

DKKm	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	Total
Financial liabilities					
Deposits by credit institutions	129	427	-	30,748	31,304
Deposits and borrowings from the public	-	26,105	-	261,821	287,926
Deposits in pooled schemes	-	31,513	-	-	31,513
Debt securities in issue	-	379,941	-	-	379,941
Derivatives	463	-	1,297	-	1,760
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	61	61
Other liabilities	1,418	-	-	20,522	21,940
Subordinated liabilities	-	-	-	8,576	8,576
Total 30 Jun 2016	**2,010**	**437,986**	**1,297**	**321,728**	**763,021**
Total 31 Dec 2015	2,262	435,272	1,095	312,468	751,097
Total 30 Jun 2015	4,950	417,713	998	340,138	763,799

Note G7
Fair value of financial assets and liabilities

	30 Jun 2016		31 Dec 2015	
DKKm	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	5,471	5,471	13,576	13,576
Loans	666,793	665,009	660,212	656,554
Interest-bearing securities	92,539	92,539	84,821	84,821
Financial instruments pledged as collateral	7	7	153	153
Shares	3,983	3,983	4,101	4,101
Assets in pooled schemes	28,736	28,736	28,711	28,711
Derivatives	545	545	575	575
Fair value changes of the hedged iterms in portfolio hedge of interest rate risk	337	337	322	322
Other assets	8,661	8,661	4,374	4,374
Total	**807,072**	**805,288**	**796,845**	**793,187**
Financial liabilities				
Deposits and debt instruments	707,747	707,747	705,351	705,351
Deposits in pooled schemes	31,513	31,513	32,039	32,039
Derivatives	1,760	1,760	1,684	1,684
Fair value changes of the hedged iterms in portfolio hedge of interest rate risk	61	61	60	60
Other liabilities	21,940	21,940	11,963	11,963
Total	**763,021**	**763,021**	**751,097**	**751,097**

The fair value at 30 June 2016 and 31 December 2015 has for loans been estimated by discounting the expected future cash flows with an assumed customer interest rate that would have been used on the market if the loans had been issued at the time of the measurement. The assumed customer interest rate is calculated as the benchmark interest rate plus the average margin on new lending in Retail Banking and Wholesale Banking respectively. The determination of fair value on other items in the balance sheet is described in the Annual report 2015, Note G32 “Assets and liabilities at fair value”.

Note G8
Financial assets and liabilities held at fair value on the balance sheet

Categorisation into the fair value hierarchy

DKKm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to central banks and credit institutions	-	14,471	-	14,471
Loans to the public	-	394,733	-	394,733
Interest-bearing securities	46,202	46,270	67	92,539
Financial instruments pledged as collateral	7	-	-	7
Shares	186	-	3,797	3,983
Assets in pooled schemes	28,736	-	-	28,736
Derivatives	0	545	-	545
Other assets	-	-	70	70
Total 30 Jun 2016	**75,131**	**456,019**	**3,934**	**535,084**
Total 31 Dec 2015	79,094	426,559	4,197	509,850
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	-	556	-	556
Deposits and borrowings from the public	-	26,105	-	26,105
Deposits in pooled schemes	-	31,513	-	31,513
Debt securities in issue	379,941	-	-	379,941
Derivatives	-	1,760	-	1,760
Oher liabilities	1,418	-	-	1,418
Total 30 Jun 2016	**381,359**	**59,934**	**-**	**441,293**
Total 31 Dec 2015	377,273	61,354	2	438,629

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

Determination of fair values for items measured at fair value on the balance sheet
For information about valuation techniques and inputs used in the fair value measurement, see the Annual Report 2015, Note G32 “Assets and liabilities at fair value”.

Movements of shares in Level 3

DKKm	1 Jan 2016	Fair value gains/losses recognised in the income statement during the period	Purchases	Sales	Transfers into/out from level 3	30 Jun 2016
Shares	4,039	-61	287	-468	-	3,797

Fair value gains and losses in the income statement during the period are included in “Net result from items at fair value”.

Note G8
Financial assets and liabilities at fair value on the balance sheet *(cont.)*

The valuation processes for fair value measurements in Level 3 Shares
For information about valuation processes for fair value measurement in level 3 Shares, see the Annual Report 2015 Note G32 "Assets and liabilities at fair value".

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

DKKm	Fair value	Valuation techniques
Shares		
Private equity funds	1,615	Net asset value[1]
Hedge funds	728	Net asset value[1]
Credit Funds	997	Net asset value/market consensus[1]
Other funds	82	Net asset value/fund prices[1]
Other	375	-
Total 30 Jun 2016[2]	**3,797**	
Total 31 Dec 2015	4,039	

1 The fair values are based on prices and net assets values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. For private equity funds the dominant measurement methodology used by the suppliers/custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by the EVCA (European Venture Capital Association). The private equity fund investments are internally adjusted/valued based the IPEV guidelines.
2 Effects of reasonably possible alternative assumptions are DKK 329 m/-135 m.

In order to calculate the sensitivity (range) in fair value of shares the fair value was increased and decreased within a total range of 2-10 percentage units depending of the valuation uncertainty and underlying assumptions. For more information see the Annual Report 2015, Note G32 "Assets and liabilities at fair value".

Movements in deferred Day 1 profit
The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (Level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (Day 1 profit) is deferred. For more information see the Annual Report 2015, Note G1 "Accounting policies".

At 30 Jun 2016 deferred Day 1 profit amounted to DKK 0m (DKK 0m).

Notes to the financial statements, Group

Note G9
Capital adequacy

Calculation of own funds

DKKm	30 Jun[6] 2016	31 Dec[7] 2015	30 Jun 2015
Equity in the consolidated situation[1]	40,114	43,025	39,172
Proposed/actual dividend	-	-2,950	-
Common Equity Tier 1 capital before regulatory adjustments	**40,114**	**40,075**	**39,172**
Deferred tax assets	-	-	-
Intangible assets	-1,763	-1,801	-1,844
IRB provisions shortfall (-)[2]	-612	-671	-212
Deduction for investments in credit institutions (50%)	-	-	-
Pension assets in excess of related liabilities[3]	-161	-179	-183
Other items, net[4]	1,446	1,450	1,323
Total regulatory adjustments to Common Equity Tier 1 capital	-1,090	-1,202	-916
Common Equity Tier 1 capital (net after deduction)	**39,024**	**38,872**	**38,256**
Additional Tier 1 capital before regulatory adjustments	4,478	-	-
Total regulatory adjustments to Additional Tier 1 capital	-137	-	-
Additional Tier 1 capital	4,341	-	-
Tier 1 capital (net after deduction)	**43,365**	**38,872**	**38,256**
Tier 2 capital before regulatory adjustments	7,619	8,284	9,603
IRB provisions excess (+)	435	-	-
Deduction for investments in credit institutions (50%)	-	-	-
Pension assets in excess of related liabilities	-	-	-
Other items, net	-122	-201	-64
Total regulatory adjustments to Tier 2 capital	313	-201	-64
Tier 2 capital	7,932	8,083	9,539
Own funds (net after deduction)[5]	**51,297**	**46,956**	**47,795**

1 Value adjustments for non-CRR companies amounts to DKK 15m by 30 Jun 2016. Excludes minority interests of DKK 10m (DKK 10m at 31 December 2015, DKK 10m at 30 Jun 2015).

2 Total shortfall in 2016. Transition rules allow 60% to be deducted in CET1, 20% in Tier 1 and 20% in Tier 2. The transition effect is included in: Other items, net. For 2015 shortfall was 70% T1, 30% T2.

3 Transition rules require only 60% to be deducted in 2016. The transition effect is included in other items, net (In 2015 40% was deducted).

4 Other items, net includes holdings of LR Realkredit A/S DKK 1,255m in 2016 (DKK 1,255m in 2015).

5 Own Funds adjusted for IRB provision, i.e. adjusted own funds equal DKK 51,474m at 30 Jun 2016 (DKK 47,627m at 31 December 2015, 48,007m at 30 Jun 2015).

6 At 15 February 2016 Nordea Bank Danmark A/S issued EUR 600m in Additional Tier 1 (AT1) capital and a Tier 2 instrument of EUR 850m. Information about the capital instruments´ main features are presented at http://www.nordea.com/en/investor-relations/reports-and-presentations/capital-instruments/nordea-bank-denmark/

7 Includes profit for the year.

Note G9
Capital adequacy *(cont.)*

Minimum capital requirement and REA

DKKm	30 Jun 2016 Minimum Capital requirement	30 Jun 2016 REA	31 Dec 2015 Minimum Capital requirement	31 Dec 2015 REA	30 Jun 2015 Minimum Capital requirement	30 Jun 2015 REA
Credit risk	**16,787**	**209,840**	**17,391**	**217,388**	**17,437**	**217,953**
- of which counterparty credit risk	21	259	16	204	26	323
IRB	15,370	192,121	15,890	198,627	16,073	200,907
- of which corporate	9,353	116,908	9,784	122,301	9,853	123,158
- of which advanced	8,935	111,681	9,353	116,910	9,388	117,344
- of which foundation	418	5,227	431	5,391	465	5,814
- of which institutions	399	4,992	464	5,804	435	5,437
- of which retail	5,393	67,414	5,398	67,476	5,537	69,212
- of which secured by immovable property collateral	3,116	38,956	3,159	39,493	3,121	39,010
- of which other retail	2,277	28,458	2,239	27,983	2,416	30,202
- of which other	225	2,807	244	3,046	248	3,100
Standardised	1,417	17,719	1,501	18,761	1,364	17,046
- of which central governments or central banks	51	645	53	659	48	599
- of which regional governments or local authorities	8	100	-	-	-	-
- of which public sector entities	2	32	1	10	4	54
- of which institutions	114	1,428	175	2,190	75	934
- of which corporate	272	3,403	252	3,157	252	3,152
- of which retail	401	5,012	395	4,932	398	4,966
- of which secured by mortgages on immovable property	98	1,220	90	1,121	89	1,116
- of which in default	6	72	16	196	6	74
- of which associated with particularly high risk	416	5,194	446	5,573	435	5,436
- of which covered bonds	3	44	3	45	3	35
- of which equity	31	386	22	277	18	227
- of which other items	15	183	48	601	36	453
Credit Value Adjustment Risk	**4**	**56**	**4**	**53**	**4**	**50**
Market risk	**511**	**6,385**	**503**	**6,284**	**606**	**7,577**
- of which trading book, Internal Approach	279	3,483	288	3,595	357	4,461
- of which trading book, Standardised Approach	166	2,079	156	1,949	183	2,296
- of which banking book, Standardised Approach	66	823	59	740	66	820
Operational risk	**2,378**	**29,724**	**2,396**	**29,954**	**2,396**	**29,954**
Standardised	2,378	29,724	2,396	29,954	2,396	29,954
Additional risk exposure amount, Article 3 CRR	157	1,963	169	2,109	-	-
Sub total	**19,837**	**247,968**	**20,463**	**255,788**	**20,443**	**255,534**
Adjustment for Basel I floor						
Additional capital requirement	11,402	142,515	10,887	136,093	10,278	128,481
Total	**31,239**	**390,483**	**31,350**	**391,881**	**30,721**	**384,015**

Note G9
Capital adequacy *(cont.)*

Minimum Capital Requirement & Capital Buffers

DKKm, 30 Jun 2016	Minimum Capital requirements	Capital Buffers					Total
		CCoB	CCyB	SII	SRB	Capital Buffers total	
Common Equity Tier 1 capital	11,159	1,550	50	N/A	1,984	3,583	14,742
Tier 1 capital	14,878	1,550	50	N/A	1,984	3,583	18,461
Own funds	19,837	1,550	50	N/A	1,984	3,583	23,421

Pct., 30 Jun 2016							
Common Equity Tier 1 capital	4.5	0.6	0.0	N/A	0.8	1.4	5.9
Tier 1 capital	6	0.6	0.0	N/A	0.8	1.4	7.4
Own funds	8	0.6	0.0	N/A	0.8	1.4	9.4

Common Equity Tier 1 available to meet Capital Buffers

Pct. points of REA	30 Jun 2016	31 Dec[1] 2015	30 Jun 2015
Common Equity Tier 1 capital	11.2	9.2	9.0

[1] Including profit for the year.

Capital ratios

Pct.	30 Jun 2016	31 Dec[1] 2015	30 Jun 2015
Common Equity Tier 1 capital ratio, excluding profit	15.7	15.2	15.0
Tier 1 capital ratio, excluding profit	17.5	15.2	15.0
Total capital ratio, excluding profit	20.7	18.4	18.7

[1] Including profit for the year.

Capital ratios including Basel I floor

Pct.	30 Jun 2016	31 Dec[1] 2015	30 Jun 2015
Common Equity Tier 1 capital ratio, excluding profit	10.1	10.0	10.0
Tier 1 capital ratio, excluding profit	11.2	10.0	10.0
Total capital ratio, excluding profit	13.2	12.2	12.5

[1] Including profit for the year.

Leverage ratio

	30 Jun 2016	31 Dec[1] 2015	30 Jun 2015
Tier 1 capital, transitional definition, DKKm	43,365	38,872	38,256
Leverage ratio exposure, DKKm	880,076	867,934	866,435
Leverage ratio, percentage	4.9	4.5	4.4

[1] Including profit for the year.

Note G9
Capital adequacy *(cont.)*

Credit risk exposures for which internal models are used, split by rating grade

30 Jun 2016	On-balance exposure, DKKm	Off-balance exposure, DKKm	Exposure value (EAD), DKKm[1]	of which EAD for off-balance, DKKm	Exposure-weighted average risk weight
Corporate, foundation IRB:	7,210	2,076	8,820	1,569	59.3
- of which rating grades 6	190	55	234	41	17.6
- of which rating grades 5	1,444	867	2,136	660	33.4
- of which rating grades 4	3,546	543	3,959	408	57.7
- of which rating grades 3	1,529	442	1,863	333	92.9
- of which rating grades 2	140	19	154	14	141.2
- of which rating grades 1	10	-	10	-	204.7
- of which unrated	134	64	182	48	121.3
- of which defaulted	217	86	282	65	0.0
Corporate, advanced IRB:	230,847	106,005	288,662	58,610	38.7
- of which rating grades 6	17,922	10,728	24,066	6,009	10.1
- of which rating grades 5	63,482	42,552	88,961	24,744	20.5
- of which rating grades 4	93,060	45,058	116,886	23,909	37.1
- of which rating grades 3	30,380	4,729	32,479	2,788	49.8
- of which rating grades 2	4,973	376	5,258	245	83.7
- of which rating grades 1	754	63	699	33	105.5
- of which unrated	2,490	1,441	3,015	882	81.1
- of which defaulted	17,786	1,058	17,298	-	138.2
Institutions, foundation IRB:	47,781	2,828	48,259	361	10.3
- of which rating grades 6	426	838	494	53	13.7
- of which rating grades 5	47,261	860	47,437	77	9.4
- of which rating grades 4	48	81	58	7	69.1
- of which rating grades 3	21	24	31	10	114.1
- of which rating grades 2	-	5	1	-	226.8
- of which rating grades 1	-	-	-	-	0.0
- of which unrated	25	1,020	238	214	159.5
- of which defaulted	-	-	-	-	-
Retail, of which secured by real estate:	303,853	3,211	306,142	2,289	12.7
- of which scoring grades A	165,562	1,922	166,932	1,371	4.5
- of which scoring grades B	84,713	781	85,271	558	9.4
- of which scoring grades C	32,752	341	32,996	244	18.4
- of which scoring grades D	6,036	130	6,124	88	37.4
- of which scoring grades E	6,179	14	6,189	10	65.0
- of which scoring grades F	2,992	11	3,000	8	97.6
- of which not scored	29	2	31	2	38.4
- of which defaulted	5,590	10	5,599	8	144.7
Retail, of which other retail:	54,366	34,536	81,086	26,797	35.1
- of which scoring grades A	16,332	19,537	31,441	15,118	11.4
- of which scoring grades B	18,134	8,633	24,815	6,687	22.0
- of which scoring grades C	8,567	3,675	11,437	2,895	37.5
- of which scoring grades D	2,361	1,626	3,646	1,298	54.4
- of which scoring grades E	3,185	454	3,516	339	62.6
- of which scoring grades F	2,134	299	2,352	228	86.2
- of which not scored	138	68	198	62	54.5
- of which defaulted	3,515	244	3,681	170	239.3
Other non credit-obligation assets:	2,790	22	2,807	16	100.0

NBD does not have the following IRB exposure classes: equity exposures, items representing securitisation positions, central governments and central banks, qualifying revolving retail.

[1] Includes EAD for on-balance, off-balance, derivatives and securities financing.

Note G10
Risks and uncertainties

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

NBD's main risk exposure is credit risk. NBD also assumes risks such as market risk, liquidity risk, operational risk and compliance risk. For further information on risk composition, see the Annual Report 2015.

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

Within the framework of the normal business operations, NBD 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 or its financial position in the next six months.

Business definitions

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

Common equity Tier 1 capital
Common equity Tier 1 capital constitutes the Tier 1 capital excluding additional tier 1 capital.

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

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

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.

Leverage ratio
The leverage ratio is the institution's capital as tier 1 capital divided by that institution's total exposure measure and expressed as a percentage.

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

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

Own funds
Own funds include of the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans, after deduction of the potential deduction for expected shortfall.

Return on equity excl. additional tier 1 capital
Net profit for the period annualised excluding non-controlling interests and additional tier 1 capital as a percentage of average equity for the period.

Average equity including net profit for the period and dividend until paid, non-controlling interests and additional tier 1 capital excluded.

Return on equity incl. additional tier 1 capital
Net profit for the period annualised excluding non-controlling interests as a percentage of average equity for the period. Average equity including net profit for the period and dividend until paid, non-controlling interests excluded.

Risk exposure amount
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 which have been deducted from the capital base and intangible assets.

Tier 1 capital
Proportion of the capital base, which includes consolidated shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets in the banking operations. Shortfall is deducted with 60% in CET1, 20% in Tier 1 and 20% in Tier 2 – the negative difference between expected losses and provisions. Subsequent to the approval of the supervisory authorities, Tier 1 capital also includes qualified forms of subordinated loans.

Tier 1 capital ratio
Tier 1 capital as a percentage of risk exposure amount.

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

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

Total capital ratio
Own funds as a percentage of risk exposure amount.

Income statement, parent company

DKKm	Note	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Interest income		3,529	3,762	7,438
Interest expenses		-572	-632	-1,280
Net interest income		**2,957**	**3,130**	**6,158**
Dividends on shares etc		6	18	20
Fee and commission income		3,198	3,657	7,069
Fees and commissions paid		-382	-257	-637
Net interest and fee income		**5,779**	**6,548**	**12,610**
Value adjustments	P2	254	395	455
Other operating income		433	209	522
Staff and administrative expenses		-4,597	-4,648	-9,883
Amortisation and depreciation as well as impairment losses on tangible and intangible assets		-110	-123	-253
Other operating costs		-	-	-
Impairment losses on loans and guarantees etc		-300	-472	-823
Profit from equity investments in associates and group undertakings		924	812	1,756
Profit before tax		**2,383**	**2,721**	**4,384**
Tax		-226	-466	-591
Net profit for the period		**2,157**	**2,255**	**3,793**

Statement of comprehensive income

DKKm	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Net profit for the period	**2,157**	**2,255**	**3,793**
Items that may be reclassified subsequently to the income statement			
Currency translation differences during the period	0	0	8
Items that may not be reclassified subsequently to the income statement			
Defined benefit plans:			
Remeasurement of defined benefit plans	-31	65	73
Tax on remeasurement of defined benefit plans	7	-14	-16
Other comprehensive income, net of tax	**-24**	**51**	**65**
Total comprehensive income	**2,133**	**2,306**	**3,858**
Attributable to:			
Shareholder and addtional tier 1 capital holder of Nordea Bank Denmark A/S	2,133	2,306	3,858
Non-controlling interest	-	-	-
Total	**2,133**	**2,306**	**3,858**

Balance sheet, parent company

DKKm	Note	30 Jun 2016	31 Dec 2015	30 Jun 2015
Assets				
Cash in hand and demand deposits with central banks		5,096	12,972	24,464
Receivables from credit institutions and central banks		79,233	66,780	77,618
Loans and other receivables at fair value		-	-	-
Loans and other receivables at amortised cost		213,099	219,380	224,137
Bonds at fair value		114,962	106,578	105,431
Shares etc		3,961	4,085	4,039
Equity investments in associates		175	176	206
Equity investments in group undertakings		31,322	30,632	29,879
Assets in pooled schemes		30,634	30,346	31,748
Intangible assets		1,724	1,767	1,809
Total land and buildings		4	2	2
Owner-occupied properties		4	2	2
Other tangible assets		496	467	456
Current tax assets		1,030	269	22
Assets held temporarily		18	18	22
Other assets		8,800	4,272	5,753
Prepaid expenses and accrued income		808	746	1,027
Total assets		**491,362**	**478,490**	**506,613**
Equity and liabilities				
Debt				
Debt to credit institutions and central banks		38,434	45,897	63,451
Deposits and other debt		299,951	296,133	295,360
Deposits in pooled schemes		31,513	32,039	33,029
Other non-derivative financial liabilities at fair value		32,361	20,859	31,277
Current tax liabilities		-	-	759
Other liabilities		31,990	25,403	26,726
Accrued expenses and prepaid income		35	34	42
Total debts		**434,284**	**420,365**	**450,644**
Provisions				
Provisions for pensions and similar liabilities		16	11	2
Provisions for deferred tax		125	132	180
Provisions for losses on guarantees		1,299	1,322	1,094
Other provisions		464	560	148
Total provisions		**1,904**	**2,025**	**1,424**
Subordinated debt				
Subordinated debt		8,555	13,060	13,056
Equity				
Share capital		5,000	5,000	5,000
Additional tier 1 capital		4,478	-	-
Accumulated value changes		0	0	-8
Reserve for net revaluation under the equity method		14,759	14,067	13,288
Retained earnings		22,382	21,023	23,209
Proposed dividend		-	2,950	-
Total equity		**46,619**	**43,040**	**41,489**
Total equity and liabilities		**491,362**	**478,490**	**506,613**

Statement of changes in equity, parent company

DKKm	Share capital	Additional tier 1 capital[1]	Accumulated value changes: Translation of foreign operations	Accumulated value changes: Revaluation reserves	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total equity
Balance at 1 Jan 2016	**5,000**	**-**	**0**	**-**	**14,067**	**21,023**	**2,950**	**43,040**
Issued capital	-	4,478	-	-	-	-	-	4,478
Net profit for the period	-	105	-	-	692	1,360	-	2,157
Interests paid	-	-105	-	-	-	-	-	-105
Tax on interests paid	-	-	-	-	-	22	-	22
Other comprehensive income, net of tax	-	-	0	-	-	-24	-	-24
Share-based payments	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-2,950	-2,950
Proposed dividend	-	-	-	-	-	-	-	-
Balance at 30 Jun 2016	**5,000**	**4,478**	**0**	**-**	**14,759**	**22,382**	**-**	**46,619**
Balance at 1 Jan 2015	**5,000**	**-**	**-8**	**-**	**12,770**	**21,415**	**5,500**	**44,677**
Net profit for the year	-	-	-	-	1,297	2,496	-	3,793
Other comprehensive income, net of fax	-	-	8	-	-	57	-	65
Share-based payments	-	-	-	-	-	5	-	5
Dividends paid	-	-	-	-	-	-	-5,500	-5,500
Proposed dividend	-	-	-	-	-	-2,950	2,950	-
Balance at 31 Dec 2015	**5,000**	**-**	**0**	**-**	**14,067**	**21,023**	**2,950**	**43,040**
Balance at 1 Jan 2015	**5,000**	**-**	**-8**	**-**	**12,770**	**21,415**	**5,500**	**44,677**
Net profit for the period	-	-	-	-	518	1,737	-	2,255
Other comprehensive income, net of tax	-	-	0	-	-	51	-	51
Share-based payments	-	-	-	-	-	6	-	6
Dividend paid	-	-	-	-	-	-	-5,500	-5,500
Proposed dividend	-	-	-	-	-	-	-	-
Balance at 30 Jun 2015	**5,000**	**-**	**-8**	**-**	**13,288**	**23,209**	**-**	**41,489**

[1] At 15 February 2016 NBD issued EUR 600m in Additional Tier 1 (AT1) capital. The AT1 instrument is a perpetual subordinated instrument where the interest payments are at the fully discretion of NBD and non-accumulating. NBD classifies the instrument as equity for accounting purposes.

Notes to the financial statements, parent company

Note P1
Accounting policies

1. Basis for presentation
The interim 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 companies etc. (the Danish Financial Supervisory Authority's Executive Order).

The financial statements have not been reviewed or audited.

2. Changed accounting policies and presentation
The accounting policies, basis for calculations and presentation are unchanged in comparison with the Annual Report 2015.

3. Differences between the Group's financial statements based on IFRS and the parent company's financial statements based on the Danish Financial Supervisory Authority's Executive Order
The accounting policies of the Danish Financial Supervisory Authority's Executive Order for measurement and recognition are in accordance with the Group's accounting policies prepared in accordance with the IFRS with the exception that the category financial assets available for sale is not used.

Moreover, the presentation of the income statement, balance sheet etc. of the parent company and the Group differs.

In terms of amount the difference in the income statement and equity of the Group and the parent company is shown below:

	Net profit for the period			Equity		
DKKm	Jan-Jun 2016	Jan-Jun 2015	Full year 2015	30 Jun 2016	31 Dec 2015	30 Jun 2015
Group according to IFRS	2,012	2,317	3,941	46,628	43,050	41,499
Differences between IFRS and FSA Executive Order:						
- Financial assets available for sale	186	-83	-194	-	-	-
- Tax effect	-41	21	46	-	-	-
- Non-controlling interests[1]	-	-	-	1,255	1,255	1,255
Group prepared according to FSA Executive Order	2,157	2,255	3,793	47,883	44,305	42,754
Non-controlling interests	-	-	-	-1,265	-1,265	-1,265
Parent company prepared according to FSA Executive Order	**2,157**	**2,255**	**3,793**	**46,619**	**43,040**	**41,489**

1 Non-controlling interests relate to proportionate consolidation of a special reserve in an consolidated undertaking.

Note P2
Value adjustments

DKKm	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Other loans and receivables at fair value	-3	0	-5
Bonds	453	-549	-590
Shares etc.	1	270	402
Currency	51	-97	-40
Derivatives	-258	768	679
Assets under pooled schemes	-764	1,688	1,420
Liabilities under pooled schemes	764	-1,688	-1,420
Other liabilities	10	3	9
Total value adjustments	**254**	**395**	**455**

Note P3
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 2016	**8,269**	**1,002**	**-**	**-**	**9,271**
Impairment losses during the period	1,124	68	-	-	1,192
Reversal of impairment losses effected in previous financial periods	-771	-193	-	-	-964
Finally lost, previously individidually written down	-604	-	-	-	-604
Other changes	-3	-	-	-	-3
Balance at 30 Jun 2016	**8,015**	**877**	**-**	**-**	**8,892**
Balance at 1 Jan 2015	**9,126**	**858**	**8**	**-**	**9,992**
Impairment losses during the year	2,080	931	-	-	3,011
Reversal of impairment losses effected in previous financial years	-1,595	-787	-8	-	-2,390
Finally lost, previously individually written down	-1,375	-	-	-	-1,375
Other changes	33	-	-	-	33
Balance at 31 Dec 2015	**8,269**	**1,002**	**-**	**-**	**9,271**
Balance at 1 Jan 2015	**9,126**	**858**	**8**	**-**	**9,992**
Impairment losses during the period	1,058	250	-	-	1,308
Reversal of impairment losses effected in previous financial periods	-786	-193	-	-	-979
Finally lost, previously individidually written down	-763	-	-	-	-763
Other changes	33	-	-	-	33
Balance at 30 Jun 2015	**8,668**	**915**	**8**	**-**	**9,591**

Notes to the financial statements, parent company

Note P4
Capital adequacy

Summary of items included in own funds

DKKm	30 Jun[4] 2016	31 Dec[5] 2015	30 Jun 2015
Equity	40,114	43,026	39,172
Proposed/actual dividend	-	-2,950	-
Common Equity Tier 1 capital before regulatory adjustments	**40,114**	**40,076**	**39,172**
Deferred tax assets	-	-	-
Intangible assets	-1,724	-1,767	-1,809
IRB provisions shortfall (-)[1]	-428	-520	-14
Deduction for investments in credit institutions (50%)	-	-	-
Pension assets in excess of related liabilities[2]	-161	-179	-183
Other items, net	121	152	11
Total regulatory adjustments to Common Equity Tier 1 capital	-2,192	-2,314	-1,995
Common Equity Tier 1 capital (net after deduction)	**37,922**	**37,762**	**37,177**
Additional Tier 1 capital before regulatory adjustments	4,478	-	-
Total regulatory adjustments to Additional Tier 1 capital	-100	-	-
Additional Tier 1 capital	4,378	-	-
Tier 1 capital (net after deduction)	**42,300**	**37,762**	**37,177**
Tier 2 capital before regulatory adjustments	7,619	8,284	9,603
IRB provisions excess (+)	508	-	-
Deduction for investments in credit institutions (50%)	-	-	-
Pension assets in excess of related liabilities	-	-	-
Other items, net	-86	-156	-4
Total regulatory adjustments to Tier 2 capital	422	-156	-4
Tier 2 capital	8,041	8,128	9,599
Own funds (net after deduction)[3]	**50,341**	**45,890**	**46,776**

1 Total shortfall in 2016. Transition rules allow 60% to be deducted in CET1, 20% in Tier 1 and 20% in Tier 2. The transition effect is included in: Other items, net. For 2015 shortfall was 70% T1, 30% T2.

2 Transition rules require only 60% to be deducted in 2016. The transition effect is included in other items, net. (In 2015 40% was deducted)

3 Own Funds adjusted for IRB provision, i.e. adjusted own funds equal DKK 50,261m at 30 Jun 2016 (DKK 46,409m at 31 December 2015, DKK 46,790m at 30 Jun 2015).

4 At 15 February 2016 Nordea Bank Danmark A/S issued EUR 600m in Additional Tier 1 (AT1) capital and a Tier 2 instrument of EUR 850m. Information about the capital instruments´ main features are presented at http://www.nordea.com/en/investor-relations/reports-and-presentations/capital-instruments/nordea-bank-denmark/

5 Including profit for the year.

Note P4
Capital adequacy *(cont.)*

Minimum capital requirement and REA

DKKm	30 Jun 2016 Minimum Capital requirement	30 Jun 2016 REA	31 Dec 2015 Minimum Capital requirement	31 Dec 2015 REA	30 Jun 2015 Minimum Capital requirement	30 Jun 2015 REA
Credit risk	15,982	199,769	16,622	207,768	16,718	208,975
Credit Value Adjustment Risk	4	55	4	53	4	51
Market risk	345	4,318	350	4,376	438	5,471
Operational risk	2,201	27,507	2,206	27,576	2,206	27,576
Additional risk exposure amount, article 3 CRR	80	999	89	1,117	-	-
Sub total	**18,612**	**232,648**	**19,271**	**240,890**	**19,366**	**242,073**
Additional capital requirement according to Basel I floor	6,144	76,804	7,047	88,087	6,197	77,471
Total	**24,756**	**309,452**	**26,318**	**328,977**	**25,563**	**319,544**

Capital ratios

Pct.	30 Jun 2016	31 Dec[1] 2015	30 Jun 2015
Common Equity Tier 1 capital ratio, excluding profit	16.3	15.7	15.4
Tier 1 capital ratio, excluding profit	18.2	15.7	15.4
Total capital ratio, excluding profit	21.6	19.1	19.3

[1] Including profit for the year.

Capital ratios including Basel I floor

Pct.	30 Jun 2016	31 Dec[1] 2015	30 Jun 2015
Common Equity Tier 1 capital ratio, excluding profit	12.3	11.6	11.6
Tier 1 capital ratio, excluding profit	13.8	11.6	11.6
Total capital ratio, excluding profit	16.2	14.1	14.6

[1] Including profit for the year.

Notes to the financial statements, parent company

Note P5
Financial ratios

	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Total capital ratio	21.6	19.3	19.1
Tier 1 capital ratio	18.2	15.4	15.7
Return on equity before tax (%)	5.3	6.3	10.0
Return on equity after tax (%)	4.8	5.2	8.6
Ratio of operating income relative to operating expenses	1.5	1.5	1.4
Interest-rate risk	1.8	0.1	1.1
Loans relative to deposits	66.6	70.8	69.3
Loans relative to equity	4.6	5.4	5.1
Growth in loans for the period (%)	-2.9	-0.8	-2.9
Excess liquidity in relation to statutory requirements for liquidity	142.1	162.7	131.6
Sum of large exposures	0.0	10.3	13.8
Write down ratio for the period	0.1	0.1	0.2
Return on assets calculated as net profit for the period as a percentage of total assets	0.9	0.8	0.7

The calculation of the ratios and key figures is based on the definitions of the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Credit Institutions and Investment Firms etc.

Note P6
Activities country-by-country

Jan-Jun 2016, DKKm	Nature of activities	Turnover	Profit before tax	Tax	Number of employees on a full time equivalent basis
Denmark	Banking, asset management and real estate funding	12,556	2,438	-427	5,786
Poland	Administrative services	15	1	0	188

Disclosures of activities country-by-country are on a consolidated basis in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. section 124a.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today discussed and approved the Interim Report of NBD Group and Nordea Bank Danmark A/S for 1 January – 30 June 2016.

The Interim Report January-June 2016 for the Group has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Interim Report for the parent company has been prepared in accordance with the Danish Financial Business Act. Moreover, the Interim Report for the Group has been prepared in accordance with additional Danish disclosure requirements for interim financial reports of financial companies. It is our opinion that the consolidated financial statements and parent company's financial statements give a true and fair view of the Group's and the parent company's assets, liabilities, financial position at 30 June 2016 and of the results of the Group's and the parent company's operations and Group's cash flows for the financial half year 1 January – 30 June 2016.

Further, in our opinion, the Director's 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 material risks and uncertainties that may affect the Group and the parent company.

Copenhagen, 19 July 2016

Board of Directors

Mads G. Jakobsen (Chairman)

Søren Dahlgaard

Heikki Ilkka

Snorre Storset

Anne Rømer

Executive Management

Peter Lybecker (CEO)

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